

Development potential in regions and its monitoring

Rozvojový potenciál v regionech a jeho monitoring

I. BOHÁČKOVÁ¹, M. HRABÁNKOVÁ²

¹*Czech University of Agriculture, Prague, Czech Republic*

²*Ministry of Agriculture CR, Prague, Czech Republic*

Abstract: The contribution is focused on the problem of development potential in regions from a viewpoint of possibilities of its evaluation. It specifies a matter-of-fact content of development potential and its problems with its use concerning supports of structural character. It contains a selection of indicators, which characterise the region potential; it shows ten indicators, which evaluate also the influence of agriculture in the given region. The contribution suggests approaches to the region potential use.

Key words: development of regions potential, usability of regional potential, countryside development, indicators of regional development, influence of agriculture

Abstrakt: Článek je zaměřen na problematiku rozvojového potenciálu v regionech z hlediska možnosti jeho hodnocení. Vymezuje věcný obsah rozvojového potenciálu a problémy s jeho využitím ve vztahu k podporám strukturálního charakteru. Obsahuje výběr ukazatelů, které charakterizují potenciál regionu, uvádí deset ukazatelů („desatero“), které hodnotí vliv zemědělství v daném regionu. Naznačuje postupy k využití regionálního rozvojového potenciálu.

Klíčová slova: rozvojový potenciál regionu, využitelnost regionálního potenciálu, rozvoj venkova, ukazatele regionálního rozvoje, vliv zemědělství

INTRODUCTION

In connection with the half-time evaluation of the Agenda 2000 within the Common Agricultural Policy of the European Union (CAP EU), reform activities are in operation. Above all they are focused on savings in financial subsidiary means drawing and on a change in proportions of financing between the first pillar (stabilisation of agrarian market and increase of market rules functionality) and the second pillar (rural development) within the CAP.

Financing of an aim “rural development” takes place on the base of drawing of structural funds within the regional policy where rural areas have their non-substitutable place. This fact has influenced also the decision making about a future orientation of agriculture financing when since the year 2005 a linkage between the direct assistance to farmers and the production will have been abolished, and a part of direct assistance will have been re-directed to rural development. However, the sense of rural development is not and should not be the maintenance on a level on which regions are able to “survive”. In such a case, expounded means would lose their functionality and efficiency; relatively considerable amounts would be disintegrated financially; desirable aims would not be gained, and structural supports would fulfil rather the social role towards inhabitants of a pertinent region than the development aims.

Expenditure of financial means for rural development will have sense only at that time when it is not common but on the contrary aimed to purpose, and mainly if the financing is realised in such a way to ensure efficiency of the expounding. In that the sense of all structural supports and measures consists.

Regarding the fact that the EU set off the way in the CAP leading to a connection of agricultural activities and economic activities in the countryside, the way leading to a “deflection” from the support of specific problems of agrarian markets, and directed towards the support of all-society profitable achievements of agriculture, it is necessary to adapt not only subsidiary measures to that trend but also it is no less important to set rules of financing in such a way that provided supports would not be “drowned” but on the contrary they would bring a desirable result. This desirable result is nothing more than use of all conditions and factors, internal and external, traditional and newly arising which all create a basis for the possible development of particular regions. These conditions, let us say factors, can be marked as the *development potential of a region*.

AIM AND METHODOLOGY

From the above mentioned, there results a very obvious necessity of linkages of provided financial structur-

al supports for the use of development potential, which is disposable for the given region. The sense should not be to provide these means for keeping up appearances of a kind of economic stability in regions; in such a way they could become almost “claim subsidies” within the regional policy, but on the contrary these means should help to “start” economic activities of regional character for which means of regional dimension are insufficient, and then successful activities would lead to maintenance and strengthening of economic stability and economic development of the regions by their own power.

If we speak about a linkage of financial supports to development potential, it is necessary above all to answer the following questions:

- What is development potential; how it can be understood and defined.
- How can the development potential be quantified.
- How can a desirable linkage between development potential and financial supports be created so that these were used efficiently.
- At the same time the problems of regions in a wide dimension (NUTS II) define development potential of rural regions and delimit role of agriculture, let us say agricultural enterprises in its use.

In a viewpoint of methodology, it means to delimit categories, which would define the above-mentioned problems, quantify them and find algorithm of a linkage of structural means.

RESULTS AND DISCUSSION

To define the *development potential* is not very easy. Also because of the variability of particular regions the development potential is not always identical and is not created with the same conditions, factors and characteristics. What can be in case of one region a real development potential, does not have to mean a possibility of development in another region.

In the most general connections, the development potential has two dimensions:

- *conditions* (mainly of material and natural character) which can be indicated as a certain “*material potential*”
- *abilities to use* this material potential which are linked to activity, competence, willingness and ability of human element of each region, it means “*human potential*”. This “potential” should realise not only use of present development conditions, but also to look for and create new development conditions.

Both these parts of development potential *have to exist at the same time* so that we can really talk about *usable* development potential. Conditions, which are not used, and abilities, which are not or cannot be applied, do not fulfil in themselves a substance of development potential. A “live” development potential exists only in their mutual coexistence; however, a priority role of development potential belongs to creative human potential to which first-rate attention should be paid in connection with development of regions.

A basic question is the *way to define the development potential (or to quantify it)* so that financial subsidiary systems could be linked to it. The European Union and according to its pattern also the Czech Republic have a system of indicators with the help of which particular regions are characterised. In this sense, it is dealt rather with indicators of descriptive character (so called descriptors) than indicators of development potential. Also a question arises whether indicators of economic character, which are used at the same time, represent a way out of economic development, its consequences, or a pure enunciation of a certain state which has been reached. So that these indicators fulfil a function of subsidiary information in connection with the development potential, it is necessary to delimit them for example in a way which the Table 1 shows. Here the indicators should be in principle analysed in a long-term period so that their development tendency was evident, and conditions, which lead to this tendency, should be monitored. In case of positive development tendencies, these conditions created a part of development potential. In the opposite case they should be eliminated (also with the participation of structural supports) so that they do not influence the development potential in a negative way.

As it was stressed before, a basic objective and sense of structural supports is their efficient use. What does this efficient use mean in its principle? First of all, definitely not what many people in regions think – that it is obtaining financial supports, which will help them to overcome their economic problems. In such a case, it is possible to assume that there is also a threatening danger that the sense of supports will be understood wrongly. Financing by subsidiary means has to be *sincerely purposeful*. It has to be linked to both material part of the development potential and mainly its human dimension. Beside this expediency does not mean merely expediency regarding particular entrepreneurial subjects, but expediency regarding development of the whole region. In other words, the supported activities must not be only individually profitable but the *profitability has to have regional character*. In this connection, high and very concrete claims have to be laid on entrepreneurial subject, including agricultural. Financial means are predominantly according to the rules of regional policy linked to introduced projects. It must be proved that these projects are really real, vital in a long term and that they will bring positive economic or social effects of not only individual but also and first of all regional character.

In this connection, it is necessary to adapt to approved strategic documents in which aims are set laying mainly in mobilisation of economic and human potential of a region and in increase of its competitiveness. It deals especially with strategies of districts development, the Common Regional Operation Plan linked to the National Development Plan, and with documents focused mainly on countryside development, first of all the operation programme “Rural Development and Multifunctional Agriculture” and “Horizontal Plan of Rural Development” which are a basis for

Table 1. Possible selection of development potential indicators for regions

Development potential – possible indicators	Regions				
	structurally handicapped	economic-weak (including the rural)	others	rural disadvantageous (LFA above 50%)	rural problematic (bad environment, high migration etc.)
Material potential					
a) quantitative Entrepreneurial base: ⇒ numbers of enterprises according to: a) enterprise sphere b) size (LF – labour force) c) legal form ⇒ enterprise efficiency a) profitable enterprise according to: – size of ER (economic result) – enterprise sphere – legal form b) unprofitable enterprises according to: – size of ER – enterprise sphere – legal form ⇒ number of entrepreneurs per 1000 inhabitants ⇒ rate of investment, volume of INV/enterprise subject according to: – size – enterprise sphere – legal form					
Explotory descriptors ⇒ acreage (km ²) from it acreage of agricultural farmed land ⇒ tax yield of communities ⇒ GDP/inhabitant – region in total ⇒ HDP/LF in – agriculture – industry – services					
Qualitative					
Indicators characterizing environment					
Human potential ⇒ demographic development – population density – index of migration ⇒ employment – rate of employment – from it to 25 years – according to sectors (agriculture, industry, services), disparity ⇒ incomes (in total and according to sectors), disparity ⇒ health state of population ⇒ education structure (in total according to the reached degree of education and according to sectors)					
Other subsidiary indicators					

Note: All these indicators can be analysed in more detailed segmentation and in time series.

drawing structural supports from the European Agricultural Guidance and Guarantee Fund.

Entrepreneurial subjects also have to prove their expert ability to realise such projects. In our country, a sufficient attention is not being paid to this problem and at the same time, a disability of an entrepreneur or a managerial team often leads to a “sinking” of a vital project and to “throwing away” of financial means. Regarding the efficiency of use of financial structural supports, it is dealt not only with a “quality” of entrepreneurs (enterprises) introducing the projects, but also with the “quality” of officers who judge and select introduced projects. It is quite evident that these officers have to be experts in the area of regional policy, have to be acquainted with the problems and needs of the region where they realise the selection, and be able to expertise a potential success or failure of activities etc. In this respects we can talk about considerable reserves, which state apparatus has.

The position and role of agriculture and agricultural enterprises in the frame of rural development is quite specific. Rural development does not mean “only” better and neat look of villages, building of infrastructure in the countryside, building elements of civil facilities and so on. Even if these are indisputable activities, which represent a positive element for the countryside, they are rather a result of development than its cause. The rural development is necessary to define in a completely different dimension. If we talk about development, it means first of all economic development, development of entrepreneurial activities in various areas of enterprise including agriculture. Regions have to learn to build these entrepreneurial activities, to look for them and to strengthen them so that they bring desirable effects in favour of the whole region. Economic efficiency is then basis for activities in other areas of social life in regions. Meanwhile, it is not wholly obvious what role agricultural enterprises will play in regions development. Within the second CAP pillar, it is talked about the non-substitutable role of agricultural enterprises in rural development, its multifunctionality in relation to the countryside, about financial supports of agricultural activities, which have regional dimension. In practice, it will not be easy in our conditions.

To monitor the development potential, the investigator team has chosen the “Decalogue” of indicators important for the development of region with a stress on agricultural influence. It includes following indicators:

1. Share of agriculture land in the land fund of a region, from it in LFA.
2. Number of workers in agriculture from the total number of economically active inhabitants.
3. Share of agriculture in creation of GDP of a region.
4. Comparison of the income level in agriculture with the income level of population in the region (an average result).
5. The origin and ending of agricultural enterprises in last three years (share).
6. Migration balance of population, from it farmers.

7. Service development in the last 3 years (origin of service enterprises, trade licences).
8. Share of investment in public sector in total investment in the region (especially foreign).
9. Volume of credits in agriculture in total.
10. Share of protected areas (Protected landscape areas, National Parks, Protected Areas of Natural Water Accumulation) on the total acreage of region (environment).

These indicators give only an image of the position of agriculture in a region and only some of them point out the developmental character, for example: 5, 7, 8, 9.

To these indicators, it is necessary to introduce ways of potential use. For this evaluation, it is necessary to state:

- what enterprises are decisive in a region from the viewpoint of production volume and employment; it regards dislocation of economic units in the region,
- whether structure of these enterprises corresponds with resources, which are disposable for the region, let us say which sector structure is in relation to the resources
- which branches prevail, whether the enterprises are demanding for:
 - raw material resources
 - labour force and its codification
 - land
 - allocation and quality of communications and so on
- what is the structure of institutions for realisation of regional interests, e.g. possibility of project realisation with participation of region inhabitants,
- if services and goods structure supply corresponds with the demand (including needs of tourism, let us say country tourism).

In application of activities which agricultural enterprises realises in relation to the countryside in the present member EU states in our conditions, we could introduce for example care of landscape (including utilities), trade activities within the given locality, ecological activities, providing tourist services. Not all these activities can be applied in conditions of our specific agrarian structure. In the EU conditions, they are realised by family farms and the main motivation is increase of incomes of the farmer and its family. Our agricultural enterprises are also interested in income increase but the question is whether the motivation factors, which would lead to performing of all-society profitable activities, will be motivating enough. In the meantime it seems that activities of that character do not stay at the fore of their interest. From accession into the EU, they expected far more an increase of prices of agricultural commodities, increase of subsidy policy including the criticised lowered direct payments. A low interest in use of structural supports does not lie only in a higher elaboration level to gain them than it is e.g. in direct payments, but also often in the passivity and amateurism on the level of central organs. At the same time, it is clear now that the CAP reform is oriented first of all on structural aspects in the regional dimension.

CONCLUSIONS

In transition from supports contained in the 1st pillar of the CAP to supports determined to rural development and multifunctional agriculture, it is necessary to understand their efficient use as a priority. The efficient use means use and development of potential, which in particular regions exist so that it brings desirable aims. This potential contains partly conditions of material character and partly potential contained in human resources. That should play the main role in the development and structural supports should be focused just on its support. The development potential cannot be unified; it is variable. It is necessary to it approach individually. Therefore, it is necessary to find descriptors in connection with financing the regional development, which could characterise the potential (e.g. see the Table 1). These indicators must not be understood as static but on the contrary as dynamic. A special attention should

be paid to agricultural activities for regional development, mainly in area of support of entrepreneurial activities of agricultural subjects, and to look for tools which would lead to motivation increasing the fulfilment of all-society character demand.

REFERENCES

- Horizontální plán rozvoje venkova. Materiál MZe ČR. Nařízení Rady O podporách rozvoje venkova prostřednictvím EAGGF (1999). ES, č.1257/99.
- Boháčková I., Hrabánková M. (2003): Role of agriculture in the development of rural regions. *Agricultural Economics – Czech*, 49 (5): 229–232.
- Boháčková I., Hrabánková M. (2003): Rozvojový potenciál v regionech a jeho monitoring, Sborník z mezinárodní vědecké konference Agrární perspektivy XII: 767–772; ISBN 80-213-1056-1.

Arrived on 21st October 2003

Contact addresses:

Doc. Ing. Ivana Boháčková, CSc., Česká zemědělská univerzita, Kamýcká 129, 165 21 Praha 6-Suchbát, Česká republika
tel.: +420 224 382 304, e-mail: bohackova@pef.czu.cz

Doc. Ing. Magdalena Hrabánková, CSc., Ministerstvo zemědělství ČR, Těšnov 17, 110 00 Praha 1, Česká republika
tel.: +420 221 812 498, e-mail: hrabankova@mze.cz
