



Generational Renewal

Country report – Lithuania

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Introduction

Lithuania has the largest rural population in the EU; the farmers' population in Lithuania is among the most gender-balanced and close to EU average in terms of education ¹, but only 6% of Lithuanian farmers are young (under 35), and over a third are aged over 64 ². According to Juozas Meldžiukas, senior advisor at the Department of Youth Affairs under the Ministry of Social affairs and Labour, creating favourable conditions for youth to stay in rural areas requires a holistic approach. This demands political will at the municipal level. Young farmers, like other young people, need leisure opportunities, advice and consulting, career planning services and family services. Municipalities can reach out to youth, including young farmers, at the planning stage and not merely communicate their decisions after they are adopted – in this aspect young farmers are no different from students and other youth.

Most farmers in Lithuania engage in field crops, grazing livestock or mixed (crops and livestock) farming. Among young farmers interviewed for a 2015 study, the dominance of field crops and grazing livestock was even more pronounced. Access to land is a pertinent issue. In addition, lack of workers was more emphasised in Lithuania than in other countries covered by the study. Access to knowledge was more pronounced as a bottleneck compared to the EU average, but access to credit was less pertinent.³ In the same study, Lithuanian farmers were asked about their knowledge needs. Four in five said it was likely that they would seek technological knowledge for the farm, and they were more likely than their peers elsewhere in the EU to seek knowledge in resource and nature/ environment management. Like their counterparts elsewhere, young farmers obtained knowledge online, but even a higher share (nine in ten), far above the EU average, participated in workshops, seminars and conferences to obtain knowledge. Around a half found online learning opportunities. Lack of time and language barriers were the main obstacles to obtaining knowledge in their preferred way.⁴

A case in point...: An unusually dry summer posed a challenge to Raminta Zelenauskaitė, a young farmer and active member of her community. As a recipient of public financial aid to young farmers in 2015, she is obliged to report land purchases, harvest volumes, and profit or loss. Although her efforts and investments risk being dwarfed by nature and climate change, the accounting graduate's farm stays afloat and remains profitable. Farmers like her are exactly what authorities are looking to in order to reinvigorate the Lithuanian countryside. She grew up in a farming family and started helping their parents with accounting since she was a teenager. Her own farm, established in 2014, follows the parents' pattern – she grows crops on a rather sandy soil of her region. She uses a powerful tractor she bought with the funds she received and rents the rest of the equipment from her father.⁵ The financial assistance obliged her to obtain agricultural education, so she went to study animal farming, since crop farming studies were not available by the deadline she needed to observe.

The National Paying Agency under the Ministry of Agriculture, the implementing body for Lithuania's Rural Development Programme (RDP), has published a number of good practices. However, despite their clear contribution to helping youth stay in the countryside, they all appear to refer to young people who grew up in farming families and can rely on family support. The Union of Lithuanian Young

¹ Eurostat, *Farmers in the EU – statistics*. 2017.

² European Commission, *Young farmers and the CAP*. Luxembourg: Publications Office of the European Union, 2015

³ Ecorys et al., 'Young farmers' needs in Lithuania', 2015. Client: European Commission, Directorate-General for Agriculture and Rural Development.

⁴ Ecorys et al., 'Young farmers' needs in Lithuania', 2015. Client: European Commission, Directorate-General for Agriculture and Rural Development.

⁵ Išmanus kaimas, 'Be paramos jaunoji ūkininkė traktoriaus nebūtų įsigijusi', 12-07-2018, available at:



Farmers and Youth has repeatedly pointed out that current application criteria favour established farms, including agricultural cooperatives, over young farmers who are only starting off.⁶ Some of the rules have been changed and measures to support young farmers remain immensely popular.

Support measures under the RDP

Following the adoption of the RDP in February 2015, support is foreseen for more than 1,100 young farmers, providing advisory services, information and knowledge transfer, loan guarantees and financial assistance. According to the National Paying Agency, the total funding available for young farmers' starting up (measure 6.1) under RDP is 64.7 million euros. Since 2015, when the first round was funded, 2,409 applicants have requested 117,5 million euros. Among them, 970 have been awarded funding, and 55% of the total funds for 2014-2020 have been disbursed.⁷

Table 1: Beneficiary statistics

	2015	2016	2017	2018
No. of beneficiaries	525	180	265	0
Funds disbursed (Eur)	8,633,607	7,190,482	13,851,377	5,883,936

Source: National Paying Agency

Regarding access to knowledge, 16 beneficiaries (not disaggregated by age) have received support for vocational training and 20% of the total funds planned for the programming period) was spent on them.⁸

The 'Smart Village' website of the Ministry of Agriculture cites an example of how support for young farmers has helped Andrius Mickevičius and his sister Rūta decide for staying in Lithuania instead of migrating to work abroad. They grew up in a farming family, but reached a point in life when their farms were no longer sustainable. With the EU investment received, Andrius now has 40 hectares of land and 20 dairy cattle, whereas Rūta has 60 hectares of land and 22 beef cattle. Each of them applied for funding to buy a tractor, and optimistically spoke about their prospects despite the volatility of the milk and meat sectors in Lithuania.⁹

In another good practice story, Rokas Macaitis and his spouse Ingrida Meilytė applied for support separately and received funds during different application rounds. They set up organic farms and upgraded their equipment. Macaitis's farm contains 250 hectares of land and 60 dairy cattle.¹⁰

Other policy tools

Public and private measures for access to credit

Access to land and finances are closely interlinked. Whether or not a young farmer receives public sector assistance, the fluctuation in their income pressures them to resort to loans to even out financial flows. To help farmers, the Agricultural Credit Guarantee Fund offers guarantees for young farmers'

6 Ramūnas Korsakas, 'Parama tebekeliauja į stambiųjų ūkininkų sukurtus kooperatyvus', *Lietuvos žinios*, 09-04-2018, available at:

7 National Paying Agency, 'Statistics', updated 28-01-2019, available at: <https://www.nma.lt/index.php/parama/lietuvos-kaimo-pletros-20142020-m-programa/statistika/9156#res>

8 National Paying Agency, 'Statistics', updated 28-01-2019, available at: <https://www.nma.lt/index.php/parama/lietuvos-kaimo-pletros-20142020-m-programa/statistika/9156#res>

9 Išmanus kaimas, 'Parama ūkininkams išgelbėjo nuo emigracijos', 11-05-2018,

10 Išmanus kaimas, 'Jaunasis ūkininkas Rokas Macaitis: kaimo į miestą nemainyčiau', 04-08-2018,



loans to set up or expand their farm when they lack collateral. The Fund is supported by the RFP measure targeting youth. Young farmers who do not receive EU financial assistance can apply for an interest compensation from the Ministry of Agriculture. Assistance measures from the national budget covered interest for 44 farmers in 2018 (not disaggregated by age). National budget measures do not specifically target young farmers. In the private sector, the main national banks offer credits for young farmers. According to Buivydas of the young farmers' lobby, the RDP requirement to buy either brand new or over five years old equipment to avoid double-financing for the same item created a disproportionate burden for young farmers, as banks refuse to accept old equipment as collateral.

Table 2. Credit conditions in national banks

Bank	Purpose	Conditions
Luminor	Land or equipment purchase; short-term credit without collateral	Up to 25 years, land used as collateral; young farmers can take advantage of loan guarantees
SEB	Credits for farm modernisation, direct expenses (e.g. fuel), current assets (e.g. seeds), equipment leasing	No special plans for young farmers, but they can benefit from loan guarantees to access current assets credit
Šiaulių bankas	Loan up to 90% of financial aid, equipment leasing	Since financial aid is paid in installments, farmers can take credit before they receive the last payment. For equipment, the bank offers flexible repayment plans to adjust to the seasonality of farmers' income. No special plans for young farmers
Swedbank	Purchase plans for specific equipment, short-term loan up to 10,000	In partnership with other businesses, the bank provides credit to purchase specific equipment, with one of the plans offering a 0% interest rate. In addition, the bank provides loans worth up to 70% of the collateral's value, and young farmers can benefit from loan guarantee fund. Farmers can also take short-term credit for 18 months to balance seasonal income fluctuations. No special plans for young farmers

Source: the websites of the banks (information collected by national expert)

Access to knowledge

Vaidas Arbutavičius, a bee-keeper in Panevėžys, has received EU financial assistance for equipment purchase four times, the latest being in 2016, and wrote his applications himself. He learned the trade at the age of 14 as an apprentice and received his first bee family as a gift. He is a graduate of the University of Health Sciences and tries to apply his knowledge in promoting bee products. There are national policy measures to support training and consultations for bee-keepers (not targeting youth), but so far Arbutavičius has been upgrading his knowledge from practice or seminars abroad. Arbutavičius believes that apprenticeship and other forms of practical learning are the only ways to learn bee-keeping. Funding from the national programme for bee-keepers amounts to several hundred euros, and, according to Justinas Adomaitis, who reports on bee-keeping and dairy farming for *Ūkininko patarėjas*, there are around 100 professional bee-keepers, and they are “modest people” when it comes to applying for funds.



Vytautas Buivydas, the chairman of the Union of Lithuanian Young Farmers and Youth, seconds his thoughts. He has repeatedly criticised the requirements for formal introductory courses for young farmers as a pre-condition to receive EU funds, and is certain that when the public sector offers education and training, the courses must be practical and specific to the type of agriculture a young farmer wants to pursue – cattle, field crop or fruit farming, etc. Zelenauskaitė, the young field crop farmer, appreciated the opportunity to buy a state-of-the-art tractor and obtain a licence to drive it without the need to hire help, the rest of the training was not relevant for her, as there was a mismatch between the deadlines imposed and the training available. In a 2015 comments with *Valstiečių laikraštis*, a newspaper for farmers, young farmers' lobbies have criticised the requirement for all beneficiaries to attend eight-week introductory courses, even when an applicant had a diploma in agricultural science.¹¹ Thus, education and training may in many cases be treated as a formality rather than an opportunity to gain useful knowledge. According to the current rules, young farmers must attend the introductory course if they do not have higher or vocational diploma in agricultural studies.

“Additional points and selection criteria should encourage farmers to hire youth, so that farmers would get additional points and young people would gain practical experience,” Buivydas suggests, pointing out good practice in France, where a young farmer can receive a certificate of apprenticeship with an experienced farmer. “This way a farmer would know whether they are ready,” Buivydas says, as farms that 'disappear' after they finish the funded projects are one of his main concerns. He thinks these farms are either fictitious to start with, or simply fail to remain sustainable after the funding runs out.

Remaining challenges

Rural entrepreneurship is seen as an antidote to depopulation and poverty in rural areas. However, contemporary agriculture requires multidisciplinary knowledge (legislation, drafting business plans and project applications, accounting, risk assessment, negotiation and communication skills, etc) and is likely to be challenging to those who see farming as an employment rather than entrepreneurial activity. Furthermore, in the name of fraud prevention, the government had introduced strict and rigid rules that appeared to be detrimental to young farmers, such as the pre-2014 ban on using financial assistance for second-hand equipment, heavily criticised by the Union of Lithuanian Young Farmers and Youth and now lifted. The Union is currently focusing on the inequality in farm subsidies per hectare across the EU and improving administrative efficiency of financial assistance nationally. Buivydas suggests that assistance should be untied from farm profitability, as prices of produce remain extremely volatile, and instead commit the farmers to increasing their farm's output, as it is done in other countries.

¹¹ Albinas Čaplikas, 'Jaunuosius ūkininkus tempia ant vieno kurpalio', *Valstiečių laikraštis* 61, 29-07-2015, republished in <http://www.iujis.lt/naujienos/jaunuosius-ukininkus-tempia-ant-vieno-kurpalio/#more-1131>

