



## **Factsheet on 2014-2020 Rural Development Programme for Lithuania**

The Lithuanian Rural Development Programme (RDP) has been formally adopted by the European Commission on 13 February, 2015 and last modified on 28 August, 2017. It outlines Lithuania's priorities for using € 1.9 billion of public money that is available for the period 2014-2020 (€ 1.6 billion from the EU budget and € 0.3 billion of national funding).

The main objectives are the modernisation and improvement of the economic performance of small and medium-sized farms (nearly 8 000 farms will be supported), the preservation of biodiversity (11% of farmland), better management of soil (8% of farmland), the promotion of organic farming, the creation of new jobs (more than 2 000) and the development of rural areas and businesses. More than 130 000 people will be trained. They include farmers, land managers, food industry actors, forest holders and the staff of rural SMEs. Their professional skills will be upgraded. They will also be encouraged to diversify their activities.

[Rural Development](#) is the 2nd Pillar of the [Common Agricultural Policy](#), providing Member States with an envelope of EU funding to manage nationally or regionally under multi-annual, co-funded programmes. In total, 118 programmes are foreseen in all 28 Member States. The new [RD Regulation](#) for the 2014-2020 period addresses six economic, environmental and social priorities, and programmes contain clear targets setting out what is to be achieved. Moreover, in order to coordinate actions better and maximise synergies with the other European Structural & Investment Funds ([ESIF](#)), a [Partnership Agreement](#) has been agreed with each Member State highlighting its broad strategy for EU-funded structural investment.

This document provides a brief overview of how the challenges and opportunities faced by Lithuania are addressed by the RDP. In the annex, a table indicates the priorities and focus areas each with their specific targets, and their allocated budget.

### **1. SITUATION AND KEY CHALLENGES**

Lithuania covers an area of 65 000 km<sup>2</sup> of which 85% is rural. Farmland comprises 60% of the area. Most of the rest is forest (32%). The total population is nearly 3 million – of which 33% lives in rural areas.

The agriculture, forestry and food industry in Lithuania employs twice the share of people than the EU average (i.e. more than 11% of total workforce). The sector accounts for a higher share of the national gross value added than the EU average (i.e. nearly 4% of GDP, as compared to the EU average of 1,7% of GDP). Exports are increasing.

There is a well-developed network of farm advisory services. However, the sector faces important challenges. These include the following: a low competitiveness of small and medium-sized farms; the low productivity of labour (much lower than the EU average); a polarised farm structure (of the country's 200 000 farms, more than 40% are less than 5 ha); an unfavourable age structure (only 6% of farmers are young farmers); falling levels of livestock, fruit and vegetable production; many small private forests and, finally, a lack of knowledge, skills, innovation, and cooperation.

One fifth of farmland is under high nature value systems of farming. 5% of the land is farmed organically, which is above the EU average. There is significant potential for renewable energy (biogas in particular). The key challenges concerning the environment and land management are the following: the preservation and improvement biodiversity; halting the decrease of the farm bird index; reducing water and soil pollution from agriculture; addressing soil acidity and erosion; increasing soil organic matter; and reducing GHG emissions from agriculture (the proportion of agricultural emissions to overall national emissions is twice the EU average).

The unemployment rate in rural areas is 17%, much higher than the EU average, with the primary sector accounting for a much higher share of employment than the EU average. Although rural tourism is growing, there is still a lack of businesses and jobs in rural areas. Only 15% of the SMEs are in rural areas. Of farms larger than 1 ha, only 1% diversify their agricultural activity (which is far below the EU average).

Broadband is available in almost all rural areas (98%). However, the lack and poor quality of basic services and infrastructure still remains the key challenge. The rural population is falling and the average age of those that remain is increasing. 40% of rural people are living below the poverty threshold. Despite the successful implementation of the LEADER local development approach, which in the last period reached 99% of the countryside, it is necessary to improve living conditions in rural areas.

## **2. HOW THE LITHUANIAN RDP WILL ADDRESS THESE CHALLENGES**

To improve the competitiveness of the agricultural, food and forestry sector, the RDP will focus on the modernisation of small and medium-sized farms, particularly those producing livestock, fruit and vegetables. The programme will give priority to projects featuring innovation and environmental benefits. Agricultural and forestry infrastructure (in particular, outdated drainage systems) will be improved. To facilitate generational renewal of the farming community, support is foreseen for setting up almost 1 400 young farmers. Special attention will be paid to promoting cooperation and agricultural risk management.

The second important challenge to be addressed is the improvement of biodiversity, the condition of water and soils and adaptation and mitigation to climate change. Projects in these domains will build on the success of previous schemes. To this end, the RDP includes measures such as maintaining farming in areas with natural and other specific constraints (almost 43% of total agricultural land) to avoid land abandonment, and environmentally and climate-friendly farming practices on agricultural land, including organic farming. As regards climate change, support is foreseen for afforestation and for the greater use of renewable energy resources (in particular for production of biogas from agricultural waste).

To foster local development of rural areas and the creation of businesses and jobs, the RDP will focus on support for LEADER, business start-ups and non-agricultural business development. It is intended to create 2,055 jobs, 960 of which will be created under LEADER. There will also be investment in small scale rural infrastructure.

The programme is centred around 6 Rural Development Priorities, with the main priority being Priority 2: Competitiveness of the agricultural sector and sustainable forestry

### Competitiveness of the agricultural sector and sustainable forestry

Under this priority, the RDP will support investments in the modernisation of more than **5 000 farms (2.5% of the total number of farms)**, the development of more than **2 700 small farms** and the setting up of almost **1 400 young farmers**. An important element is **innovation** which will be facilitated by encouraging co-operation and by the European Innovation Partnership. The programme will promote advisory services, information and knowledge transfer between the agri-food sector, researchers and other stakeholders. **7 EIP**

**Operational Groups will be established.** In order to improve the competitiveness of farming and forestry, more than **60 000 people will be trained.** Support is also foreseen for **forestry development** (afforestation, investments in forest technologies and improvement of forest infrastructure).

Food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture

The RPD aims to **better integrate more than 600 farms into the food chain** and into the overall market. It will do this by encouraging farmers to participate in EU and national food quality schemes, by setting-up **4 producer groups** and through **100 cooperation projects to develop short supply chains.** Almost **1 500 farmers** will take part in **a risk management scheme** so that they can improve the insurance cover. Training and advisory services will play an important role.

Restoring, preserving and enhancing ecosystems related to agriculture and forestry

The RDP focuses on maintaining **farming in those areas with natural and other specific constraints** (almost 43% of total agricultural land) to avoid land abandonment (nearly **1 million ha** is targeted). The programme will also encourage the conversion to, and maintenance of, **organic farming (135 000 ha will be supported).** Nearly **150 000 ha of agricultural land** will be under voluntary **agri-environmental and climate-related commitments** by farmers. They will be trained and advised on how to better deliver environmental and climate-related benefits.

Resource efficiency and climate

The RDP puts particular emphasis on a **greater use of renewable energy.** There will be **29 projects for the production of biogas** from agricultural waste. **More than 6% of agricultural land will be under agri-environmental and climate-related commitments** by farmers so that GHG and NH<sub>3</sub> emissions are reduced. Support for afforestation to promote carbon sequestration will also play a key role.

Social inclusion and local development in rural areas

The RDP aims at **non-agricultural business development** (nearly **1 000 projects** will be supported) and job creation in rural areas (**more than 2 000 jobs will be created, of which half will be created under LEADER).** **50 LEADER Local Action Groups** will implement local development strategies.

**Almost 7 000 projects** will be supported to improve **small-scale rural infrastructure.** They will include the replacement of asbestos roofs (more than 6 000 projects), the refurbishment of public spaces and buildings and the improvement of drinking water facilities and rural roads (100 km). **Broadband** infrastructure will be extended to rural areas (400 different points) for the benefit of an additional 2% of population.

The **5 biggest RDP measures** in budgetary terms (total public funding) are:

- € 620 million allocated for Measure 4: Productive and non-productive investments
- € 287 million allocated for Measure 13: Farming in areas with natural constraints
- € 223 million allocated for Measure 6: Farm and business development
- € 150 million allocated for Measure 11: Organic farming
- € 142 million allocated for Measure 10: Agri-Environment and Climate

## Annex 1: Indicative public support for the Lithuanian Rural Development Programme

Annex I: Indicative public support for the Lithuanian Rural Development Programme			
Focus Area and targets	Measure	€ Total public	%
<b>P1: Knowledge transfer and innovation in agriculture, forestry and rural areas<sup>1</sup></b>			
1A: fostering innovation, coop, knowledge base <u>2.55 % of RDP expenditure</u>	01 knowledge		
	02 advisory services		
	16 cooperation		
1B: strengthening links (with research, etc.) <u>125 cooperation operations</u>	16 cooperation		
1C: training <u>131 600 participants</u>	01 knowledge		
<b>P2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests</b>		<b>608 644 452</b>	<b>30.77 %</b>
2A: Farm performance <u>2.56 % of holdings with RDP support</u>	01 knowledge	9 591 935	0.48
	02 advisory services	1 737 059	0.09
	04 investments	482 912 260	24.42
	06 development	16 876 047	0.85
	16 cooperation	14 123 146	0.71
2B: Entry of skilled farmers, generation renewal <u>0.7 % of holdings with RDP support</u>	01 knowledge	798 529	0.04
	02 advisory services	488 235	0.02
	06 development	64 705 882	3.27
2C+: Forestry <u>100 jobs created in supported projects</u>	01 knowledge	1 303 936	0.07
	02 advisory services	298 235	0.02
	04 investments	4 224 387	0.21
	08 forestry	11 584 801	0.59
<b>P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture</b>		<b>163 519 068</b>	<b>8.26 %</b>
3A: Improving competitiveness <u>0.3 % of holdings with RDP support</u>	01 knowledge	5 267 132	0.27
	02 advisory services	458 824	0.02
	03 quality schemes	4 224 706	0.21
	04 investments	126 734 494	6.41
	09 producer groups	1 788 829	0.09
	16 cooperation	7 584 798	0.38
3B: Farm risk prevention and management <u>0.73 % of holdings with RDP support</u>	17 risk management	17 460 285	0.88
<b>P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry<sup>2</sup></b>		<b>578 117 171</b>	<b>29.23 %</b>
4A: Biodiversity <u>10.77 % UAA under contract</u>	01 knowledge	2 722 216	0.14
	02 advisory services	229 412	0.01

<sup>1</sup> No financial allocation shown for Priority 1 as the expenditure is distributed across other focus areas.

<sup>2</sup> Expenditure under Priority 4 is programmed for the priority as a whole, not for individual focus areas.

<b>0.44 % forestry land under contract</b>  4B: Water management <b>1.97 % UAA under contract</b>  4C: Soil erosion and management <b>7.81 % UAA under contract</b>	04 investments	3 475 440	0.18
	08 forest investments	22 173 036	1.12
	10 AgEnvClimate	103 105 424	5.21
	11 organic farming	150 784 677	7.62
	12 Nat2000 and WDF	6 564 733	0.33
	13 ANC	287 036 067	14.51
	15 forest EnvClimate	1 274 332	0.06
	16 cooperation	751 835	0.04
<b>P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors</b>		<b>178 900 557</b>	<b>9.04 %</b>
5C: Renewable energy <b>€ 81 million investment</b>	02 advisory services	45 882	0.00
	04 investments	3 002 566	0.15
	06 development	45 180 727	2.28
5D: Reducing GHG and NH3 <b>6.32 % UAA under contract</b>	01 knowledge	819 032	0.04
	02 advisory services	275 294	0.01
	10 AgEnvClimate	23 348 212	1.18
	16 cooperation	1 503 669	0.08
5E: Carbon conservation <b>1.84 % UAA under contract</b>	02 advisory services	137 647	0.01
	08 forest investments	88 625 841	4.48
	10 AgEnvClimate	15 961 687	0.80
<b>P6: Promoting social inclusion, poverty reduction and economic development in rural areas</b>		<b>290 789 481</b>	<b>14.70 %</b>
6A: Small enterprises <b>1 940 jobs created</b>	01 knowledge	2 936 679	0.15
	02 advisory services	917 647	0.05
	06 development	96 959 325	4.90
6B: Leader  <b>100 % rural pop in LDS</b> <b>14.26 % rural pop improved services</b> <b>960 jobs created</b>	07 basic services	71 679 578	3.62
	19 LEADER	113 865 052	5.76
6C: ICT <b>1.90% pop benefitting</b>	07 basic services	4 431 200	0.22
<b>Technical assistance</b>		67 439 446	3.4%
<b>Discontinued Measure (Early Retirement)<sup>3</sup></b>		90 361 447	4.6%
<b>TOTAL PUBLIC ALLOCATIONS</b>		<b>1 977 771 625</b>	<b>100.00 %</b>

<sup>3</sup> A measure in the RDP 2007-2013 for which the EU legal basis has been discontinued in the new period 2014-2020, but for which there are still outstanding payments to be made to farmers.