

LATVIA

Diversification & job creation

Location

Jelgava

Programming period

2014 - 2020

Priority

P6 – Social inclusion & local Development

Measure

M19 - LEADER/CLLD

Funding (EUR)

Total budget 24 015
EAFRD 10 070
National/Regional 4 739
Private 9 206

Project duration

2017 – 2018

Project promoter

'Trubenieki' farm

Contact

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Website

www.instagram.com/trubenieki
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An ambitious young farmer used RDP support to create a new niche product and a touristic attraction out of his produce of mushrooms that were not suitable for the market.

Summary

Jānis Volksons is a young farmer who took over the farm 'Trubenieki' in 2016. Previously the farm was operating as a pig farm and it did not have large fields that could be used for growing crops. Instead he decided to create a niche product out of the ordinary agricultural production of mushrooms.



The farm started to produce mushroom during the winter which was already a new practice as they are commonly produced only in the summer season. Further to this, the young farmer used RDP support to set up a production line turning the mushrooms that could not be sold into dried, grounded mushroom powder. In addition he created a reception where tourists could taste the shiitake mushrooms soup thus gaining additional income from diversifying his activities.

Results

The investment helped increase the volume of mushroom production.

A reception room for tourists was set up enabling the farm to become an attraction for visitors and promote the new product.

The expansion and diversification of the business helped to increase the income and provide capital that can be invested to further develop the farm.

The investment created a full-time job for one person

Lessons & Recommendations

- ❑ The experience from preparing and implementing this project showed the beneficiary the possibilities offered by the RDPs in supporting rural businesses. Following the first application, the beneficiary submitted other applications for RDP support which will be used to expand the farm.
- ❑ When food safety requirements need to be met, experience showed the beneficiary that the staff of public institutions is very supportive.
- ❑ Working together with public advisors can be very useful as new beneficiaries will need help to comply with the necessary requirements, procedures and reporting. This is also due to the regulatory framework not being always clear and understandable for a farmer.

Context

Jānis Volksons is a young farmer who took over the farm 'Trubenieki' in 2016. Previously the farm was operating as a pig farm and did not have large fields that could be used for growing crops, as most farms do in the region.

Jānis wanted to find his own niche product that would bring high profitability with minimum competition. The farmer tried to experiment with growing shiitake mushrooms. This is not an innovative practice in Latvia as everyone can grow mushrooms when they are in season. However, Jānis was looking for possibilities to grow shiitake mushrooms during the cold season. For this purpose he created his own incubator and experimented for several years.

Taking into account the specificities of mushroom production, the farm had sufficient land to produce a good volume for the market and there was available space for expansion. Mushrooms are planted on timber of 140 m³, which is about 5 000 logs. Logs are 1.25 m long and 15 cm in diameter. 140 m³ of log piles take about 1 hectare. One beam yields about 1 kg of mushrooms.

Large harvests are collected 2 times a year. By experimenting with irrigation frequency, temperature and lighting, Janis managed to produce a significant mushroom harvest in the winter period which is unusual for the industry. The first winter mushroom harvest was presented for tasting to catering companies in order to open a potential market for development.

However, Janis wanted to develop the economic activity even further. When selling fresh mushrooms, great attention is paid to the quality and appearance, hence part of the produce is usually discarded if it does not meet the quality standards. In order to reduce the loss of valuable production, Janis wanted to dry the mushrooms and produce grounded powder from them. At least 30% of mushrooms grown in the farm could be dried and grounded. The demand on grounded mushrooms was also growing in the market.

Objectives

The long-term objective of the farm is to create one of the largest mushroom farms in Zemgale region and in Latvia. The beneficiary also aimed to make the farm attractive for tourists and become one of the most recognisable rural tourism spots in the area.

Specific objectives of the project were to:

- increase the area for growing mushrooms up to 240 m³;

- purchase the necessary equipment for the development of new business activity in the farm - mushroom processing;
- create a new spot for rural tourism in the region.

Activities

The beneficiary invited a consultant from the Latvian Rural Advisory and Training Center, Jelgava branch. In cooperation with the consultant, Jānis developed the application which was submitted to the Local Action Group by the end of 2016.

After 5 months the farm received support from LEADER. The support was used to set up shiitake mushrooms processing facility and to purchase the necessary equipment.

The activities of the farm raised tourists' interest and part of the RDP funding was invested for development of a reception room. The room is designed as a degustation room and guests are offered to taste the shiitake mushroom soup. Following food safety requirements, the degustation room is divided into separate spaces. One where the food is prepared and the other where the soup is served for tourists.

To ensure smooth implementation of the project and to have the necessary cash flow, the farm took a loan from ALTUM, a state-owned development finance institution. This provides state support with the help of financial instruments.



Main Results

The project helped to:

- establish the processing facility for drying and processing the mushrooms with all necessary equipment;
- increase the volume of mushroom production;
- set up a reception room where tourists can taste the shiitake mushroom soup. This enabled the farm to become a demonstration farm, boost its image and recognition of the product;
- The expansion and diversification of the business activities helped to increase the income and provide capital that can be invested to further develop the farm;
- The farm 'Trubenieki' is on the right track on its long-term objective to create one of the largest shiitake mushroom farms in Zemgale region and in Latvia, and become one of the most recognisable touristic spots in Jelgava district;
- The investment created a full-time job for one person.

Key lessons

The experience gained while planning and implementing this project encouraged the farmer to take part in other calls for project proposals, as for example RDP sub-measure 6.3 'Support for the development of small farms' with the intention to raise funds to improve the mushroom production and build a new shiitake mushroom farm.

The project had to consider health safety issues since there is food produced and served to visitors. This means that there are a lot of controls from the relevant institutions. Janis recommends not to be afraid of those institutions, as they are willing to support and to improve the quality and safety of the production.

The consultant from the Latvian Rural Advisory and Training Centre provided support during the development of the project proposal and the implementation of the project activities. Janis was very positive about his cooperation with the consultant, because these were new fields for him and large amounts of information on requirements, procedures and reporting was not always clear and understandable.

Additional sources of information

n/a