

An Overview of the Implementation of the Lithuanian Rural Development Programme for 2007-2013



EUROPOS ŽEMĖS ŪKIO FONDAS KAIMO PLĖTRAI:
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The publication gives an overview of the works under the 2007–2013 Lithuanian Rural Development Programme measures implemented before 2012.

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Editor Česlovas Skaržinskas
Designer Birutė Vilutienė
Language editor Jolanta Niaurienė

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An Overview of the Implementation of the Lithuanian Rural Development Programme for 2007–2013

The Lithuanian Rural Development Programme for 2007–2013 (hereinafter the Programme) **is further successfully implemented**. Within the Programme implementation period, approximately 770,000 applications eligible for support were received, the requested support amounted to LTL 8.5 billion, the approved support amount reaches almost LTL 6.3 billion, the paid out sum amounts to LTL 4.6 billion, i.e. 58 percent of all the funds assigned for the Pro-

Within the period for the implementation of the Lithuanian Rural Development Programme for 2007–2013, nearly 770,000 applications for support were submitted, the requested support sum amounted to LTL 8.5 billion, the approved support sum reaches almost LTL 6.3 billion, and LTL 4.6 billion was paid out.



gramme (a total of LTL 7.896 billion was allocated for the implementation of the 2007–2013 Programme). The Government decisions, agreements between institutions (for example, the more rapid receipt of information on the possible debts of the applicants to the budget of the Republic between the National Paying Agency and the State Tax Inspectorate), activity of social partners, and innovations have made an impact on the implementation of the Programme. One of the most favourably evaluated innovations is the establishment of farmers' markets; opportunities were created for farmers and small manufacturers to sell their manufactured marketable products and to get engaged in the processing at the farm..

The simplified procedure for support administration, due to which the dissemination of support increased. For applicants, eligible for smaller support (up to LTL 150,000), the more attractive simplified procedure for provision of support has been prepared: the simplified form of application, with a business plan integrated thereof, the applicant does not need to sign a support agree-



One of the most favourably assessed innovations is the establishment of farmers' markets, opportunities are created for farmers and small manufacturers to trade in marketable products, and to get engaged in processing on the farm.



The simplified support granting results are evident, in particular under the measure "Modernization of Agricultural Holdings" – 8,758 applications were received for support amounting to LTL 805.59 million.

ment (he becomes a support beneficiary after a decision for support allocation is taken), the shortened period for evaluation of applications and payment requests, the opportunity foreseen to submit a payment request together with the application. The results of the simplified support provision, in particular through the measure "Modernization of Agricultural Holdings", are evident: 8,758 applications for support amounting to LTL 805.59 million were received. A total of 9,522 applications according to the simplified support procedure for receiving the support of LTL 902.71 were received.



A typical business plan form has been prepared for investment measures, application and business plan forms were developed for the measure "Setting up of Young Farmers", and their completion was automated.

For certain **Programme measures the support intensity was increased** (e.g., under the measure "Modernization of Agricultural Holdings" dairy farms and applicants, submitting applications under the third area of activity of this measure, the aid intensity points were increased by 10 percent).

Other facilitations related to the specificity of measures are foreseen for applicants (e.g., under the measure "Modernization of Agricultural Holdings" the opportunity for participation is afforded to farmers having over two-year experience of farming but who have not acquired the agricultural speciality or have not completed the basic farming courses, the opportunity is given to process the agricultural products manufactured and/or grown in the holding);

certain requirements were cancelled (e.g., under the measure “Modernization of Agricultural Holdings” it is sufficient for the applicants to have a quota, complying with the existing production facilities; previously it was required to have a milk quota, complying with the targeted facilities); **a typical business plan form has been prepared** for investment measures, application and business plan forms are prepared for the measure “Setting Up of Young Farmers” and their completion has been automated, etc.

Opportunity was granted to borrow not only from credit institutions but also from legal and natural persons.

Support is given to the co-operated milk producers for the construction of a new innovative milk processing centre. Encouraging competition in the Lithuanian milk processing sector and seeking to maintain the income of milk producers, conditions were created and support of over LTL 50 million was allocated for co-operated milk producers for the construction and installation of a new milk processing centre.

With an aim of increasing the dissemination of support and reducing the problems faced during economic crisis, **the financial engineering measure Loan Fund was launched in 2009**. Favourable loans were granted from this fund to applicants under two measures: “Modernization of Agricultural Holdings” and “Processing of Agricultural Products and Increasing of Added Value”. Within the overall financial engineering implementation period, almost 500 favourable loans with a value of LTL 135 million were granted to economic entities. With the economic situation changed, the funds, returning to the Loan Fund, are repeatedly used in granting the investment aid under the Programme measures.

- **Within the past years (2011–2012), the measures under Axis 3 of the Lithuanian Rural Development Programme for 2007–2013 (hereinafter the Programme), intended for promotion of non-agricultural business in rural territories (namely, “Transition to Non-agricultural Activities”, “Support for Creating and Developing Business” and “Encouragement of Rural Tourism Activities”) gained utmost popularity. It is foreseen to allocate all the funds designed for the years**

2007–2013 for the implementation of the measures under Axis 3 of the Programme. Thus, the implementation and fund absorption process in Axis 3 measures is gaining momentum.

More exhaustive results at implementing the measures are given below:

- Under the measure **“Transition to Non-agricultural Activities”**, farmers, rural residents carrying out agricultural activities or mini, small and medium-sized companies engaged in agriculture, having the agricultural holding of the fixed size and intending to diversify their income sources, starting to develop agricultural activities alongside non-agricultural business could apply for support. In the second quarter of 2012 under this measure 147 applications for support were received, where support amounting to LTL 73.8 million, was requested, i.e. support requested was by 2.3 times higher than it was allocated for the obligations in 2012. In total, 363 applications for 2007–2013 support under the measure “Transition to Non-agricultural Activities” amounting to LTL 203.3 million were received. Until the end of the second quarter under this measure 152 support applications were approved and the granted support amounted to LTL 70.3 million, i.e. 62 percent of the funds allocated by the Programme under this measure for the overall period (the major part of the projects is still under assessment).
- Under the measure **“Support for Creating and Developing Business”**, rural residents engaged in individual non-agricultural activities according to the individual activity performance certificate or business certificate, or new or mini enterprises, already operating and enga-

Within the past years (2011–2012), the measures under Axis 3 of the Lithuanian Rural Development Programme for 2007–2013, intended for promotion of non-agricultural business in rural territories gained utmost popularity.



Rural residents, engaged in individual non-agricultural activities according to the individual activity performance certificate or business certificate, or the already operating non-agricultural mini companies could apply for support under the measure "Support for Creating and Developing Business".

ged in non-agricultural activities, could apply. During the last call to submit applications for support under this measure (from 3 October to 12 November 2011), even 491 applications for support were received, where requested support amounted to LTL 226.7 million, i.e. support requested was by 1.8 times higher than it was allocated for the obligations in 2011. A total of 1,114 applications for support were received for 2007–2013 measure "Support for Creating and Developing Business", with support requested for LTL 752.0 million. Until the end of the second quarter, 338 applications for support under this measure were approved, and the sum of support makes up LTL 278.8 million, i.e. 68



Rural residents or farmers, engaged or intending to engage in rural tourism activities, could apply for support under the measure "Encouragement of Rural Tourism Activities".

percent of the funds granted by the Programme under this measure for the whole period (part of the projects is still under assessment). It is to be stated that the number of the approved applications for support under the measure "Support for Creating Business" as compared to other measures of Axis 3 of the Programme is highest.

- Under the measure **"Encouragement of Rural Tourism Activities"**, rural residents or farmers, engaged or intending to engage in rural tourism activities, could apply for support. In the second quarter of 2012, 103 applications for support under this measure were received, with support requested amounting to LTL 53 million. In total, 550 applicati-

ons for support under the 2007–2013 measure “Encouragement of Rural Tourism Activities” were received, with support requested for LTL 225.6 million. Until the end of the second quarter 260 applications for support under this measure were approved, and the amount allocated for support constitutes LTL 104.8 million, i.e. 65 percent of the funds allocated by the Programme under this measure for the overall period (the major part of the projects is still under assessment).

- For certain **Programme measures the support intensity is increased** (e.g., the intensity for Axis 3 measures “Transition to Non-agricultural Activities”, “Support for Creating and Developing Business” and “Encouragement of Rural Tourism Activities” got increased from 50 percent to 65 percent, and in those cases where support is applied for the implementation of the project intended for promotion of traditional crafts – up to 75 percent).
- For rural residents, applying for support under Axis 3 measures “Transition to Non-agricultural Activities” and “Support for Creating and Developing Business”, and applicants, applying for support under the second area of activity of the measure “Encouragement of Rural Tourism Activities”, **the highest possible amount of support was increased from LTL 138,112 to LTL 207,168.**
- In accordance with the interim state support scheme, approved by the European Commission at the end of 2009, **the highest possible amount of support per project was increased from LTL 690,560 to LTL 1,726,400 for applications submitted under Axis 3 measures of the Programme “Transition to Non-agricultural Activities” and “Support for Creating and Developing Business” from March 2010 to 31 December 2010.** This had a big impact on increasing the popularity of those measures.

- From 2009 under Axis 3 measures of the Programme “Transition to Non-agricultural activities”, “Support for Creating and Developing Business” and “Encouragement of Rural Tourism Activities” **the opportunity was created to apply according to the simplified procedure** as well (when the requested amount of support under the measures „Transition to Non-agricultural Activities“ and “Support for Creating and Developing Business” does not exceed LTL 260,000, and under the measure “Encouragement of Rural Tourism Activities” is not over LTL 150,000). **The more attractive simplified procedure for support granting has been prepared:** the simplified form of the application, with a business plan integrated into it; the applicant does not need to sign the support agreement (he becomes the support beneficiary after a decision is taken to grant the support); the shortened period for assessment of applications and payment requests; the opportunity is foreseen to submit payment requests together with the application.

- **The opportunities are afforded to apply for support eligible under Axis 3 measure of the Programme “Transition to Non-agricultural Activities” not only for mini, but also for small and medium-sized companies, engaged in agricultural activities.**

- **Specific and exhaustive lists of supported and not supported activities under Axis 3 measures of the Programme “Transition to Non-agricultural Activities” and “Support for Creating and Developing Business” were compiled.** They replaced the previously valid abstract list of business trends eligible for support and increased the applicants’ interest in the opportunities for developing businesses of specific type.

- After expanding lists for the supported types of activities, under Axis 3 measures of the Programme “Transition to Non-agricultural Activities” and “Support for Creating and Developing Business” **the conditions were created for submission of applications for support, intended for acquisition of facilities for organization of specialized retail trade in the products, produced by Lithuanian manufacturers, in the rural shops and markets or mobile market-places.**

- Under Axis 3 measure of the Programme “Encouragement of Rural Tourism Activities”, those applicants were started to be encouraged who were really engaged in farming and intended to attract tourists to take interest in this activity, thus aiming to maintain in Lithuania the specificity of that activity and services of that type. The procedure for granting support under the measure “Encouragement of Rural Tourism Activities” was prepared so that support would come into the hands of real farmers.

- Axis 3 measure of the Programme “Village Renewal and Development” is successfully implemented (implementing it by way of planning):

- while implementing Axis 3 measure of the Programme “Village Renewal and Development”, in 2007–2011, 364 project proposals were collected, 248 project proposals and 57 reserve project proposals were approved. The sum requested for support in the applications submitted in 2007–2011 (243 applications for support were collected) accounted for 74 percent of the funds allocated for the overall period of the Programme, and the sum requested in the project proposals made up even 109 percent. **In 2012, the additional collection of project proposals was declared** for those municipalities which have not used the limit of the allocated funds that was approved according to the methods

The more attractive simplified procedure for support granting has been prepared: the simplified form of the application, with a business plan integrated into it; the applicant does not need to sign the support agreement.



In 2012, additional collection of project proposals was announced for those municipalities, which have not used the limit of allocated funds that was approved according to the methods for implementing the measure "Village Renewal and Development" by way of planning.

for implementing the measure “Village Renewal and Development” by way of planning. It is expected that after this call the limits (“baskets”) of the funds allocated to the municipalities will be fully absorbed;

- from the start of the Programme implementation to **28 August 2012, 226 support agreements for LTL 107.4 million were signed, LTL 57.1 million was paid out from the allocated support funds;**
- it should be noted that implementation of the measure in 2011 as compared to 2010 gained momentum and a degree of attainability of many indicators of the measure was rather high, and taking into account the speed of payment of the funds and the activity of the applicants and project executors, no risk exists as regards the absorption of funds under this measure.

• **In 2012, the successful implementation of the activity “Replacement of Asbestos Roofing” under Axis 3 measure of the Programme “Village Renewal and Development” by way of planning was started:**

- LTL 60 million was granted for this activity from the Programme funds. Applications were collected from 16 January to 30 March 2012. A total of 8,039 applications for support amounting to LTL 50.4 million for support were received, whereof 7,724 support applications for LTL 48.4 million were recognized as eligible for financing;
- the average requested sum for replacement of asbestos roofing is LTL 6,268. Most popular roofing for new roofs is imitation steel tiles and steel profiled roofing sheets;
- according to the data as at 28 August 2012, under this measure activity the support funds paid out amounted to LTL 3.9 million. The majority of roofs have been already replaced in Kaunas, Šiauliai and Telšiai counties.



In 2012, the activity "Replacement of Asbestos Roofing" under Axis 3 measure "Village Renewal and Development" of the Programme was successfully implemented. The residents of Kaunas, Šiauliai and Telšiai counties have already replaced the major part of their roofs.

- The Lithuanian Rural Network (hereinafter the Network) was established and it joins the institutions and organizations (867 members), participating in the rural development process:
 - while implementing the Network annual action plans, the Network members are granted support for the projects relevant to the Programme implementation, rural development, agricultural, food sector and forestry information, know-how, good practice dissemination, ex-



The Lithuanian Rural Network members are granted support for the projects relating to the Programme implementation, rural development, agricultural, food sector and forestry information, know-how, good practice dissemination, experience and know-how exchange at a national and international level, and interterritorial and transnational cooperation of the network members.

perience and know-how exchange at a national and international level, and interterritorial and transnational cooperation of the Network members. Since 2009 the Network members have approved 935 applications for support for over LTL 19 million, the paid out amount of support exceeds LTL 9.5 million.

- the Network website www.kaimotinklas.lt was created. It is intended for the communication of the Network members, dissemination of information, stimulation of inter-regional and transnational cooperation.

The Lithuanian Rural Network was established and it joins the institutions and organizations, participating in the rural development process.

- **Measure “Implementation of the Local Development Strategies” of the 2007–2013 Rural Development Axis “LEADER Method Implementation”:**

- all (51) local development strategies that are implemented by the local action groups (hereinafter the LAGs) were approved until 6 December 2010;
- the LAGs announced 103 calls to submit the local project applications according to the approved strategies (announced by all the LAGs, in different regions of Lithuania);
- until 1 September 2012 according to the LAG calls to submit local project applications the LAG received 2,052 local projects (from local communities, NGO, municipalities, business sector representatives, etc.);
- 1,188 support agreements amounting to LTL 158 million were signed with project executors.

- **Measure “Interterritorial and Transnational Cooperation” of Axis 4 of the Programme “LEADER Method Implementation”:**

- “Interterritorial and Transnational Cooperation” is a new measure of Axis 4 under the Programme, for the implementation thereof the LAG has not possessed either financial opportunities or experience so far. LTL 14.4 million were allocated for the implementation of the measure;

Creation of traditional crafts centres was given support in 20 municipalities.



- being aware that the implementation of the cooperation ideas and projects requires much more time, they should be coordinated between the LAGs of different countries, comply with their strategic goals, provisions of the rural development programmes of different countries, and that the language barrier exists. Applications of the LAG cooperation projects are collected according to the procedure of ongoing acceptance of applications;
- collection of applications for cooperation projects was started on 1 April 2010, though it gained momentum only in 2012 (in 2010, one project was submitted, in 2011 – 8). Until 1 September 2012, the LAG

submitted to the National Paying Agency 29 cooperation projects (10 interterritorial, i.e. between the LAGs of Lithuania, and 20 transnational cooperation) for LTL 4.9 million.

• National Heritage

- **A national heritage certification system has been created.** The certification process was started; over 1500 traditional products that are manufactured by approx. 450 traditional craftsmen were certified.
- **The national heritage product website www.tautinispaveldas.lt was created and is actively used.** It provides necessary information on the national heritage products (legal acts, certified articles, events, etc.).
- **An e-map of traditional craftsmen was created.** The e-map is aimed at supplying the consumers with reliable information on traditional craftsmen and their articles.
- **The opportunity was given for certified traditional craftsmen** to participate in exhibitions and other events.
- **Establishment of traditional crafts centres in 20 municipalities was given support** under the activity area “Creation and/or Development of Traditional Craft Centres” of the measure “Village Renewal and Development” of the Lithuanian Rural Development Programme for 2007–2013 by way of planning, the support amount is LTL 13.81 million.

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National heritage certification system was created. The certification process was launched; over 1500 traditional articles, manufactured by some 450 traditional craftsmen, were certified.

- A programme for protection of national heritage articles, their market and craftsmanship development for 2012–2020 was approved.

An e-map of traditional craftsmen was created. The e-map is aimed at supplying the consumers with reliable information on traditional craftsmen and their articles.



Farmers of the country who grow ancient breeds of livestock and poultry are eligible for support under the activity "Preservation of Endangered Species of Lithuania's Ancient Breeds of Livestock and Poultry" of the measure "Agri-environmental Payments".

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www.zum.lt

The National Paying Agency
under the Ministry of Agriculture –
www.nma.lt

