



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 8 July, 2022. It outlines Lithuania's priorities for using € 2.9 billion of public money that is available for the period 2014-2022 (€ 2.238 billion from the EU budget (including € 140 million from the EU Recovery Instrument and € 50.4 million transferred from the envelope for CAP direct payments), and € 0.562 billion of national co-funding plus € 92 million of additional national funding top-ups).

The main objectives are the modernisation and improvement of the economic performance of small and medium-sized farms (nearly 13 000 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 149 000 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 States¹. The [RD Regulation](#) for the 2014-2020 period (extended to 2022) 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 km² 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

¹ The UK left the Union on 31st January 2020; in accordance with the Withdrawal Agreement support under Rural Development continues to apply in the UK during the 2014-2020 programming period.

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 ADDRESSES THESE CHALLENGES

To improve the competitiveness of the agricultural, food and forestry sector, the RDP focusses on the modernisation of small and medium-sized farms, particularly those producing livestock, fruit and vegetables. The programme gives priority to projects featuring innovation and environmental benefits. Agricultural and forestry infrastructure (in particular, outdated drainage systems) are to be improved. To facilitate generational renewal of the farming community, support is being provided for setting up of more than 2 300 young farmers. Special attention is being paid to promoting cooperation and agricultural risk management.

The second important challenge being addressed is the improvement of biodiversity, the condition of water and soils and adaptation and mitigation to climate change. Projects in these domains 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 33% 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 being provided 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 focusses on support for LEADER, business start-ups and non-agricultural business development. It is intended to create more than 3 000 jobs, 1 104 of which will be created under LEADER. There is also investment support 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 supports investments in the modernisation of more than **5 700 farms (2.88% of the total number of farms)**, the development of more than **7 800 small farms** and the setting up of more than **2 300 young farmers**. An important element is **innovation** which is being facilitated by encouraging co-operation and by the European Innovation Partnership. The programme promotes advisory services, information and knowledge transfer between the agri-food sector, researchers and other stakeholders. **125 EIP Operational Groups will be established**. In order to improve the competitiveness of farming and forestry, more than **150,000 people will be trained**. Support is also being provided 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 RDP aims to **better integrate more than 600 farms into the food chain** and into the overall market. This is done by encouraging farmers to participate in EU and national food quality schemes, by setting-up **40 producer groups** and through **100 cooperation projects to develop short supply chains**. Almost **1 500 farmers** will take part in **risk management schemes** so that they can improve the insurance cover and income stabilisation. Training and advisory services are playing 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 33% of total agricultural land) to avoid land abandonment (nearly **1 million ha** is targeted). The programme also encourages 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 **7 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 NH₃ emissions are reduced. Support for afforestation to promote carbon sequestration also plays a key role.

Social inclusion and local development in rural areas

The RDP aims at **non-agricultural business development** (more than **1 500 projects** will be supported) and job creation in rural areas (**more than 3 000 jobs will be created**, of which **more than 1 000 will be created under LEADER**). **50 LEADER Local Action Groups** will implement local development strategies.

More than 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.

As a response to the **COVID-19** pandemic, an estimated 414 SMEs and 1 300 farmers may receive exceptional, temporary support.

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

- € 974 million allocated for Measure 4: Productive and non-productive investments
- € 462 million allocated for Measure 13: Farming in areas with natural constraints
- € 340 million allocated for Measure 6: Farm and business development
- € 319 million allocated for Measure 11: Organic farming
- € 135 million allocated for Measure 19: LEADER

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	%
P1: Knowledge transfer and innovation in agriculture, forestry and rural areas²			
1A: fostering innovation, coop, knowledge base <u>2.42 %</u> of RDP expenditure	01 knowledge		
	02 advisory services		
	16 cooperation		
1B: strengthening links (with research, etc.) <u>260</u> cooperation operations	16 cooperation		
1C: training <u>149 900</u> participants	01 knowledge		
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		1,136,767,903	39.76%
2A: Farm performance <u>2.88 %</u> of holdings with RDP support	01 knowledge	6,548,293	0.23
	02 advisory services	2,106,176	0.07
	04 investments	851,997,691	29.81
	06 business development	92,519,173	3.24
	16 cooperation	24,078,427	0.84
	21 COVID-19 crisis	28,000,000	0.98
2B: Entry of skilled farmers, generation renewal <u>1.17 %</u> of holdings with RDP support	01 knowledge	798,529	0.03
	02 advisory services	663,235	0.02
	06 business development	102,705,882	3.59
2C+: Forestry <u>185</u> jobs created in supported projects	01 knowledge	1,203,936	0.04
	02 advisory services	498,235	0.02
	04 investments	1,563,525	0.05
	08 forestry	24,084,801	0.84
P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture		178,220,753	6.23%
3A: Improving competitiveness <u>0.25 %</u> of holdings with RDP support	01 knowledge	2,767,132	0.10
	02 advisory services	213,235	0.01
	03 quality schemes	2,224,706	0.08
	04 investments	115,995,994	4.06
	09 producer groups	1,788,829	0.06
	16 cooperation	16,384,798	0.57
3B: Farm risk prevention and management <u>0.73 %</u> of holdings with RDP support	05 prevention actions	6,400,000	0.22
	17 risk management	32,446,059	1.13

² No financial allocation shown for Priority 1 as the expenditure is distributed across other focus areas.

P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry³		906,914,654	31.72%
4A: Biodiversity 3.40 % UAA under contract 0.51 % forestry land under contract	01 knowledge	3,022,216	0.11
	02 advisory services	1,313,235	0.05
4B: Water management 0.66 % UAA under contract	04 investments	4,638,921	0.16
	08 forest investments	16,673,036	0.58
	10 AgEnvClimate	73,475,911	2.57
4C: Soil erosion and management 10.20 % UAA under contract	11 organic farming	318,603,120	11.14
	12 Nat2000 and WDF	25,129,911	0.88
	13 ANC	462,032,137	16.16
	15 forest EnvClimate	1,274,332	0.04
	16 cooperation	751,835	0.03
P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors		126,090,179	4.41%
5C: Renewable energy € 20 million investment	02 advisory services	45,882	0.00
	04 investments		
	06 business development	12,156,523	0.43
5D: Reducing GHG and NH3 2.55 % UAA under contract	01 knowledge	1,219,032	0.04
	02 advisory services	1,273,824	0.04
	10 AgEnvClimate	27,348,212	0.96
	16 cooperation	1,503,669	0.05
5E: Carbon conservation 0.43 % UAA under contract	02 advisory services	137,647	0.00
	08 forest investments	50,443,703	1.77
	10 AgEnvClimate	31,961,687	1.12
P6: Promoting social inclusion, poverty reduction and economic development in rural areas		357,095,737	12.49%
6A: Small enterprises 2,985 jobs created	01 knowledge	2,936,678	0.10
	02 advisory services	336,765	0.01
	06 business development	132,479,825	4.64
	21 COVID-19 crisis	3,541,792	0.12
6B: Leader 100 % rural pop in LDS 14.26 % rural pop improved services 1,104 jobs created	07 basic services	78,290,742	2.74
	19 LEADER	135,078,735	4.73
6C: ICT 1.90% pop benefitting	07 basic services	4,431,200	0.15
Technical assistance		84,217,801	2.95%
Discontinued Measure (Early Retirement)⁴		69,704,365	2.44%
TOTAL PUBLIC ALLOCATIONS		2,859,011,392	100%

³ Expenditure under Priority 4 is programmed for the priority as a whole, not for individual focus areas.

⁴ A measure in the RDP 2007-2013 for which the EU legal basis has been discontinued in the period 2014-2020, but for which there are still outstanding payments to be made to farmers.