

**ŠIAULIAI UNIVERSITY**  
**FACULTY OF SOCIAL SCIENCES, HUMANITIES AND ARTS**  
**DEPARTMENT OF PUBLIC ADMINISTRATION**

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**The employment of the European Union Structural Funds for  
the settlement of young farmers: the cases of Lithuanian and  
Polish regions**

Master's Thesis

Šiauliai, 2016

Klovaitė M. The employment of the European Union Structural Funds for the settlement of young farmers: the cases of Lithuanian and Polish regions

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Master's Thesis

Social Sciences, Public administration (N700)

**Advisor of Thesis:**  
**Prof. Dr. Teodoras TAMOŠIŪNAS**

I confirm that presented Master's Thesis to obtain qualification degree in Public Administration is original author's work

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(Student's signature)

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## **LIST OF ACRONYMS**

**AKIS** - Agricultural Knowledge and Information Systems

**CAP** - Common Agricultural Policy

**FAS** - Farm Advisory System

**NGO** - Non-Governmental Organisation

**ERDF** - European Regional Development Fund

**ESF** - European Social Fund

**CF** - Cohesion Fund

**EAFRD** - European Agricultural Fund for Rural Development

**EMFF** - European Maritime and Fisheries Fund

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## SUMMARY

Master degree thesis analyse the employment of the European Union Structural Funds for settlement of young farmers: the cases of Lithuanian and Polish regions.

**The aim of the MA thesis:** to analyse the EU structural funds and its support in order to “set up young farmers” in Lithuanian and Polish regions.

The theoretical part of Master thesis consists of EU Regional policy conception, theoretical EU structural funds assumptions and Regional policy: the allocation of EU structural funds in Lithuanian and Polish regions.

The analytical part of the Master thesis consists of research methodology: the main material which includes the document analysis and informant interview methods, comparative analysis of legal policy and acts in Lithuanian and Polish regions, and analysis of the funding situation in Lithuania and Poland.

The research showed that the EU structural funds encourage young farmers to start their own businesses in various agricultural areas and to improve one of the most important cluster i.e., the level of employment in the Member States in the strategy of 2014-2020. Moreover, the analysis showed the main differences in Lithuanian and Polish regions i.e., the biggest problems which young farmers have to face are the differences of strategy implementation, different selection criteria implementation problem in regions, problematic point system, etc.

**Keywords:** European Union (EU), Structural Funds, Lithuania, Poland, Setting up young farmers, Regional policy.

## LIST OF DEFINITIONS

1. The young farmer - a farmer (an individual, who registered an agricultural holding or a farm on her or his behalf) who meets the following requirements applying for support: 1) is younger than 40 years old; 2) has professional skills and competence i.e., meets at least one of the following requirements: has professional or higher agricultural education; has finished young farmers competency development programme (if an applicant does not meet any of these requirements, he has no longer than 36 months (from the day he/she is granted the support) to acquire these skills and competence); 3) is settling for the first time as a manager on the agricultural holding or the farm. (Lietuvos Kaimo Plėtros programa 2014-2020).
2. The settlement of young farmers - a process when a younger than 40 years old individual creates conditions necessary for farming in the registered agricultural holding (farm). The settlement of the young farmer has to start no earlier than 12 months until the support submission. This period of time is necessary for the applicant to finish long-lasting land acquisition process and to start training and (or) finish it, to prepare a business plan, etc. (Lietuvos Kaimo Plėtros programa 2014-2020).
3. The support period - no longer than a five-year period from the decision to grant the support until the final disbursement. (Lietuvos Kaimo Plėtros programa 2014-2020).
4. Business plan<sup>1</sup> - Set of documents prepared by a firm's management to summarize its operational and financial objectives for the near future (usually one to three years) and to show how they will be achieved. It serves as a blueprint to guide the firm's policies and strategies, and is continually modified as conditions change and new opportunities and/or threats emerge. When prepared for external audience (lenders, prospective investors) it details the past, present, and forecasted performance of the firm.  
  
And usually also contains pro-forma balance sheet, income statement, and cash flow statement, to illustrate how the financing being sought will affect the firm's financial position.

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<sup>1</sup>The concept is taken from Business dictionary. Read more: <<http://www.businessdictionary.com/definition/business-plan.html#ixzz49E8b9dcF>>.



## INTRODUCTION

**Research Novelty and Actuality:** Nowadays every European Union member state has an opportunity to use the Structural Funds in such areas as financial support and investment in a country, or some region and to modernize agriculture, industry, creating sustainable development in the country. According to European commission and regional policy information, the Structural Funds and the Cohesion Fund are the financial instruments of European Union (EU) regional policy, which is intended to narrow the development disparities among regions and Member States. The Funds help to pursue the goal of economic, social and territorial cohesion. For the period 2007-2013, the budget allocated to regional policy amounts to around € 348 billion, comprising € 278 billion for the Structural Funds and € 70 billion for the Cohesion Fund. There are two Structural Funds. One of them is called the European Regional Development Fund (ERDF) which is currently the largest. Since 1975 it has provided support for the creation of infrastructure and productive job-creating investment, mainly for businesses, and the European Social Fund (ESF), set up in 1958, contributes to the integration into working life of the unemployed and disadvantaged sections of the population, mainly by funding training measures.

To continue, there are five main Funds which work together to support economic development across all the EU countries, in line with the objectives of the Europe 2020 strategy: European Regional Development Fund (ERDF); European Social Fund (ESF); Cohesion Fund (CF); European Agricultural Fund for Rural Development (EAFRD); European Maritime and Fisheries Fund (EMFF). Every EU region may benefit from the ERDF and ESF. However, only less developed regions may receive support from the Cohesion Fund.

The theoretical part of Master thesis consists of EU Regional policy conception, theoretical EU structural funds assumptions and Regional policy: the allocation of EU structural funds in Lithuanian and Polish regions. The analytical part of Master thesis consists of research methodology: main material with includes document analysis and informants interview methods, comparative analysis of legal policy and acts in Lithuanian and Polish regions and analysis of funding situation in Lithuania and Poland.

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**The main Research Problem:** To find the main problems in the cases of employment of the European Union Structural Funds for the settlement of young farmers in Lithuania and Poland regions.

**The main Research Problem Questions:**

1. What possibilities can young farmers get from structural funds?
2. How to improve the conditions to use the structural funds for young farmers?

**Research object:** European Union structural funds for settlement of young farmers in Lithuania and Poland.

**Research aim:** To analyse the EU structural funds and its support in order to “Setting up young farmers” in Lithuanian and Polish regions.

**Research Objectives/Tasks:**

1. To analyse the allocation and the employment of EU structural funds in Lithuania and Poland.
2. To investigate the main material for possibilities of settlement of young farmers in Lithuania and Poland regions.
3. To compare the funding in Lithuania and Poland.

**Main statement:**

1. The main possibilities which young farmers may use applying for the funding are: the establishment of new industries and its development opportunities; motivation to create small businesses. The creation and modernisation of new industries can be achieved with the help of the EU Structural Funds funding for young farmers.
2. The conditions for the support for the settlement of young farmers should be improved (that should be done taking into account the importance of support in regions of the country). After having analysed the documents, it can be stated that the main difficulties which young farmers face with applying for support appear because of funding conditions and the main disparities among regions. The newly introduced point system should create favorable conditions for getting the support, but the results show that this system of criteria has to be improved.

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**Research Methodology:** Study research about EU funds, experience of the countries. Study problematic areas, new findings in the research and new problematic areas. EU structural funds assimilation in Lithuania and Poland.

**Research Theoretical and Practical Significance:** The investigation will determine the main problems of The case of the assimilation of the European Union Structural Funds for the settlement of young farmers in Lithuania and Poland.

## **1. EU REGIONAL POLICY CONCEPTION**

One of the key objectives of the EU is to ensure sustainable economic and social development by means of advanced institutional practices and policy measures. EU regional policy is an integral part of the following objectives: the development of democracy and economy, strengthening of social welfare, reduction of economic and social development gap in the EU.

The aim of regional policy is the development of tangible and intangible assets of the region and realisation of its potential in order to make the region more attractive and competitive. (Vitkus, 2008).

### ***1.1 The importance of the EU regional policy***

In different Western European and North American countries the regional policy was formed and carried out within different periods and by various means. However, in many European countries, regional policy was formed only in recent decades. The impetus for the development of regional policy was given by the EU. Enlargement of the EU promoted inter-territorial competition, which may be defined as an overall strategy of the municipality or the region to attract external investment and improve local business climate (Maniokas, 2003). Declaration of the Assembly of European Regions states that “Region is a territorial unit, validated by laws and having its own political self-government” (Kondratienė, 2004).

The EU regional policy is an integral part of the main objectives of democracy development, and strengthening of economic and social well-being of the population. The EU carried out structural policy in order to coordinate financial instruments of the countries’ regional policy. Regional policy seeks to reduce social and economic disparities in the EU.

Cohesion policy is an integral part of the EU regional policy. It is most evident in politics as it affects economic and social development.

In order to effectively implement the regional policy it is important to achieve its main objective, which is to focus on less-developed regions. Currently, the EU regional policy seeks the assistance of government in investing in new and traditional industries of countries or regions. The aim is to help solve the region’s unemployment, decentralization, slow growth and other problems. Support

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includes grants, subsidies, certain tax exemptions, preferential credits for investments. (Vydmontaitė, 2006).

As a result, it can be said that legal, economic and administrative measures used in the regional policy have a differential impact on the individual regions of the country in terms of social and economic development, reduction of social and economic disparities between the regions, and promotion of balanced development throughout the country territory. In order to implement the regional policy, the financial support of the EU Structural Funds is necessary.

The EU structural funds and various available projects provide financial assistance to Member States thus being an effective tool for the development of regional economies. It also allows a better use of human, innovative, recreational and other resources, as well as to successfully reduce the economic development gap between different regions of the country.

However, even though on the theoretical level results might be expected to be achieved, the practice has shown that this is not always the case. As a result, state intervention should be monitored, the system should constantly be improved so as to avoid negative consequences. Due to system imperfection it is difficult to make appropriate use of support. In this case, unequally allocated resources lead to even greater disparities in economic development of the regions.

The EU, through the development of regional policy, has formed a lot of administrative and economic measures to help reduce the disparities between countries or regions of the country. The importance of regional policy has been gradually increasing.

Initially, the significance of the EU regional policy was discussable. However, during the integration period, when more and more member states joined the EU, all of them showing noticeable cultural and economic differences, the implementation of the regional policy became necessary. In economic terms, it became a compensation mechanism for underdeveloped states.

Structural policy is a set of legal, administrative and economic measures taken in order to rationalise the number of productive forces and equalise the cost of living. In implementing this policy, the EU's role is to transfer resources to those regions most in need. The tasks, priority objectives and the organisation, which may involve grouping the Funds, are provided by the European Union Council. The regional policy was approved by the European Parliament and the basic regulations were established in cooperation with the European Economic and Social Committee and the Committee of the Regions (Puidokas, Daukaitė, 2013).

This policy is directed to the region's most in need. The European Commission, the EU Council and the European Parliament adopt decisions on the allocation of funds and budgeting. The EU Council of the European Development Fund decide which regions should be getting the support.

The EU regional policy is understood as the development of democracy applying the principle of subsidiarity, and abolishment of regional economic differences. Common EU regional policy is cohesion of social and economic policy. Each time of the EU enlargement, when new member state integrates into the EU, regional policy gets greater attention. After the entry into force of the Lisbon Treaty (1 December 2009) in the EU, which was consolidated the principle of economic, social and territorial cohesion, the aim of structural policy of the EU member states became to reduce economic disparities between countries and regions.

### ***1.1.2 Regional policy and rural development***

Regional policy is a public policy aimed at reducing social and economic disparities between regions. Regional (also called structural) policy measures of the EU are aimed at reducing the differences between the most and least developed regions in the EU.

Regional policy as one of the instruments of strategic planning, social policy, and national development in Europe is gaining more and more popularity. This policy is receiving more financial resources and includes wider territories. The EU regional policy is becoming one of the most important instruments for facing problems in the agricultural regional development. The funds contribute significantly to regional technical and social infrastructure, environmental protection projects and human resource development.

Regional differences in the formation and evolution depend on a variety of internal and external factors, such as geographical location, natural resources, transport network, access to major transportation corridors, urbanization, infrastructure development level, energy prices and availability, general domestic and foreign macroeconomic factors such as economic recession; European debt crisis; the situation on export markets and even the labour market situation in countries such as Great Britain, Norway, Ireland. Also the general public economic policy, labor relations; investments; innovation;

basic infrastructure; energy regulation and development determine regional differences (Burneika, 2013).

Regional concept is an artificial construct that geographers use of dividing the world into separate parts, which can be compared with other parts of the world. Their usual distinctive feature is that it analyses the phenomenon of the site there is a larger concentration range than them. In terms of the occupied territory, the regions can be large as the earth parts or small as city blocks. Regional concept is generally not used in the definition of countries or the world as a whole, even though the state can also be regarded as a kind of world. In other words, the region is commonly referred to as either the state that does not have the status of the Earth group and shows natural, public or complex phenomenon of internal similarity or distinctiveness from other parts of the earth's surface.

Regions can be classified according to various criteria. Very often, they are classified according to certain phenomena:

1. Natural (mountains, rivers and deltas, deserts, etc.).
2. Public (economic, administrative, ethnic, political, etc.).
3. Complex (distinguished by complex phenomena, i.e., Pacific, Balkan countries, etc.).

Regions may also be classified in accordance with the same law:

1. Homogeneous regions are distinguished on the basis of a formal similarity of phenomena (e.g, lakes, the European Union, the Lithuanian central lowlands, the Balkans, Vilnius district municipality, etc.).
2. Functional - The territory is organized around some center or centers engaged in a function of the surrounding areas. Here the most important factor in the formation of the region is the nucleus. They are distinguished for some function, for example, the company serviced area marked.

Object of the regional policy is a region, which can be defined as follows:

1. Region is a historically formed individual and unique complex formation resulting from the interaction of natural and social systems, integrated defined contractual limits. Here, the region is understood as an integrated and relatively homogeneous territorial system, formed over a period of time and characterized by territorial framework identities existing in the wider regions of the hierarchical system.

It should also be noted that regional policy is closely related to the of concept regionalization.

2. Regionalization, from a very general point of view, is a division of the territory (ies) in the region. Often the term is used synonymously as a formal division of the territory into separate territorial units (regions). In the latter case, regionalization becomes actual spatial determinant of regional policy as the state determines the formal regionalization of regional policy objectives, direction, and, hence, the consequences. Statistical regional socio-economic status depends on the formal division of the territory.

Therefore the task of the member in terms of regionalization is to divide its territory into complex regions that reflect the country's territorial development characteristics and that are optimal for regional policy objectives.

Regionalization is one of the most important socio-economic problems, the solution of which depends on the public sphere geography. If regionalization is not carried out correctly, the country will be split into real dysfunctional territorial units, the effectiveness of regional policy will be partial, the consequences will be felt only in the territory for a short period of time and not by all groups living in the territory.

Currently, in the scientific literature and, especially, in practice (management and planning authorities), there are two most common definitions of the concept of regional policy:

1. Regional policy is defined as a set of measures to stimulate economic development in the region, and make more effective use of local (endogenous) resources.

In this case, the preferred economic development is the acceleration of the country's economic growth.

2. Regional policy is a set of measures seeking to guarantee the (relative or absolute) social and economic integrity of the country, that is, the same standard of living and conditions of all citizens, irrespective of the place of the country they live. In this case, there are more social objectives.

In general, it is most commonly stated that regional policy is a component of economic policy. However, even in countries where regional policy has a long tradition, it is not finally decided which of these two dimensions of regional policy should be given priority to. There is a tendency that if the country is experiencing the period of economic stagnation or recession, priority is given to the first concept (economic growth), but once a certain degree of economic growth is noticed, more attention is paid to the living conditions in the country and the level of harmonization, that is, to the second factor of regional policy. (Burneika, 2013).



In summary, the concept of regional policy is well established and varies both in time and space. In the simplest case, it is understood as a set of measures for the development of countries in the territory of the regulation.

Regarding the regional policy, one should not forget to mention the issue of the development of rural areas. Rural areas account for half of Europe, that is round 20% of the population. But most rural areas are most unfavourable regions of the EU, their GDP per capita is significantly lower than the European average.

### *1.1.3 NUTS regional system*

Any regional policy must have its territorial base. Since the EU Regional policy covers the entire territory of the EU, the territorial basis must unify whole area of communities (the single market). There is a unified territory regionalization system in the European Union, which is called NUTS (Nomenclature des Unités Territoriales Statistiques), i.e., nomenclature of territorial units for statistics. In this way, the European Union countries by the regional policy framework become statistical territorial units NUTS separated by the country's regional framework.

The main aim of NUTS regional system is to establish the legal framework for the division of the EU geographical area so that the data on the countries and the communities is collected, disseminated and published.

Statistics are comparable (Burneika, 2013).

The NUTS classification and functions:

1. collection, development and harmonization of European regional statistics;
2. socio-economic analyses of the regions;
3. forming of the EU regional policies;

NUTS 1 - major socio-economic regions;

NUTS 2 - basic regions for the application of regional policies;

NUTS 3 - small regions for specific diagnoses.

European Union countries' territorial statistical units (NUTS) divided into 3 (5) levels:

NUTS 1 level includes large areas, often covering the entire territory of the country (according to the EU Regional policy the country can be treated simply as one region). Ireland, Portugal, Greece had for long been categorized to this level. At present, this situation is in Baltic States, Slovenia, Malta, Cyprus. NUTS 1 regions may be smaller territorial entities - mostly large isolated areas. For example, in Germany - (Länder), Belgium - regions (regions). This is related to the federal structure of the state.

NUTS level 2 is lower-level regional structure, connecting several structural units. These are relatively large regions. In Western countries, regions of this level are often called provinces, e.g., French province, Italy province, Autonomous Communities of Spain (Comunidades autónimas) or Dutch as a province.

NUTS 3 level is usually an intermediate level between regional and local government, such as Germany - départements, län in Sweden, Finland - maakunnat Greek - nominal.

LAU level 1 (Local Administrative Unit, former NUTS 4) is usually government unit, e.g.: French communes, Sweden Kommuner German gemeinder, Lithuanian municipalities. They are found in many, but not all EU countries.

LAU level 2 (previously NUTS 5) is lower self-government unit, a smaller administrative territorial unit. In Lithuania it is parish, in Poland- gminy, in Latvia - rural communities. These are set in 28 Member States. LAU (Local Administrative unit) regions are changing quite often, according to EUROSTAT they changes every year. Parties send their LAU 2 regional lists and some statistical information about them (usually population and surface area).

The EU regional policy is usually implemented through the highest level of administrative territorial units NUTS I, NUTS II rather than NUTS III regions. It should be noted that the same NUTS regions do not have administrative derivatives, but they must adjust to the smallest territorial administrative boundaries (i.e., NUTS country regional system does not have to comply with the administrative divisions, but their boundaries have to go at least boundaries of the smallest administrative units). The sizes of NUTS regions in various countries are different, but there are requirements for maximum and minimum population in them (Table 1).

**Table 1**

**The recommended number of inhabitants in NUTS regions**

Level	The minimum Population index	The maximum Population index
NUTS 1 level	1.3 million	7 million
NUTS 2 level	800 thousand	3 million
NUTS 3 level	150 thousand	800 thousand

Source: Burneika, D. (2013). Regioninė politika Europoje. Mokomoji knyga. Vilnius: Vilniaus universitetas.

The NUTS system favours existing administrative units, with one or more assigned to each NUTS level. For non-administrative units, deviations exist for particular geographical, socio-economic, historical, cultural or environmental circumstances, especially for islands and outermost regions.

## **1.2 Theoretical assumptions regarding the EU structural funds**

### **1.2.1 The conception of EU Structural Funds in the content of regional policy**

Regional policy is concerned with all parts of the EU, and at all levels - from the EU-wide and national scale, to Europe's regions and local communities. It is part of the EU cohesion policy, the European Union's strategy to promote and support the overall harmonious development of its Member States and Regions. The policy is implemented by national and regional authorities in collaboration with the European Commission.

The cohesion policy framework is established for a period of 7 years. The current period covers years 2014-2020.

Implementation of the policy follows these stages:

1. The budget for the policy and the rules for its use are jointly decided by the European Council and the European Parliament on the basis of a proposal from the Commission. In

addition to common rules for the European Structural and Investment Funds (ERDF, ESF, CF, EAFRD and EMFF) there are also rules which are specific for each Fund.

2. The principles and priorities of cohesion policy are distilled through a process of consultation between the Commission and the EU countries. Each Member State produces a draft Partnership Agreement, which outlines the country's strategy and proposes a list of programmes. In addition to this Member States also present draft operational programmes (OP) which cover entire Member States and/or regions. There will also be cooperation programmes involving more than one country.
3. The Commission negotiates with the national authorities on the final content of the Partnership Agreement, as well as each programme. The programmes present the priorities of the country and/or regions or the cooperation area concerned. Workers, employers and civil society bodies can all participate in the programming and management of the OPs.
4. The programmes are implemented by the Member States and their regions. This means selecting, monitoring and evaluating hundreds of thousands of projects. This work is organised by “managing authorities” in each country and/or region.
5. The Commission commits the funds (to allow the countries to start spending on their programmes).
6. The Commission pays the certified expenditure to each country.
7. The Commission monitors each programme, alongside the country concerned.
8. Both the Commission and the member countries submit reports throughout the programming period.

2014/660/EU: Commission Implementing Decision of 11 September 2014 on the model of funding agreement for the contribution of the European Regional Development Fund and the European Agricultural Fund for Rural Development to joint uncapped guarantee and securitisation financial instruments in favour of small and medium-sized enterprises.

### **1.2.2 European regional policy**

Regional Policy targets all regions and cities in the European Union in order to support job creation, business competitiveness, economic growth, sustainable development, and improve citizens' quality of life.

In order to reach these goals and address the diverse development needs in all EU regions, € 351.8 billion – almost a third of the total EU budget – has been set aside for Cohesion Policy for 2014-2020.

Regional Policy is delivered through three main funds:

1. The European Regional Development Fund (ERDF);
2. The Cohesion Fund (CF);
3. The European Social Fund (ESF).

Together with the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), they make up the European Structural and Investment (ESI) Funds. Regional Policy has a strong impact in many fields. Its investments help to deliver many EU policy objectives and complements EU policies such as those dealing with education, employment, energy, the environment, the single market, research and innovation. In particular Regional Policy provides the necessary investment framework to meet the goals of the Europe 2020 Strategy for smart, sustainable and inclusive growth in the European Union by 2020.

The five targets for the EU in 2020 are:

1. Employment: 75% of the 20-64 year-olds to be employed
2. Research & Development: 3% of the EU's GDP to be invested in R&D
3. Climate change and energy sustainability:
  - Greenhouse gas emissions 20% (or even 30%, if the conditions are right),
  - 20% of energy from renewables,

- 20 % increase of energy efficiency.
4. Education:
- Reducing the rates of early school leavers below 10%,
  - At least 20 million fewer people in or at risk of poverty and social exclusion.
5. Fighting poverty and social exclusion: At least 20 million fewer people in or at risk of poverty and social exclusion Each Member State has adopted its own national targets in these areas.

Cohesion Policy is a catalyst for further public and private funding, not only because it obliges Member States to co-finance from the national budget, but since it also creates investor confidence. Taking into account national contributions and other private investment, the impact of Cohesion Policy for 2014-2020 is expected to be about € 450 billion.

In 2014-2020 Operational Programmes (OPs) can be fund-specific or multi-fund. They can cover entire Member States and/or regions. OPs allow selecting, implementing, monitoring and evaluating the individual projects according to the priorities and targets agreed between the Commission and the national or regional Managing authorities in the Member States of European Union. Operational Programme for the European Union Funds' Investments in 2014-2020 strategy will directly contribute to the implementation of the Europe 2020 strategic objectives and to better economic, social and territorial cohesion in the EU and Lithuania.

The Europe 2020 strategy indicates that future economic growth in the EU should be smart, sustainable and inclusive. It is focused on five ambitious goals in the areas of employment, innovation, education, poverty reduction and climate/energy and sets specific headline targets for them. In line with Europe 2020 and the overall Common Agricultural Policy (CAP) objectives three long-term strategic objectives can be identified for EU rural development policy in the 2014-2020 period:

1. Improving the competitiveness of agriculture;
2. The sustainable management of natural resources and climate action; and
3. A balanced territorial development of rural areas.

For the purposes of managing rural development policy through Rural Development Programmes (RDPs) these broad objectives are given more detailed expression through 6 priorities:

1. Fostering knowledge transfer in agriculture, forestry and rural areas;
2. Enhancing the competitiveness of all types of agriculture and enhancing farm viability;
3. Promoting food chain organisation and risk management in agriculture;
4. Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry;
5. Promoting resource efficiency and supporting the shift toward a low-carbon and climate-resilient economy in agriculture, food and forestry sectors;
6. Promoting social inclusion, poverty reduction and economic development in rural areas.

Areas of intervention (Focus areas):

1. Facilitating restructuring of farms facing major structural challenges (notably farms with a low degree of market participation, or market-orientated farms active in particular sectors, or farms in need of agricultural diversification).
2. Facilitating a balanced age structure in the agricultural sector.

Various forces pose threats to farm incomes, and therefore all farmers should aim to continue to become more competitive. In some cases restructuring is needed. Given that only six per cent of farm managers are aged below 35, more young people must be encouraged to bring their energy and ideas to the farm sector.

### **1.2.3 Regional policy and development**

According to European commission working paper, Regional policy is a strategic investment policy targeting all EU regions and cities in order to boost their economic growth and improve people's quality of life. It is also an expression of solidarity, focusing support on the less developed regions.

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Regional policy targets EU regions and cities, boosting economic growth and improving quality of life through strategic investment. It is also an active form of solidarity which focuses support on the less developed regions.

EU regional policy funding focuses on 4 priorities:

1. research & innovation;
2. information & communication technologies;
3. making small and medium-sized businesses more competitive;
4. moving towards a low-carbon economy.

Regional policy delivers results. Between 2007 and 2012 it helped EU countries:

- Create 769 000 jobs;
- Invest in 225 000 smaller businesses;
- Fund 72 000 research projects;
- Bring broadband coverage to 5 million more EU citizens;
- Improve quality of life in cities through 11 000 different projects.

Regional policy is delivered through the European Regional Development Fund (ERDF) and the Cohesion Fund. National and regional authorities, in cooperation with the European Commission, are responsible for managing the funds from day to day. These Managing Authorities select, finance and monitor the projects that can best help to serve local needs. They provide information on funding opportunities to potential beneficiaries, including:

- Public bodies;
- The private sector (businesses);
- Universities;
- Associations & NGOs.

EU regional policy accounts for the single largest chunk of the EU budget for 2014–20 (€351.8 billion out of a total €1 082 billion) and is therefore the Union's main investment arm.

These resources are used to finance strategic transport and communication infrastructures, to favour a transition to a more environmentally friendly economy, to support small and medium-sized enterprises (SMEs) in becoming more innovative and more competitive, to create new and lasting job opportunities, to reinforce and modernise education systems and to build a more inclusive society.



Regional policy serves as a catalyst for further public and private funding, not only because it obliges EU countries to co-finance projects from their respective national budgets but also because it creates investor confidence. Taking into account this national contribution, and the leverage effect of financial instruments, the overall impact of EU investment for 2014–20 is likely to be more than €500 billion.

Regional policy is also an expression of solidarity between EU countries as it dedicates the bulk of its funding to the EU's less developed regions. It helps these regions to fulfil their economic potential, in the light of regional disparities both across the EU and within member countries.

In 2007–13 — Budget was €347 billion (of which 25 % is earmarked for research and innovation and 30 % for environmental infrastructure and measures to combat climate change).

For 2014–20 — Budget consist of €351.8 billion, with a particular focus on four key investment priorities: research and innovation, the digital agenda, support for SMEs and the low-carbon economy. Around €100 billion will be dedicated to these sectors, of which €26.7 billion will support the shift to a low-carbon economy (energy efficiency and renewable energies).

#### **1.2.4 Agricultural policy for young farmers**

Agriculture in Europe is expected to fulfil a variety of functions. It contributes to the supply of European citizens with safe and high quality food in a competitive market, to maintain valuable cultural landscapes across Europe through sustainable land management and to help rural areas to remain attractive and viable. At the same time, agriculture is undergoing fundamental changes which require farmers to adapt to new conditions and seize new opportunities. Particular challenges will result from the need to adapt to climate change.

The Common Agricultural Policy (CAP) of the EU aims at responding to the public demand for a sustainable agricultural sector in Europe by enhancing the competitiveness of the agricultural sector, ensuring sufficient and secure food supply, preserving the environment and the countryside while providing for a fair standard of living for the agricultural community.

The CAP has undergone fundamental reforms over time, which demonstrates its proven capacity to respond to changing economic conditions as well as societal expectations and demands. In this process, the CAP has moved to a policy putting emphasis on market orientation and competitiveness, income support, environment, and the development of rural areas.

## **1.3 Regional policy: the allocation of EU structural funds**

### **1.3.1 EU regional policy funds for farmers**

The main aim of Cohesion Policy (also called regional policy) is to support the process of convergence in selected areas of the European Union member states and improve their competitiveness in the processes. Regional policy is set to equalise inter-regional differences by supporting development processes in less developed areas, which in the new member states consist mainly of rural areas. Regional Policy in the EU countries is delivered by three main funds: the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF).

The European Regional Development Fund (ERDF) aims at strengthening economic and social cohesion in the European Union by correcting disparities between its regions. The ERDF focuses its investments on several key priority areas. This is known as “thematic concentration”:

- Innovation and research;
- The digital agenda;
- Support for small and medium-sized enterprises (SMEs);
- The low-carbon economy.

The ERDF resources allocated to these priorities will depend on the category of region:

- In more developed regions, at least 80 % of funds must focus on at least two of these priorities;
- In transition regions, this focus is for 60 % of the funds;
- This is 50 % in less developed regions.

Furthermore, some ERDF resources must be channelled specifically towards low-carbon economy projects:

- More developed regions: 20%;
- Transition regions: 15%; and
- Less developed regions: 12%.

The ERDF also gives particular attention to specific territorial characteristics. ERDF action is designed to reduce economic, environmental and social problems in urban areas, with a special focus on sustainable urban development. At least 5 % of the ERDF resources are set aside for this field, through 'integrated actions' managed by cities.

Areas that are naturally disadvantaged from a geographical viewpoint (remote, mountainous or sparsely populated areas) benefit from special treatment. Lastly, the outermost areas also benefit from specific assistance from the ERDF to address possible disadvantages due to their remoteness. (EC information).

The Cohesion Fund is aimed at Member States whose Gross National Income (GNI) per inhabitant is less than 90 % of the EU average. It aims to reduce economic and social disparities and to promote sustainable development.

It is now subject to the same rules of programming, management and monitoring as the ERDF and ESF though the Common Provisions Regulation.

For the 2014-2020 period, the Cohesion Fund concerns Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

The Cohesion Fund allocates a total of € 63.4 billion to activities under the following categories:

- trans-European transport networks, notably priority projects of European interest as identified by the EU. The Cohesion Fund will support infrastructure projects under the Connecting Europe Facility;
- environment: here, the Cohesion Fund can also support projects related to energy or transport, as long as they clearly benefit the environment in terms of energy efficiency, use of renewable energy, developing rail transport, supporting intermodality, strengthening public transport, etc.

The financial assistance of the Cohesion Fund can be suspended by a Council decision (taken by qualified majority) if a Member State shows excessive public deficit and if it has not resolved the situation or has not taken the appropriate action to do so.

The European Social Fund (ESF) invests in people, with a focus on improving employment and education opportunities across the European Union. It also aims to improve the situation of the most vulnerable people at risk of poverty.

The ESF investments cover all EU regions. More than € 80 billion is earmarked for human capital investment in Member States between 2014 and 2020, with an extra of at least € 3.2 billion allocated to the Youth Employment Initiative.

For the 2014-2020 period, the ESF will focus on four of the cohesion policy's thematic objectives:

- promoting employment and supporting labour mobility;
- promoting social inclusion and combating poverty;
- investing in education, skills and lifelong learning;
- enhancing institutional capacity and an efficient public administration.

In addition, 20 % of ESF investments will be committed to activities improving social inclusion and combating poverty. This is known as thematic concentration.

Regional Policy has a strong impact in many fields. Its investments help to deliver many EU policy objectives and complements EU policies such as those dealing with education, employment, energy, the environment, the single market, research and innovation.

In particular Regional Policy provides the necessary investment framework to meet the goals of the Europe 2020 Strategy for smart, sustainable and inclusive growth in the European Union by 2020.

The five targets for the EU in 2020 are:

- Employment: 75% of the 20-64 year-olds to be employed
- Research & Development: 3% of the EU's GDP to be invested in R&D
- Climate change and energy sustainability:
- Greenhouse gas emissions 20% (or even 30%, if the conditions are right)
- 20% of energy from renewables
- 20 % increase of energy efficiency

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- Education:

- Reducing the rates of early school leavers below 10%

- At least 20 million fewer people in or at risk of poverty and social exclusion

- Fighting poverty and social exclusion: At least 20 million fewer people in or at risk of poverty and social exclusion. Each Member State has adopted its own national targets in these areas.

The bulk of Cohesion Policy funding is concentrated on less developed European countries and regions in order to help them to catch up and to reduce the economic, social and territorial disparities that still exist in the EU. Total allocations of Cohesion Policy

By supporting public investment and deploying EU investments flexibly, for example through the reprogramming of funds or by raising the co-financing rate in countries like Cyprus, Greece, Hungary, Ireland, Portugal and Romania, regional policy mitigated the impact of the financial crisis which started in 2008. Also at a time of sustained fiscal consolidation EU Regional Policy has become of critical importance. Without Cohesion Policy, much needed public investment in the less developed Member States would have collapsed by an additional 45% during the crisis.

Cohesion Policy is a catalyst for further public and private funding, not only because it obliges Member States to co-finance from the national budget, but since it also creates investor confidence. Taking into account national contributions and other private investment, the impact of Cohesion Policy for 2014-2020 is expected to be about € 450 billion.

### **1.3.2 EU Structural Funds in Lithuania**

The European Union faces the daunting challenge of emerging from the crisis and putting economies back on a sustainable growth path. The exit strategy entails restoring sound public finances, growth-enhancing structural reforms and targeted investments for growth and jobs. For the latter, the CSF funds can make an important contribution to sustainable growth, employment and competitiveness, and increase the convergence of less developed Member States and regions with the rest of the Union.

In case of Lithuania, a special agreement was prepared. It is called *The Position of the Commission Services on the development of Partnership Agreement and programmes in LITHUANIA*

*for the period 2014-2020.* The purpose of this position paper is to set out the framework for dialogue between the Commission Services and Lithuania on the preparation of the Partnership Agreement and Programmes which was in autumn 2012. The paper sets out the key country specific challenges and presents the Commission Services preliminary views on the main funding priorities in Lithuania for growth enhancing public expenditure.

It calls for optimising the use of the Common Strategic Framework funds (CSF) by establishing a strong link to productivity and competitiveness enhancing reforms, leveraging private resources and boosting potential high growth sectors, while emphasising the need to preserve solidarity within the Union and ensuring the sustainable use of natural resources for future generations.

### **1.3.3 EU Structural Funds in Poland**

The European Commission has adopted a "Partnership Agreement" with Poland setting down the strategy for the optimal use of European Structural and Investment Funds in the country's regions, cities and people.

Today's agreement paves the way for investing €77.6 billion in total Cohesion Policy funding over 2014-2020 (in current prices, including European Territorial Cooperation funding), which is the biggest national allocation among the EU's 28 Member States.

Poland also receives €8.6 billion for Rural Development to be invested in the country's real economy. The allocation under Fisheries and Maritime Policy will be finalised and published this summer.

The European Structural and Investment Funds (ESIF) are:

- The European Regional Development Fund;
- The European Social Fund;
- The Cohesion Fund;
- The European Maritime and Fisheries Fund;
- The European Agricultural Fund for Rural Development.

The EU investments will help tackle unemployment and boost competitiveness and economic growth through support to innovation, training and education. They will also promote entrepreneurship, fight social exclusion and help develop an environmentally friendly and a resource-efficient economy.

## 2. RESEARCH RESULTS ANALYSIS

### *2.1 Research Methodology*

**Theoretical background of research:** Document or Documentary analysis is a social research method and is an important research tool in its own right and is an invaluable part of most schemes of triangulation. It refers to the various procedures involved in analyzing and interpreting data generated from the examination of documents and records relevant to a particular study. In other words, documentary work involves reading lots of written material (it helps to scan the documents onto a computer and use a qualitative analysis package). A document is something that we can read and which relates to some aspect of the social world. Official documents are intended to be read as objective statements of fact but they are themselves socially produced.

Study research about EU funds, counties experience. Study problematic areas, new findings in the research and new problematic areas. EU structural funds assimilation/employment in Lithuania and Poland.

**Methods of research:** Document analysis and expert interviews research methods: Collection and analysis of quantitative data followed by a collection and analysis of qualitative data.

Qualitative research method - Interviews

Quantitative research method - Questionnaires

#### **Strategy (plan) of research:**

1. Database analysis in case : The case of the assimilation/employment of the European Union Structural Funds for the settlement of young farmers in Lithuania and Poland

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2. Select regions in Lithuania and Poland for case analysis.

3. Analyse strategies and plans for young farmers in Lithuania and Poland.

**Definition of exploratory areas and sets:**

Research Methodology consist to create the methods system, to provide evidences for the case analysis. For case analysis: use document analysis and informants interviews research methods. Interviews database analysis.

Research methods can be classified into groups. According to Žydžiūnaitė (2006), there are two types of scientific research: quantitative and qualitative. Each type contains different sets of research methods.

Therefore, it is possible to conduct research in several ways:

- quantitative and qualitative research;
- applied and basic research;
- deductive and inductive methods.

Diagram of Master’s thesis (Table 2):

**Table 2**

**Diagram of Master’s thesis**

Theoretical Part	Methods	Explanations
The case of the assimilation/employment of the European Union Structural Funds for the settlement of young farmers in Lithuania and Poland.	Use mixed research methods for case analysis.  • Interviews  • Questionnaires	Using mixed reasearch methods to analyse case of Master thesis.  • Data analysis, presentation and interpretation.



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<p>Research Methodology</p>	<p>An empirical analysis of the selected region.</p> <ul style="list-style-type: none"> <li>• Joniškis district (Lithuania)</li> <li>• Select region in Poland</li> </ul>	<ul style="list-style-type: none"> <li>• Study research about EU funds, counties experience.</li> <li>• Study problematic areas, new findings in the research and new problematic areas.</li> <li>• EU structural funds assimilation/employment in Lithuania and Poland.</li> </ul>
<p>Analytical</p> <p>Analytical research often incorporates elements of descriptive research. It seeks to offer or to explain why certain processes occur. An important aspect of this research type is to find and to determine the involvement of various factors (or variable factors)</p>	<p>Analyse strategies and plans:</p> <ul style="list-style-type: none"> <li>• Europe 2020 strategy</li> <li>• Europe 2020: Europe's growth strategy :The founding fathers of the EU</li> <li>• European Regional Development Fund</li> <li>• The Common Agricultural Policy</li> </ul>	<p>1.How The Structural funds are divided on European Union level,</p> <p>2.The allocation of EU structural funds in Lithuania and Poland.</p> <p>3.Selection criteria for funding.</p> <p>Task:</p> <p>1.To analyze the allocation and the employment of EU structural funds in Lithuania and Poland.</p> <p>2.To investigate EU Structural Funds.</p> <p>3.To compare the funding in Lithuania and Poland.</p>

Source: prepared by the author.

According to B. Bitinas L. Rupšienė V. Žydžiūnaitė, (2008) Interview is generally defined as the systematic collection of data directly or indirectly to the conversation between the interviewer and interviewee time. The investigator is pre-prepared for the interview, which provided its structure, procedure and where it provides investigative nature, even the contents (prepared interview questions).

Social research interviewing usually defined as the investigator's interview with the investigation in order to collect information necessary for its investigation. According to the flexibility of the procedures or the severity of the interview can be divided into strictly structured, semi-structured or unstructured

Interview is widely applied to various stages of the investigation in order to define the problem and to clarify research problems. Interviews can also be used for large surveys / research methodology for the preparation, testing and preparation of questionnaires. A qualitative study whose objective is to discover the deeper issue in the problem or phenomenon layers to reveal the emotional experience or other aspects of the interview can be successfully used as the primary method of gathering information.

According to the nature of the interview can be divided into the eyes - to face interviews, telephone interviews, online interviews. In an interview face-to-face researcher directly (in time and space sense) communicates with the investigation.

- Direct local sense means that interviews conducted without the use of a single physical location under any communications technologies.
- Directly in time means that the investigator and the investigation chatting at a given time (the test answers are not deferred, there is no significant time to pause between the question and the answer to it).
- Interview by telephone - that's the interview when a researcher and research chatting on the phone. Applicable when the investigator and the investigation can talk directly in time, but cannot talk directly to the local sense.
- Interview line - that's the interview when a researcher chatting with IP using Internet technologies (chatrooms, etc.). This type of interview became popular with Internet chat programs.
- A typical interview when a researcher directly or by using a variety of communications, based on a structured or unstructured plan, chatting with one respondent's call a relatively normal personal interview.
- Interviews may be obtained in other ways difficult to access information, such as internal respondents' feelings of social, cultural, political, economic provisions, attitudes and beliefs, and so on.

Interview method is considered to be sufficiently valuable time and costs with respect to the need for substantial resources and time to interview more respondents and to process the information collected. Interview credibility as well as the need for extra attention because interviewee may be affected by the questioner posture, tone, manners, and the like. Therefore, unlike the investigators prepared taking interview (unstructured interview) it may be able to gather quite a different quality

information. It is very important for the investigator's impartiality, the desire to obtain objective, rather than reflect the prejudices opinions

Interview survey was selected semi-structured interview is also based on an interview plan, which sets out specific issues and premeditated their presentation sequence, provided, however, that during the investigation the investigator can ask additional questions not covered by the plan, if it believes that it is possible to enrich the study.

The Head of Agricultural department and the Head specialist (crop declaration, the farms of registration) from Joniškis district municipality agreed to respond to interview questions related to the “setting up young farmers” and opportunities in the region. Interview protocol provided in annexes (annex 1).

Joniškis district municipality, department of agricultural main function: Agriculture Division.

Department shall perform the following functions:

- Performs applications for direct payments for arable crops and farmland administrative tasks;
- Managed by the Agriculture and Rural Business Register;
- Managed by the Farmers farms register;
- Implement and control the milk production quotas in the municipality administration procedures;
- Accept documents on aid for bee keepers bee additional power supply information beekeeping issues;
- Provides information about livestock farmers direct payments for heifers, cattle, suckler cows, bulls and ewes;
- Organized by the reclamation works, plans and projects;
- Controls the fulfillment of reclamation work scope and quality;
- Managed land reclamation accounting consists of Reclamation Cadaster;
- Establish the technical conditions for designing buildings meliorated lands coordinate other agencies of project documentation, control over the work being carried out;
- Performs Joniškis district of tractors and self-propelled agricultural machinery and their trailers, state technical inspection;
- Record Joniškis district agricultural and other businesses and individuals tractors, self-propelled

- machines and trailers;
- Managed tractors, self-propelled agricultural machinery, trailers register;
  - Performs agricultural entities of interest rebates for loans more calculations and provide certificates for support to the National Paying Agency under the Ministry of Agriculture;
  - Inform and advise applicants on State support for rural communities and local action groups to support the activities of the rules of origin;
  - Advice on the preparation of investment projects for support under the Rural Development program;
  - Prepare and participate in the development of water management investment projects;
  - Participate in the development and implementation of municipal development plans;
  - Participate in the formulation and implementation of Siauliai regional development programs;
  - Participates Game of damage to agricultural crops and forest calculation of the commission.

Interview diagnostic blocks included basic information about informants (I1-I2). The interview questions based on main findings conducted document analysis. (Table 3).

**Table 3**

**Interview diagnostic block**

Interview diagnostic block	Questions
Basic information	Informants from Joniškis district municipality, department of agricultural. I1- Head of Joniškis district municipality, department of agricultural, and I2 - Head Specialist (crop declaration, the farms of registration).
EU structural funds for "Setting up of young farmers"	<ol style="list-style-type: none"> <li>1. What kind of obstacles commonly faced by young farmers applying for support from EU structural funds?</li> <li>2. Do all young farmers provided the same conditions apply for support from EU structural funds?</li> <li>3. In your opinion, or in view of support for young farmers, support eligibility criteria set up in order to facilitate its receipt?</li> <li>4. What kind of the industry's most popular among young farmers, through grant</li> </ol>

	<p>applications?</p> <p>5. What kind of the applicants (young farmers) most likely to get support? What does it depend?</p>
<p>Main obstacles and consultation problems for “Setting up of young farmers”</p>	<p>6. What are the main questions usually asked by young farmers coming for consultation to get the support?</p> <p>7. How often receive requests to provide for consultation? How? Writing, e-mail or preferred meeting?</p> <p>8. In your opinion, what needs to be improved EU structural fund applications young farmers requirements?</p>

Source: prepared by the author according informants interview protocol.

## *2.2 Comparative analysis of legal policy and acts in Lithuania and Poland*

Legal policy and acts in both EU member states, consist of primary from EU law legislation position. EU law is divided into 'primary' and 'secondary' legislation. The treaties (primary legislation) are the basis or ground rules for all EU action. Secondary legislation – which includes regulations, directives and decisions – are derived from the principles and objectives set out in the treaties.

In this case, most important policy consists of EU Common Agriculture policy or EU farm policy. EU farm policy – the common agricultural policy – serves many purposes:

- helps farmers produce sufficient quantities of food for Europe,
- ensures this food is safe (for example through traceability),
- protects farmers from excessive price volatility and market crises,
- helps them invest in modernising their farms,
- sustains viable rural communities, with diverse economies,
- creates and maintains jobs in the food industry,
- protects the environment & animal welfare.

EU farm policy has evolved considerably in recent decades to help farmers face new challenges and also in response to changing public attitudes. Successive reforms mean that farmers now

base their production decisions on market demand, rather on decisions taken in Brussels.

The most recent reforms, in 2013, shifted the focus towards:

- greener farming practices,
- research and the spread of knowledge,
- a fairer support system for farmers,
- a stronger position for farmers in the food chain.

Other important aspects are:

- helping consumers make informed choices about their food, through EU quality-labelling schemes. These labels – indicating geographical origin and the use of traditional ingredients or methods (including organic farming) – also help make EU farm products competitive on world markets
- promoting innovation in farming & food processing (aided by EU research projects) to increase productivity and reduce environmental impacts, e.g. using crop by-products and waste products to produce energy
- encouraging fair trade relations with developing countries – by suspending export subsidies for farm products and making it easier for developing countries to export their products to the EU.

Agriculture is one area of policy where EU governments have agreed to fully pool responsibility along with the necessary public funding. So instead of policy and financial support being directed by each individual country, they are the responsibility of the EU as a whole.

European agriculture through time (Table 4):

**Table 4**

**European agriculture through time**

1957: The Treaty of Rome creates the European Economic Community (the precursor of today's EU), between six western European countries.	1992 The CAP shifts from market support to producer support. Price support is scaled down, and replaced with direct aid payments to farmers. They are encouraged to be more environmentally friendly. The reform coincides with the 1992 Rio Earth Summit, which launches the principle of sustainable development.
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1962: The common agricultural policy is born. The CAP is foreseen as a common policy, with the objectives to provide affordable food for EU citizens and a fair standard of living for farmers.	2003 The CAP provides income support. A new CAP reform cuts the link between subsidies and production. Farmers now receive an income support payment, on condition that they look after the farmland and fulfil environmental, animal welfare and food safety standards.
1984: The CAP falls victim to its own success. Farms become so productive that they grow more food than needed. The surpluses are stored and lead to 'food mountains'. Several measures are introduced to bring production levels closer to what the market needs.	2013 The CAP is reformed to strengthen the competitiveness of the sector, promote sustainable farming and innovation and support jobs and growth in rural areas.

Source: The EU's common agricultural policy information.

The main aims of the CAP are: to improve agricultural productivity, so that consumers have a stable supply of affordable food, and to ensure that EU farmers can make a reasonable living.

All the Member States share these two objectives, neither of which can be attained without providing financial support to farming and rural areas. A collective EU policy makes for better use of budgetary resources than would the coexistence of 28 national policies.

There is one big European market for agricultural products, in which a common approach towards supporting agriculture ensures fair conditions for farmers competing in the internal European market and globally.

There can be no doubt that without a common policy, each EU member state would proceed with national policies with variable scope and with different degrees of public intervention. A policy set at the European level ensures common rules in a single market; addresses market volatility where needed; safeguards the progress made in recent reforms towards increased competitiveness of European agriculture and provides for a common trade policy.

The European Union farming sector faces a demographic challenge – a shortage of young farmers – that undermines its long-term sustainability. Many socio-economic factors, such as reduced access to land and credit, and lack of rural infrastructure, drive young people away from a career in agriculture.

The EU therefore provides various forms of support and incentives to facilitate young people's entry in the farming business, most notably in the framework of the reformed Common Agricultural Policy (CAP) 2014-2020, which introduced new or strengthened measures to encourage them to set up in farming. Under the first pillar of the CAP, young farmers receive a 25% supplement to the direct aid allocated to their farm, for a period of five years, as part of the 'Young Farmer Scheme' which Member States are obliged to implement. Under the second pillar, they have access to support co-financed under the European Agricultural Fund for Rural Development (EAFRD): a start-up grant and various economic, environmental, development and innovation measures which Member States can choose to include in their national Rural Development Programmes. During the CAP reform negotiations, the European Parliament was instrumental in the adoption of important measures for young farmers. More recently, in the context of CAP implementation at national and regional level, the Council and the Parliament have called for stronger support to help young people overcome economic and market barriers to enter farming.

At the end of March 2015, the European Commission and the European Investment Bank, which have been jointly developing financial instruments for the agricultural sector, presented a new model instrument designed to ease access to credit for agricultural producers, including young farmers.

The situation of young farmers in the EU

Farmers fulfill numerous functions in society, the main one being to produce food. In the EU, farmers contribute to food security and provide a variety of high-quality and affordable products. They also deliver environmental services by maintaining landscapes, protecting water and biodiversity, and producing renewable energy. Farmers are also pillars of the rural economy across the EU, as many jobs are directly or indirectly linked to their activity. It is therefore essential to maintain an adequate labour force in farming, notably by trying to ensure generational renewal in the sector.



### *2.3 Analysis of funding situation in Lithuania and Poland*

According to 2014- 2020 financial period, the EU Member States are ready without increasing the financial resources as efficiently as possible to create added value for the EU within the European Union's cohesion policy for the EU budget. Therefore, this period underlines the EU's cohesion policy in connection with the Europe 2020 objectives - promoting economic growth and job creation, in anticipation of a targeted approach for smart, sustainable and inclusive growth towards. EU support under the 2014-2020 period. activity program in Lithuania for “young farmers establishment” is granted to agricultural production and agricultural products produced (harvested) holding, processing (sorting, packing, etc.), processing and marketing.

EU financial support for young farmers under the 2014-2020 period program information:

#### **Applicants**

According 2014- 2020 financial period, EU support for young farmers under the activity "Young Farmers establishment" allocated for farmers, younger than 40 years old, and who first settles on the agricultural property and farm to farm managers have the necessary professional skills and expertise and submit a business plan.

The agricultural holding, and the farm has to be registered in the name of the young farmer is not earlier than one year before the date of application support. Also, a young farmer may not submit an application for direct payments.

EU support for young farmers shall be granted where the establishment of the planned economy, the potential economic value, expressed in standard products (SP) is greater than 8 000 Euro (for example., less than 11.75 hectares of wheat or 920.75 hectares of natural grassland or 6 dairy cows), to say young farmer's farm business plan will have to be made not less than 8 000 euro economic farm establishment.

#### **The division of holdings**

The division of holdings - farms in the manner in which a young farmer applying for support under the activity "Support for young farmers" from a close relative (father, mother, grandfather, grandmother, brother, sister, son, daughters) agricultural holdings deregistered plots of land acquired ownership, registers them on the basis of one or more holdings and settled there.

If the young farmer created from undivided holdings, the selection of projects to which he was given extra points.

Support shall be granted if:

- emerging young farmer's property consists of land, which was holding a spouse, and these sites have been designed to support the measure "Setting up of young farmers;
- emerging young farmer's property and equipment to re-register from their spouses.
- development of the holding, which had already received support under the Lithuanian rural development program for 2007-2013 or 2014-2020 Lithuanian Rural Development Programme investment instruments and before the expiry of the period of project control;

### **The size of support for young farmers**

The biggest support for the young farmer - EUR 60 000 for the developed livestock sector and EUR 50 000 for the developed other specialised equipment.

Support shall be paid in two or three stages over a period not exceeding 5 years. The first tranche of 50 per cent. requested EU support for the young farmer and the amount is paid following the decision to grant assistance. The last installment shall be paid on condition that the young farmer setting up a business plan was implemented successfully. Support for up to 100 percent. of eligible project costs.

### **Eligible expenditure**

Eligible young farmer agricultural establishment costs:

- new agricultural machinery, equipment (in this category can not be assigned to any vehicle), technological equipment, computer equipment, including software, N and O vehicles. Leasing assets acquired shall become the property of the beneficiary until the completion of the business plan (a maximum of 5 years);
- Acquisition costs of farm animals;
- The total cost;
- New buildings and (or) structures, construction, reconstruction or major repairs, building materials;
- Infrastructure of his holding;
- Acquisition of perennials and planting their crops.

Financed from the date of submission of the young farmer incurred costs, general costs incurred financed and 1 year before the application is submitted.

### **The selection of project**

Young farmers' projects under the activity "Set up Young Farmers" will be selected according to the criteria for allocating points. Mandatory minimum project selection score - 50 points.

Selection criteria:

1. The implementation of the business plan, the young farmer's farm economic size, expressed in standard production value (SP), and will control the entire period will be not less than:
  - 10,000 to 20,000 EUR - granted 4 points;
  - 20,001 to 30,000 EUR - given 8 points;
  - EUR 30,001 to 40,000 - a 12-point;
  - From 40,001 to 50,000 EUR - given 16 points;
  - From EUR 50001 and more - given 20 points;
2. The draft provided for investment in the construction and (or) reconstruction and (or) overhaul, when the building belongs to the young farmer ownership, value is not less than 50 per cent. Of the eligible expenditure - granted 5 points;
3. What is the priority of specialization Farm:
  - a) young farmers setting up specialized farm is committed to the implementation of the business plan, (LU (relative livestock units) number and the farm will control the whole period will be not less than:

- 6 to 11.99 LU granted 4 points;
- 12 to 17.99 LU - provided 8 points;
- LU 18 to 22.99 - a 12-point;
- 23 to 28.99 LU - given 16 points;
- From 29 livestock units and more - provided 20 points.

b) a young farmer, generating gardening, berry, horticultural farm is committed to the implementation of the business plan and full control period, not less than 50 percent. its legal grounds owned agricultural land use will be planted generated economic specialisation plants - a 15-point;

c) a young farmer, generating a mixed economy, in which one of the activities are livestock, is committed to the implementation of the business plan, income from livestock activity and will control the entire period will not be less than:

- From 30 percent. up 39.99 percent. - Given 10 points;
- From 40 percent. up 49.99 percent. - 15 points.

4. The young farmer created from undivided property - a 15-point;

5. The young farmer has no less than 5 hectares owned farmland - given 10 points;

6. The young farmer is younger (age categories under an appropriate number of points):

- Up to 30 years inclusive - given 10 points;
- From 30 years to 40 years - granted 5 points;

7. The young farmer's farm net profitability, the implementation of the business plan will be more than 4 per cent. - Given 10 points;

8. young farmer requests the smaller the amount of support:

- 15 percent. to 30 percent. inclusive of the maximum amount of support possible - given 5 points;
- From 30 percent. and over the largest possible amount of support - provided with 10 points.

### **Additional obligations**

Young farmer's business plan is to be implemented within 9 months. the decision to grant support is taken, and 18 months. From the date of the young farmer has become an active farmer.

Establishment of agricultural farmland area of support submitted on the day and the young farmer's business plan period (not longer than 5 years) and the control period (3 years after the last

support payment) must belong to the young farmer ownership or to be otherwise ensuring the lawful use (lease Utilisation et al.).

In order to receive funding under the measure "Setting up of young farmers" young farmer undertake to insure assets acquired or developed will be used in support of the acquisition and project control period (3 years after the last support payment receipt).

Young farmers who wish to receive aid under the measure "Setting up of young farmers must keep farm accounting double bookkeeping system, creating the balance sheet, profit (loss) and cash flow reports.

Sub-measure 6.1 "Assistance in starting a business for young farmers (Setting up young farmers)" Poland.

Conditions for granting aid for operations of "Setting up young farmers" under the sub "Help in starting a business for young farmers" defined in the Regulation of the Minister of Agriculture and Rural Development on 13 July 2015. on detailed conditions and procedures for granting, payment and reimbursement of financial aid for operations of "Setting up young farmers" under the sub "Help in starting a business for young farmers" under the Rural Development Programme for 2014-2020, (Dz. U. of 2015. pos. 982).

Under the aid, this measure is granted to an individual, which, inter alia:

- on the date of application for aid is of age and has not more than 40 years old;
- is a citizen of an EU Member State;
- has the professional qualifications resulting from education or education and work experience in agriculture or commit to them supplement, with the exception of seniority, within 36 months from the date of delivery of the decision to grant assistance;
- became the owner of or has entered into possession of the farm area of agricultural land of at least 1 ha before request for aid, but not earlier than 12 months before the date of the request;
- submitted a business plan for the development of farm and committed to implement the business plan within the period specified in this document, but not later than the expiry of three years from the

Keep in mind that:

Business plan concerns the development of the farm:

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- an area of agricultural land at least equal to the average area agricultural land on a farm in the country and in the provinces lower average - at least the average area of agricultural land on a farm in the province and not more than 300 ha;
- whose economic size is not less than 13 000 EUR and more than 150 000 EUR. Date of payment the first installment of assistance.

The aid takes the form of a bonus in the amount of 100 thousand zloty and is paid in two installments:

- The first installment is 80 thousand (80% of the aid) - is paid a request for payment, which shall be filed within 9 months from the date of delivery of the decision to grant assistance;
- Second installment represents 20 thousand (20% of the aid) - is paid a request for payment, which consists of the implementation of the business plan, but do not later than the expiry of three years from the date of payment of the first installment of assistance.

This is the main project information and legal measures in Lithuania according European Union Structural funds foundation. The main point is to analyse selection criteria in Lithuania and Poland.

#### EU Funds in Poland 2014–2020

The new EU budget proposal has earmarked EUR 82.5 billion for implementing the cohesion policy in Poland. This means that in the years to come Poland will be the largest beneficiary of the EU cohesion policy funds among all Member States.

**Under the new financial framework 2014–2020**, projects eligible for aid will have to deal with the areas most important for the country's development. Therefore, the EU aid will be available for:

- scientific research and its commercialisation;
- innovation and connections between R&D and enterprise sector;
- key road connections (motorways, expressways) and environment-friendly transport (railways, public transport);
- state digitalisation (administration e-services, broadband Internet access);

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- green energy (renewable energy sources, energy efficiency);
- employment activation and social capital development.

The key to qualify a project for a grant is how it contributes to the best possible utilisation of regional potential. Grants will also gravitate towards undertakings targeted to market innovative solutions which may bring long-term effects.

Moreover, judging by the projects which qualified for grants in the years 2007–2013, and looking at where the Polish economy is heading, it seems that the industries to grow most in terms of **investments in the years 2014–2020** are going to include:

- Automotive,
- Electronics (HI-TEC),
- IT,
- Outsourcing / shared services centres,
- Food & beverage industry.

The **funds may be allocated to** the above **areas** by means of:

- 6 nationwide Operational Programmes including one transregional programme covering 5 Eastern Poland provinces;
- 16 regional Operational Programmes.

How the funds are allocated within individual Operational Programmes (Table 5.)

**Table 5**

**Financial framework 2014–2020**

<b>Agenda</b>	<b>Budget (EUR mln)</b>
<b>Infrastructure and Environment</b>	27,413.7
<b>Smart Growth</b>	8,613.9
<b>Knowledge, Education, Growth</b>	4,689.3

<b>Digital Poland</b>	2,172.5
<b>Eastern Poland</b>	2,000.0
<b>Technical Assistance</b>	700.1
<b>Regional Operational Programmes</b>	31,276.9

Source: Financial framework 2014–2020. EU Funds in Poland 2014–2020.

### The funds allocated in Poland

The European Commission approved the partnership agreement of Poland on the use of European Structural and Investment Funds (ESIF) for 2014-2020. It is therefore one of the first countries to validate this document.

The partnership agreement defines the strategies to be implemented in Member States and regions of the Union for the optimal use of ESI grants. Within this document, each Member State decides priorities and investment objectives for the next seven years contributing to the objectives of the Europe 2020 strategy, namely sustainable, inclusive and smart growth.

European Structural and Investment Funds include the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Maritime and Fisheries Fund (EMFF), the European Agricultural Fund for Rural Development (EAFRD).

The first three funds are used to finance the cohesion policy. With an overall budget of € 77.6 billion, Poland has the biggest national allocation. The breakdown is as follows:

- € 51.2 billion for less developed regions,
- € 2.2 billion for the more developed regions (Mazowieckie is the only eligible area in Poland),
- € 23.2 billion through the Cohesion Fund,
- € 700.5 million for the European Territorial Cooperation,
- € 252.4 million for the Youth Employment Initiative.

Within this, the ESF will be a minimum of € 12.8 billion.



In addition to these amounts € 8.6 billion will be used for rural development. The amount allocated to Poland under the European Maritime and Fisheries Fund will be defined and announced this summer.

In 2007-2013, Poland benefited of 67.3 billion euro for ERDF and ESF. Thanks to this amount, over 43,000 jobs were created, 6.7 million people were training, more than 5 800 km of roads were built, 600 projects in research and development were funded or 800,000 people were covered by broadband access. For example, European Structural and Investment Funds were mobilized to co-finance the creation of a scientific research center equipped with high-quality biotechnology, to create a system for managing urban transport or for vocational training.

Despite these results, the Polish investment priorities for 2014-2020 remain largely the same. The emphasis is indeed placed on:

- modernization of the network infrastructure in transport, energy sector, environment, telecommunications. For example, urban and railways infrastructure must enable to connect the Polish cities together,
- protection of the environment and energy (renewable energy) to environment-friendly and resource-efficient economy,
- increasing labour market participation through improved employment, social inclusion and education policies,
- and the creation of an innovation-friendly business environment and support for enterprises.

The latter is the main priority for the 2014-2020 Partnership Agreement. The aim is to shift from imitation-based to an innovation-based development through a wider offer of repayable financial instruments (loans, guarantees) that will support projects implemented by small and medium enterprises.

Another novelty of the 2014-2020 programming is given to local governments. Indeed, they will be responsible for implementing approximately 40% of all funds, against 25% for 2007-2013.

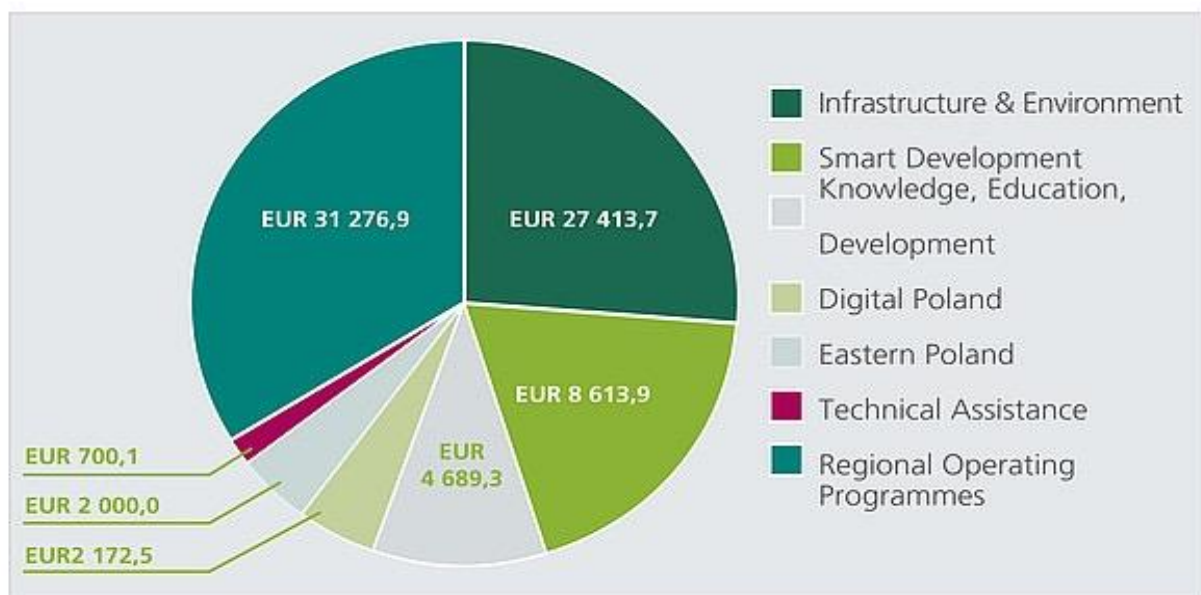
A total of 24 operational programmes will be implemented in Poland, whereof sixteen are regional and combine the ERDF and the ESF. Among the six national programmes, one will be financed by the ERDF and the Cohesion Fund, three by the ERDF, one by the Cohesion Fund, and one

will receive funding from the ESF. Rural and maritime areas will be supported from EAFRD and EMFF (one operational programme for each fund).

The percentage allocation of EU funds in Poland within individual Operational Programmes (OP) (Picture 1).

**Picture 1**

**The percentage EU funds in Poland within individual Operational Program**



Source: EU funds in Poland within individual Operational Program.

Short characteristics of the Operational Programmes in Poland in the years 2014–2020:

- 1 Infrastructure and Environment Programme – under this programme large enterprises will be able to obtain grants for investments in support of transition to low-emission economy, energy efficiency increase, use of renewable energy sources.
- 2 Smart Growth Programme (successor of Innovative Economy) – oriented at development of innovation in Polish economy, mainly by stimulating research and development and transferring the results to the economy sector. The Programme’s lead slogan says: “project support from idea to market”. This programme will let large

enterprises develop innovative projects involving collaboration with scientific units in order to commercialise scientific research results, and will let increase the outlays on research and development in companies. The incentive scheme will stimulate enterprises' demand for innovation and R&D work.

- 3 Knowledge, Education, Growth Programme (successor of Human Capital) – under this programme companies will be able to carry out projects involving training for employees so that the personnel competences and skills are developed.
- 4 Digital Poland Programme (no such project in the previous period) – addressed to the public sector. Telecommunications companies will receive funds for construction, extension or restructuring of broadband Internet access, and support for e-administration and e-services in collaboration with local and central government administration. Furthermore, local government units can use this programme to implement tasks aiming at e-integration and e-activation to increase intensity and quality of the Internet use,
- 5 Eastern Poland Programme – covers the Eastern macro-region including 5 provinces: lubelskie, podkarpackie, podlaskie, świętokrzyskie and warmińsko-mazurskie. Large companies may use this programme to obtain aid for research and development work, building and expanding R&D facilities, projects concerning eco-innovation and energy efficiency which would lead to innovation;
- 6 Technical Assistance Programme – is going to be a tool to build potential of institutions in charge of financial intervention from within structural funds.
- 7 Regional Operational Programmes – the aid under the Regional Operational Programmes is going to be distributed in line with individual needs of the region. As a matter of principle, such investments should complement national efforts on: organizing information and telecommunications technologies, research, technological development and innovation, infrastructure, environmental protection as well as energy and transport.

Responsibility for distribution of EU funds in Poland is going to be shifted more to provinces. Significantly more funds are going to be managed through the Regional Operational Programmes focused on local and regional investments. Between 2007 and 2013, local governments handled about

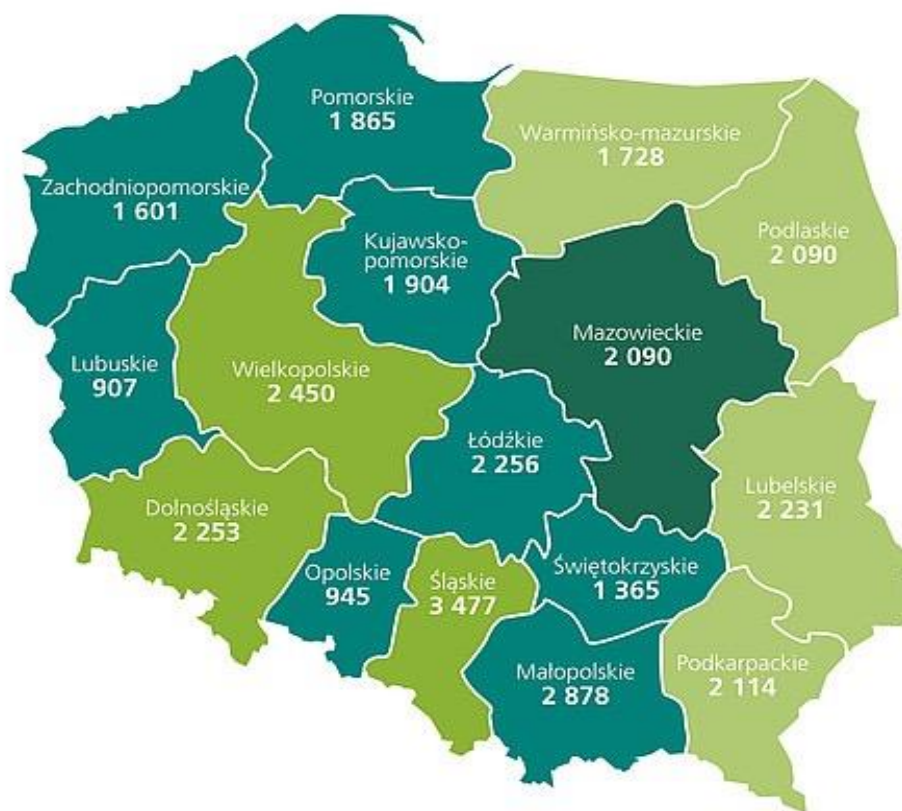
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25% of all funds for Poland, now they will be in charge of almost 40% of the lot. Consequently, local governments will have more freedom in choosing which growth targets they want to focus on.

The table below shows allocation of funds under the Regional Operational Programmes by region. (Picture 2).

**Picture 2**

**Funds in Poland under the Regional Operational Program by region**



Source: Allocation of funds under the Regional Operational Program by region.

Noteworthy, the mazowieckie province was the first Polish province to leave the category of the least developed regions according to the EU classification (it crossed the threshold of 75% EU GDP per capita). As a consequence, the budget for this region was structured slightly differently than in other provinces. However, as the mazowieckie province is developed very unevenly, the fund allocation will be adapted to the existing disproportions across the province and will take into account the specific needs of individual sub-regions. Therefore, certain actions for the mazowieckie province will be carried out under nationwide programmes or separate priority investment projects.

A new opportunity will be the option of two-fund regional programmes which allow for implementing both soft projects, like training courses or seminars (aided by the European Social Fund), as well as hard, infrastructural projects (aided by the European Regional Development Fund). The combination of funding from these two sources will allow undertaking more comprehensive and flexible actions.

### **Funding level**

The funding percentage stipulates what part of eligible costs will be reimbursed. The funding level depends on the enterprise's status, type and location of the project and the category of eligible costs.

The maps below show the level of funding in terms of reimbursement of costs of investment projects to micro and small enterprises. With respect to the years 2007–2013, the intensity of state aid in Poland was determined in line with the Council of Ministers Regulation of 13 October 2006 concerning the regional aid map (Journal of Laws No. 190, item 1402). As of this moment, the European Commission has approved the 2014–2020 regional aid map for Poland which follows the Draft Council of Ministers Regulation of 07/08/2013 concerning the 2014–2020 regional aid map for Poland, and is scheduled to enter into force on 1 July 2014.

The aid levels presented on the maps:

- are reduced by 10 percentage points if a project is carried out by a medium-sized enterprise; and
- are reduced by 20 percentage points if a project is carried out by a large enterprise.

The regional aid map in Poland for 2007–2013, valid until 30 June 2014 (Picture 3)

**Picture 3**

**The regional aid map in Poland for 2007–2013**

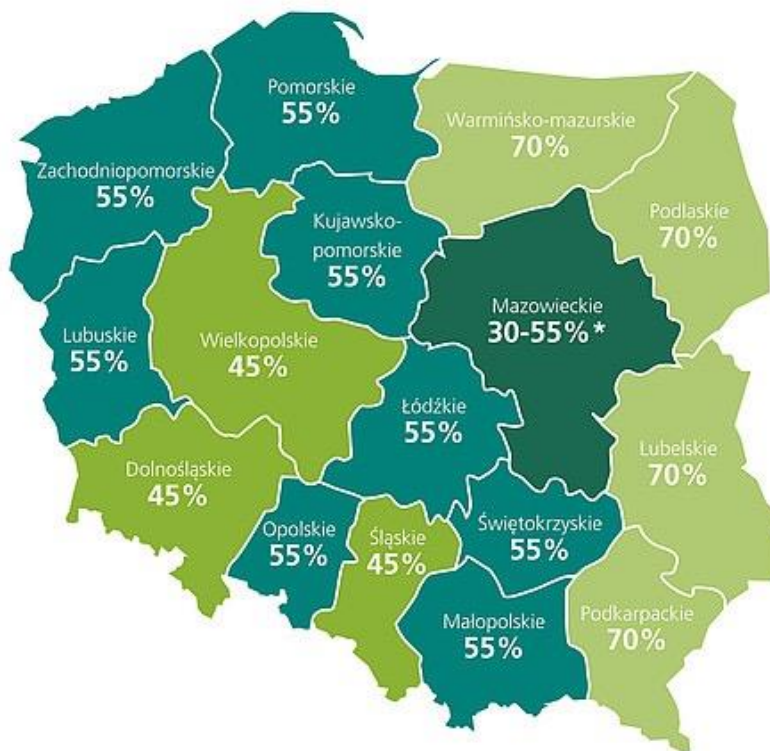


Source: The regional aid map in Poland for 2007–2013.

The regional aid map in Poland for 2014–2020, valid from 1 July 2014 (Picture 4).

Picture 4

**The regional aid map in Poland for 2014-2020**



Source: The regional aid map in Poland for 2014-2020.

\* Mazowieckie province:

- sub-regions: ciechanowsko-płocki, ostrołęcko-siedlecki, radomski and warszawski wschodni – 55%
- sub-region: warszawski zachodni – 40%

Capital city of Warsaw:

from 01/07/2014 to 31/12/2017 – 35%

from 01/01/2018 to 31/12/2020 – 30%

The new structure and management system of the EU funds is an issue which undoubtedly should draw interest of all enterprises and organisations that wish to enjoy the EU aid in the future. To

be effective in applying for the European funds in the 2014–2020 framework it is worth examining your entity's development needs and planning their financing right now. That is why we encourage you to seek our advice on EU funds and state aid and investment advice at our offices in Cracow, Gdansk, Gliwice, Poznan, Warsaw and Wroclaw.

The European Union farming sector faces a demographic challenge – a shortage of young farmers – that undermines its long-term sustainability. Many socio-economic factors, such as reduced access to land and credit, and lack of rural infrastructure, drive young people away from a career in agriculture.

According European Research and Development Information Service provided material, farmers throughout Europe are facing changing political conditions and a strong pressure from markets and citizens to adjust and to innovate. They need timely access to knowledge and information, to training and education and to facilitating and supporting services. These new needs for knowledge and information have been acknowledged by the European Commission, with a regulation that makes it compulsory for member states to set up a 'Farm Advisory System' (FAS – *the Farm Advisory System aims at helping farmers to better understand and meet the EU rules for environment, public and animal health, animal welfare and the good agricultural and environmental condition*), ensuring that farmers can benefit from reliable information about cross compliance. In addition and in coherence with the EU strategy 'horizon 2020', the topic 'knowledge transfer and innovation' has been designated as a cross-cutting priority of the new CAP in the period of 2014 – 2020. In this frame, a European Innovation Partnership on Agricultural Productivity and Sustainability will be conceived with the objective to enhance innovation in priority areas. Key acting entities will be Operational Groups bringing together farmers, advisors, researchers and enterprises.

The concept of the Agricultural Knowledge and Innovation System (AKIS) is useful to picture and understand the manifold knowledge flows and supporting services between diverse actors from the first, second or third sector in rural areas. A specific focus can be given to complex interactions of cooperation and mutual learning that takes place in innovation processes. Functioning AKIS are needed to tackle challenges like:



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- giving small-scale farmers access to relevant and reliable knowledge,
- bridging scientific research topics and farmers' demands and
- offering appropriate support for diverse rural actors that form networks around innovations in agriculture and rural areas.

Advisory services are one essential means to enhance problem solving, information sharing and innovation generating processes.

The needs of young farmers in Poland have been identified through, among others:

1. Which issues they perceive as problematic, e.g. the possibility of buying land, having access to
2. Credit, having the right machinery, having seasonal workers, etc.
3. Which knowledge needs to the young farmers have?

According to EU agriculture external-studies in 2015, (*Young-farmers in Poland:country-reportsannex-i.21-poland*) is a significant problem in access to land for young farmers starting a business in Poland. The main reason is the high price of land compared to Polish earnings. These high prices are indirectly caused by the complex situation of agricultural ownership and fragmentation of agricultural holdings in Poland;

The institution responsible for the management and sale of land in Poland is the Agricultural Market Agency (AMA). The AMA develops tools to help young farmers to purchase land, for example the pre-emption right that allow farmers who rent land for more than three years to purchase it based on the price offered by the AMA. Despite this and other supporting tools, purchasing land remains an investment that is inaccessible to a large proportion of young farmers in Poland.

The country report also report biggest problems in young farmers foundation criteria. One of the most common supportive tools for Polish farmers is direct payments. Farmers might use the money from payments not to develop their production but for their current needs. To illustrate this, land was often sublet and used by other farmers, when direct payments remained an unconditional financial support to land owners. Experience has shown that farmers who receive this 'free' money are less motivated to grow their business and to adjust their production to the demands of the market.

As indicated by the respondents in country report getting results that, many farmers see a great opportunity in joint action, integration and cooperation, but Polish farmers have fear of cooperation.

Polish farmers have a high level of self-confidence and a fear of cooperation due to the fear of potential loss. According to country report, these types of attitudes were shaped by the political and social situation in Poland over the past 200 years. The Polish rural community directly reflects the mentality of other social groups in Poland. They did not see most important benefits to cooperate farms, cooperation programs can help to concert with EU and global market. Being a member of such a group gives the ability to negotiate prices with processing plants and distributors. The cooperation of farmers can reduce operating costs and can contribute to the growth of professionalism (for example through the exchange of know-how).

Young farmers in Poland are concerned about any form of public participation. Associations are often seen as a threat to private agricultural businesses. Despite this national problem, more and more farmers see that without forming a common front, they cannot be competitive on the European and global market.

Another issue that underlines the necessity for creating associations among farmers involves the guarantee to professional knowledge support. Currently the dominating sources of information among farmers are private companies that sell seeds, plants, machines or animals.

According to the country report, this kind of information is usually focused on making more profit by the company and making farmers dependent on their products; - There is a lack of experience and awareness among young Polish farmers of using professional knowledge support. According to the respondents, being associated in any way with legal or semi legal bodies might be a first step to creating a demand for this kind of knowledge-based help.

The main obstacle faced by Polish farmers that didn't appear in the survey is related to low levels of trust among young Polish farmers. This low level of trust blocks initiatives to cooperate even when they are considered necessary. Even the need to create producers' groups is, according to the focus group, being blocked by this aspect of Polish society. Polish farmers cooperate better when it

comes to informal groups. At the same time, young farmers are becoming more and more aware that these sort of face-to-face initiatives need to be transformed into more formal structures.

According to survey, there is a great need to organizing the law of succession in Poland. A particularly important issue is the right to distribute land after the death of the owner, and the resulting legal consequences of ownership. It is an obstacle to efficient management of a farm's ownership. Fortunately, a lot has been done to adapt this to the constantly changing social and economic conditions.

Another problem is the lack of support from professional advisors and lack of information and knowledge of agriculture programmes. Young farmers don't always have enough information and knowledge of these programmes to fully use this sort of help. In addition, government regulations change quite often in Poland, which makes it difficult to keep track.

The survey concluded that the risk related to difficult weather conditions always remains in agriculture. This can be organizing cooperation between farmers and banks.

According to the survey there are many circumstances that block young Polish farmers from starting their own farm. All of them have been described in the above-mentioned points, from which the most important are:

- Limited access to affordable land;
- Little trust among farmers which blocks effective cooperation and limits the chance to conduct profit-making agricultural business;
- Lack of profitable support from private financial institutions (loans, consulting, flexible tailor-made conditions);
- Lack of support from non-profit institutions like local associations;
- Weak political and economic position of individual farmers in comparison to processors and distributors companies;
- Significant risk of conducting an agricultural business (unstable outlet, legislation, weather conditions, competition), in relation to the expected return.

According to survey (country report-Poland), trainings (or other method of knowledge transfer) provided to young farmers in Poland should:

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- Broaden their knowledge and practical skills;
- Cover the whole variety of issues that are necessary to efficiently manage an agricultural business;
- Increase awareness about recent trends and technological solutions in agriculture;
- Provide a comprehensive background on the recent economic situation in the country;
- Provide information about recent legislation and support programmes;
- Support farmers in finding an occupation outside agriculture.

Accomplish document analysis was observe main differences of EU structural funds support by the application for “Setting up young farmers” in Lithuania and Poland countries. The results showed the main obstacles which have to faced young farmers in order to obtain this support for his farm creation and modernization.

### **Informants interview material**

The document analysis showed main key aspects which affecting settlement of young farmers in Lithuania and Poland. As confirmation of the results has been selected for an interview of the Informants. The Informants (I1 and I2) from Joniškis District municipality, Agriculture Department, responded to the interview questions which have been concluded based on the document analysis.

Answering to the first interview question: 1. What kind of obstacles commonly faced by young farmers applying for support from EU structural funds? - I1 - Compared to the 2007-2013 EU structural funds, the application for young farmers and support for 2014-2020, the previous period amounted to facilitate access to support. Now the main priority goes to For the livestock sector industries. As a result, during this period the applicants have applied for assistance of Joniškis district failed because Joniškis district is a plant-growing industries district. Apart from small-scale farmers who submit applications to growing sheep, rabbits and etc. I2 - also said, that the main reasons way this new period are so difficult, it is because of new selection criteria. In the new system you have to gain more points for application that could apply for EU structural foundation.

The next question was: 2. Do all young farmers provided the same conditions apply for support from EU structural funds?- I1 - I2- said that the conditions to apply for support settlement for young

farmers is the same. They also said that for successful application need to gain as much as possible selection criteria points.

In question 3. In your opinion, or in view of support for young farmers, support eligibility criteria set up in order to facilitate its receipt? - I1- Yes, by the EU structural fund support to settlement for young farmers was constructing for easier way for applicant to apply main application for support. I2 - Said, that it should help young farmers to easier get support, but seen in this period, the selection criteria become barrier to get the support form EU funds.

Next question: 4. What kind of the industry's most popular among young farmers, through grant applications? - I2 - In Joniškis district there are difficult to become young farmer because of price of land. In Joniškis there now free land, and the rent of land cost more than 135 EUR of 1 ha. To buy it also very expensive, because cost consist from 6000 - 8000 EUR of 1 ha. So the settlement of young farmers in Joniškis district is very difficult. Most of the young farmers getting land form they parents or have small farms. So it is difficult to say whats is most popular at the moment. I2 - In Joniškis district last period was 30 applicant and no one of them get the support. Most popular was small farms, selected more with animals, farm modernisation, upgrade new equipment etc.

Question number 5. What kind of the applicants (young farmers) most likely to get support ? what does it depend? - I1 - It is depend of young farmers motivation, new approach, main idea, to admit selection criteria, get more points form it, to write as much as possible best application. I2 - added- the first of all they apply application for the support and then they get main results and requirements to get the support.

In question 6. What are the main questions usually asked by young farmers coming for consultation to get the support? -I1- I2- Usually young farmers asking what king of documents they have to apply, while there is no approved rules, usually requested for preparation of the documents, filling in applications, as well as when they have to register. We receive a variety of issues related to the application conditions, please help filling out the documents they have been registered.

For question 7. How often receive requests to provide for consultation? how? writing, e-mail or preferred meeting? -I1 - I2 - Most of the times the applicant wishes to meet for consultations, as well as the basic information you send e-mail, telephone consultations. It is also important to note that applicants apply to private firms for the difference in price, as the prices range of project writing apply from 2000 - 5000 EUR.

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In last question 8. In your opinion, what needs to be improved EU structural fund applications young farmer's requirements? - I1- I2- We are a civil servant, so cannot comment on the EU's structural funds, the criteria of young farmers. As every year, the application for assistance arises a new thing we are not assessed and explained the present and their role and importance. The decision making and strategy implementation belongs to National Paying Agency under the Ministry of Agriculture.

According to documentary and interview informants analysis of Lithuanian and Polish regions of young farmers dependent on EU structural funds strategy, the appropriations eligibility criteria of accuracy and preparation methodology.

The study was accomplish to select two informants from Lithuania, and addressed to the Polish agricultural institutions. Selected main institutions in Poland which was conduct to agricultural departments in Poland, Ministry of Agriculture And Rural Development, Agricultural market agency (Ama), Agency for restructuring and modernization of agriculture (Arma). Unfortunately a response was not received.

## CONCLUSIONS

1. The European Union assistance is a key instrument in a coherent social and economic gap between the European Union countries and regions of the reduction, which is for more than 1/3 of the total EU budget. For the period of 2007 - 2013 the EU structural support was granted by three objectives: convergence, regional competitiveness and employment and European territorial cooperation. These three objectives are important until now. For the period of 2014 – 2020 the EU structural funds support reduces the economic gap among regions, provides the necessary tools to promote the reduction of social disparities, focuses on the economic well-being of creation by reducing the level of unemployment in the Member States. The main reasons for determining the EU Structural Funds payments to the Member States are based on the results of the previous strategy of 2007 - 2013.
2. The conditions for the support for the settlement of young farmers should be improved (that should be done taking into account the importance of support in regions of the country). After having analysed the documents, it can be stated that the main difficulties which young farmers face with applying for support appear because of funding conditions and the main disparities among regions. Only a small percent of applicants meet the necessary requirements for funding and have the biggest possibility to get the support. In this way one may see the difference in financial support. The newly introduced point system should create favorable conditions for getting the support, but the results show that this system of criteria has to be improved.
3. The main differences between Lithuanian and Polish regions are: a low level of entrepreneurship, low levels of income and lack of funds, difficulties in obtaining loans from financial institutions, geographical and social isolation, lack of market outlets. There are legislative framework, foundation criteria, cooperation issues in countries. Moreover, administrative procedures on operational level - information, dissemination, project development and application procedures and specific beneficiary profiles and factors. Selection criteria system makes it possible to locate only those farms that fully meet the application criteria and has the greatest potential for a successful development of different types of branches. However, there are disadvantages concerning the selection criteria system because

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only part of the applicants are eligible and can receive support. These disparities create the main challenges which young farmers have to face in order to have their own farms.



## **RECOMMENDATIONS**

For the European Commission (granting financial assistance improvement):

- Use funds more efficiently, treat applicants equally, pay special attention to modernization and innovation of small and medium-sized farms.

For Lithuanian and Polish government (the support of settlement):

- Continue to improve the system of support, allowing to attract more applicants to develop new industries, modernize farms and infrastructure.
- To promote the dissemination of information, provide opportunities for applicants to be consulted in order to get necessary support.
- To encourage young farmers to be interested in setting up new farms.

For young farmers:

- To be motivated in order to achieve desired objectives for creating farms.
- To seek to acquire the new knowledge, skills and education in order to get funding.
- To expand their views in particular fields.
- Try to gain experience from the best possible examples in his/her region.

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## **ANNEXES**



### Interview protocol

The Head of Agricultural department and the Head specialist (crop declaration, the farms of registration) from Joniškis district municipality agreed to respond to interview questions related to the “setting up young farmers” and opportunities in the region.

The informants were informed in advance. They explained that their names will not be published in study. During a phone call it has been agreed upon meeting time and place. Arrival at the agreed place, each informant was informed that during the interview asked questions will be recorded. They started with the consent of the interview survey.

Each informant in answer to questions submitted to them took about half an hour. The total time of the interview - one hour. The informants replied to questions submitted to them in interview, also provided additional information. All questions answered and identified the main reason affecting the “Setting up young farmers” in the region.

#### Interview questions:

1. What kind of obstacles commonly faced by young farmers applying for support from EU structural funds?
2. Do all young farmers provide the same conditions apply for support from EU structural funds?
3. In your opinion, or in view of support for young farmers, support eligibility criteria set up in order to facilitate its receipt?
4. What kind of the industry's most popular among young farmers, through grant applications?
5. What kind of the applicants (young farmers) most likely to get support? What does it depend?
6. What are the main questions usually asked by young farmers coming for consultation to get the support?

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7. How often receive requests to provide for consultation? How? Writing, e-mail, or preferred meeting?
8. In your opinion, what needs to be improved EU structural fund applications young farmers requirements?

The study was accomplished to select two informants from Lithuania, and addressed to the Polish agricultural institutions. Selected main institutions in Poland which was conducted to agricultural departments in Poland, Ministry of Agriculture and Rural Development, Agricultural market agency (Ama), Agency for restructuring and modernization of agriculture (Arma). Unfortunately a response was not received.