



# THEMATIC EVALUATION

## YOUNG FARMERS

Rural Development Programme 2014-2020

February 2021



## 9. Conclusion and Recommendations

This thematic evaluation has focused specifically on Measure 6.1 which allows for the provision of support directly to young farmers under EAFRD. In Malta, young farmers manage about 7% of the total farms in Malta<sup>51</sup> and 8% of the UAA. Young farmers are not replacing, in a sufficient manner, the older farm workers leading to an overall decline in the size of the sector.

Over 70% of the young farmers manage less than two hectares (ha) and only 3% have a farm area between 5ha and 9.9ha. Young farmers contribute to about 15% of the total standard output produced by the sector but the standard output per young farmer is higher than that for older farmers due to more efficient techniques of production.

Similar to the EU, the majority of Maltese young farmers have practical experience but limited training. The proportion of young farmers in Malta with full agricultural training is significantly low at 1.5% compared to 19.1% in the EU.

The specific needs of young farmers in Malta mainly relate to the availability of land and to a lack of skills which are required to ensure a competitive and sustainable business practice. These are consistent with the challenges faced by young farmers in Europe as outlined in different literature sources.

Specific to Measure 6.1, the budget allocated, at €4.3 million, represents 82% of the budget allocated for Focus Area 2B, while the focus area absorbs about 4.2% of the programme's funds. The result target set for the Focus Area 2B is the percentage of agriculture holdings with RDP supported business development plan/investment for young farmers. This stands at 0.48%, referring to target number of beneficiaries of 60 young farmers.

The implementation of the measure in Malta has registered very good progress. The result target of 60 farm holdings supported under this focus area has been attained as there are 61 beneficiaries for Measure 6.1. The committed expenditure by the end of 2019 amounted to circa €4.2 million with realised expenditure amounting to circa €3.3 million.

There are a total of 11 beneficiaries under Measure 6.1 who have benefitted from other measures, of which 8 young farmers are also benefiting from support under Measure 4.1. Against this background, the target on the 'number of holdings supported for investment in agricultural holdings (support to the business plan of young farmers)' is in the process of being met.

Young farmers applying for support under Measure 6.1 of the RDP are proposing projects which are reflective of the strategic objectives defined by the National Agricultural Policy, such as food presentation and labelling, competitiveness and diversification and adaptation to and mitigation of geo-climatic conditions.

Around 82% of the beneficiaries are male, with an average age of 30 years, while 18% are female. In this respect it is interesting to note that at a ratio of 18%, the proportion of female beneficiaries is higher than the ratio of total female farmers implying that the measure is successful in attracting young female farmers.

Measure 6.1 has been mostly successful amongst the lower age cohorts as it attracts younger farmers to set up their business and enter into the sector. It is less successful in attracting individuals over the

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<sup>51</sup> As of 2016, which is the latest data available by Eurostat.

age of 35 who are more likely to have already set their vocational/career role. The average level of standard output of the beneficiaries at €44,000 per holding is double the average standard output generated by young farmers in 2016 which stood at about €22,000.

Measure 6.1 has been more effective in supporting young farmers who are already in the sector through their family's participation rather than 'new' young farmers who are interested in entering the sector. In other words, the measure is not deemed to be sufficient to support new entrants in acquiring the land, given that the cost of land is higher than the provision of support available through the measure. This is similar to the point highlighted in a paper published by the European Parliament<sup>52</sup> which indicates that the maximum payable amount for Measure 6.1 is insufficient for the establishment of a new farming enterprise, or motivating newcomers to join the industry.

In total, from 62 beneficiaries, 29 young farmers were deemed to require the obligatory training to benefit from the measure. They attended the courses as an out-of-pocket expense, with training focusing on business development. The training was well received such that in most cases, the young farmers that appeared to be the most resistant to the training were actually the ones who considered it to be the most fruitful by the end of the course.

A total investment of over €7.1 million is expected to be enabled by Measure 6.1, of which about €4.3 million is RDP funded. The majority of the expenditure is linked to construction works, the development of greenhouses and purchase of equipment. About 8% of the expenditure is also earmarked for the purchase of PV panels.

The types of investments proposed by young farmers is not only expected to lead to generational renewal through the entry of young farmers into the sector but in most cases where the young farmers are taking over an existing farm, the investment is also expected to lead to the restructuring of farms and to contribute to secondary benefits in terms of higher market participation and agricultural diversification. Against this background, around 75% of the total investment expenditure enabled by Measure 6.1 will have a secondary contribution towards Focus Area 2A. Indeed, all young farmers have an investment component which contributes towards FA 2A. Other FAs towards which the investment enabled by Measure 6.1 is projected to contribute are FAs 5A and 5C, which relate to water efficiency and the use of renewable sources of energy.

In terms of progress, by the end of June 2020, the average completion rate of the projects being supported by Measure 6.1 stood at around 39%. Delays in the implementation stage are attributed to various factors such as the time taken to acquire the necessary permits and/or the tenure of the land, finding contractors that are willing and able to carry out the work in a timely manner, obtaining quotations from suppliers and contractors and procurement delays due to the COVID-19 situation.

On the basis of the telephone survey, which was conducted amongst beneficiaries, 71% of the respondents indicated that they would not have executed the project without the support provided through Measure 6.1. This provides a good indication of the importance of the assistance awarded by the Measure. In addition, most of the respondents, that is around 86%, indicated that as a result of the implementation of Measure 6.1 their competitiveness is expected to increase. Indeed 43% of the respondents which have engaged in investment in equipment, greenhouses, energy efficient systems, IT systems and/ or livestock, expect production to increase by 10% to 25%. Most of the respondents, that is around 86%, indicated that as a result of the implementation of Measure 6.1, their competitiveness is expected to increase with 43% of the respondents expecting production to

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<sup>52</sup> [https://www.europarl.europa.eu/RegData/etudes/STUD/2017/602006/IPOL\\_STU\(2017\)602006\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2017/602006/IPOL_STU(2017)602006_EN.pdf)

increase by 10% to 25% For around 40% of the beneficiaries, profit is expected to increase between 10% to 25%.

In terms of employment, 62% do not intend to engage new employees to help them with the implementation of the proposed project. Those that are likely to engage in an increase in staff have referred to a total figure of about 34 new jobs in order to ensure the implementation of the business plan.

As for cost savings, 84% of respondents expect their savings to decline due to the implementation of Measure 6.1 with 24% of the respondents indicated that they are expecting cost savings of around 25%. About 26% of the respondents who have engaged energy efficient equipment and PV panels expect their electricity bill to decline, of which around 60% of the respondents are expecting the electricity bill to decline by more than half. In terms of water use, 28% of the respondents are investing in irrigation systems and/or reservoirs, of which 24% are expecting a decline between 25% to 50%.

## **Recommendations**

This final section presents a set of recommendations emanating from the Thematic Evaluation distinguishing between recommendations to be considered at a national level and those which can be considered for the implementation of the RDP Programme.

### *National Recommendations*

The impact of the CAP must always be considered in relation to national policies and therefore policy which hinders the promotion of young farmers must be adequately addressed. In this respect, one of the pressing needs that has been highlighted throughout this report is the lack of available land for farmers. Most agricultural land is government owned and leased long term to tenants. This leaves little land which is available on the market which is privately owned, leading to high costs for purchasing and renting land. This also makes it unaffordable for new entrants into the market.

As also highlighted in the National Agricultural Policy, changes to national land policy are required with effective coordination between all stakeholders, most notably government. Efforts are required to take stock of abandoned land and ensure that land regulations promote the use of land for productive purposes. Furthermore, there is the need for a better legal structure to avoid land fragmentation as this impinges on the use of land for productive purposes and does not allow for large production and expansion. Land policy should incentivise the transfer of land as well as the use of abandoned land for agricultural purposes and incentives are required for older farmers to pass on their land to younger farmers.

Other challenges include delays in the issue of permits which are required for the implementation of measures in the RDP as well as inconsistency in the requirements put forward by some Authorities. Cooperation across authorities is thus required and procedures need to be simplified.

Farmers in Malta, including young farmers, are in need of a holistic set of skills and national policy needs to focus on the identification of these needs and ensure effective implementation of training course and advisory services. The National Agricultural Policy also refers to the need to integrate educational courses aimed at up skilling farmers and livestock breeders both through educational institutions as well as through the provision of dynamic extension services. Also, at a national level, young farmers could benefit from sharing of examples of good practise related to farming and innovative practices and their projects should be showcased.

### *Programme Recommendations*

Through the transitional provisions for support from EAFRD leading to additional funds transferred to the Programme, the MA should consider the extension of Measure 6.1. As expressed by stakeholders, there is demand for the measure, and this thematic evaluation has highlighted the positive impact of the measure. The measure has been effective in addressing the financing needs of young farmers.

In extending further the Measure, consideration should be given to the fact that the measure has been more successful in supporting young farmers that come from a farming family. As stressed also in the Agricultural Policy for the Maltese Islands, farmland or animal farms are not easily obtainable by persons coming from outside the sector and thus, even if there could be interest by youths to embark on new farming niches, the stumbling blocks to enter the sector are huge. Therefore, consideration should be given to differentiate support for young farmers who are new entrants to the sector as opposed to those who are already active in the sector.

In line with the recommendations outlined in the focus group, more weight could be considered in the selection process for projects which include elements of innovation and marketing. Also, higher weight could be considered for those applicants who seek to engage in cooperation (ex: cooperating with other farmers, private enterprises and so on to sell their product).

Given the positive outcome driven through the provision of training to young farmers, further efforts should be also considered for the development of tailor-made courses that are specific for young farmers particularly in terms of the development of marketing, IT and digitalisation skills. Also, young farmers would benefit from training which focuses on the end phase of the supply chain including outreach to customers as well as training on the overall management of the farm including the development of farm strategies, management and financial skills, networking skills and marketing skills. Young farmers also require specialised training in skills such as those related to water management skills, waste management skills. It is imperative that such training is provided within a schedule which is convenient for young farmers. Also, learning methods should focus less on theoretical approaches and more on practical and hands-on approaches. On a positive note, it is reiterated that 62% of the respondents to the telephone survey indicated that they would like to attend other training in the future.

Project selection should not focus explicitly on 'enlarging' operations but also on improving the viability and competitiveness of the holding as an increase in size does not necessarily imply an increase in efficiency. The sector faces strong competition and therefore efficiency is a key factor. This is relevant for Measure 6.1 as the submission required a business plan on which emphasis was placed on the enlargement of the holding.

Furthermore, it is important that any changes in criteria during the programming period, for any of the measures are well-communicated with potential applicants and agricultural organisations. This will ensure that any interested beneficiaries are aware of such changes and can thus make the necessary considerations.

Finally, ensuring that the needs of young farmers are effectively addressed beyond the implementation of the current programme should also be considered. Generational renewal is also expected to play an important part in the future CAP strategic Plan. Indeed, attracting young farmers and facilitating business development in rural areas is one of the nine Strategic Objectives of the CAP post 2020. The regulation proposal <sup>53</sup> notes that at least 2% of the national envelope for direct payments will have to be devoted towards this objective. This amount can either be allocated in the

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<sup>53</sup> COM/2018/392 final - 2018/0216 (COD)

form of top up income support under Pillar I and/or lump sum payment grant under Pillar II. Specific to Pillar II, the maximum amount of aid for the installation of young farmers and rural business start-ups has been increased from €70,000 (as in the current Programme) to € 100,000.

Worth considering in the design for the upcoming programme is the preferential conditions which may be set for young farmers for investment support and possibly the promotion of cooperation between older and younger farmers. Also, within the Agriculture Knowledge and Innovation System (AKIS), consideration could be given to the needs of young farmers to ensure that young farmers benefit from these interventions.