

## YOUNG FARMER SUPPORT POLICY IN LATVIA: THE EXAMPLE OF LATGALE REGION

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**Abstract.** The agricultural sector in the European Union (EU) is characterised by an ageing farming population. A similar situation is present in Latvia too – in 2013 in agriculture only 8 294 farm managers or 10.1% were aged under 40; besides, the number of permanent agricultural employees aged under 34 tended to decline. It is particularly critical in Latgale region, which is located in the eastern border area (the border with the CIS) where socio-economic indicators are much lower than the national averages. It is important that increasingly greater focus in government policies and research is placed not only on the agricultural industry's development on the whole but also on the wish of young people to return to rural areas and do business there, thereby contributing to the development of rural regions. For this reason, the research aim is defined as follows: to examine support possibilities for young farmers in Latvia, particularly in Latgale region. Young farmers were surveyed by questionnaire and expert opinions were identified to achieve the research aim. The research found that support measures for young farmers provided by the Rural Development Programme played an essential role in founding or inheriting farms. The knowledge and skills of young farmers were important in operating and expanding their farms as well as numerous obstacles had to be overcome by them.

**Key words:** young farmer, support, rural development.

**JEL code:** Q01, Q18

### Introduction

Rural areas dominate the territory in most of the 27 Member States of the EU and are home to a significant share of the population, even if their importance in terms of gross value added and employment is less significant. Agriculture and forestry play a key role in providing a wide range of public goods in rural areas, many of which are highly valued by society (European Commission, 2012). The Common Agricultural Policy (CAP) reform 2014-2020 reinforced public support for young farmers. This had become necessary because the European agricultural industry is ageing quickly, and thus, has become less innovative (EurActiv, 2015). According to the European Commission (2012) the agricultural sector in the EU-27 is characterised by an ageing farming population. For each farmer younger than 35 years, there were 9 farmers older than 55 years in 2007. However, in 2010 this ratio improved to 7 elderly farmers for each young farmer. This is mostly due to developments in the EU-N12, where the ratio increased from 0.12 to 0.17 between 2007 and 2010, while there was a very little change in the EU-15 (from 0.10 to 0.11). Only six Member States showed a ratio above 0.2 young farmers for each elderly farmer

in 2007 (the Czech Republic, Germany, France, Austria, Poland and Finland). While Austria had the youngest farming population, with 0.43 young farmers for each elderly farmer, Portugal had the oldest farming population with only 0.03 young farmers for each elderly farmer. Therefore, this problem – the entry of young farmers into the agricultural industry – is also addressed by European scientists. For example, Lukas Zagata and Lee-Ann Sutherland (2015) point that *"the statistical analysis also demonstrates considerable differences in farm structure between old and new member states, and provides support for the contention that young sole holders are more likely to operate modernised, profitable farms"*. Andrew Barnes, Lee-Ann Sutherland, Luiza Toma, Keith Matthews, Steven Thomson (2016) emphasise that *"the age of the farmer tend to find that younger farmers will be more innovative and seek a change in the farm business with respect to agricultural expansion and associated activities"*. John Davis, Paul Caskie and Michael Wallace (2013) are convinced that *"younger people have a longer planning horizon and tend to invest more heavily in business growth than comparable older age groups"*. At the same time

in Europe a significant number of people are moving 'back-to-the-land' in search of a fulfilling lifestyle and self-defined economic success (Mailfert, 2007). In Greece, it is believed that the European Union is consequently faced with a dual problem: the scarcity of new and consequently young farmers and the rapid ageing of the farmer population. Young farmers can bring new skills and energy, and a more professional management to the farming sector (Kontogeorgos, Michailidis et al., 2014). Ben White (2012) stresses that *"to understand better the reasons behind why young people turn away from agriculture we need to take account of a number of problems, including: 1) the deskilling of rural youth, and the downgrading of farming and rural life; 2) the chronic government neglect of small-scale agriculture and rural infrastructure; 3) and the problems that young rural people increasingly have, even if they want to become farmers, in getting access to land while still young"*.

The European Parliament (2008) emphasises that European agriculture now has to perform diverse functions: to produce quality food products, ensuring the food is harmless; to protect the environment (soil and water), to maintain landscapes and to preserve and popularise local cultural traditions. In this context, new farms have to tackle the problems caused by more open markets on a global scale and to take responsibility for a struggle against climate change, the effects of which on the environment become increasingly obvious.

In Latvia, too, fragmented and unspecialised farming prevents from reaching the EU standards. One of the reasons is the fact that a large share of agricultural employees represents old individuals. In 2002, 56% of them were aged 45 and older. Individuals of this age sometimes lack motivation to change anything in production in line with modern trends (Ministry of Finance, 2004). The situation has not significantly changed after more than ten years – in 2013 in

Latvia's agriculture, only 8 294 farm managers or 10.1 % were aged under 40; besides, in the period 2007-2010 the number of agricultural employees aged under 34 considerably declined (by 44 %) (Ministry of Agriculture, 2015). In the period 2014-2020, the EU CAP focuses on the development of rural regions. An increasing focus is put not only on the agricultural industry's development on the whole but also on the wish of young people to return to rural areas and do business there, thereby contributing to the development of rural regions. The Sustainable Development Strategy of Latvia until 2030 (Parliament of the Republic of Latvia, 2010) also emphasises that human capital is Latvia's most important resource and it is essential to retain this resource in rural regions and to create interest in youths to return to their native areas and do business there. Unfortunately, in recent years in Latvia the number of youths in rural areas sharply decreased. Youths move to cities or, at worst, go abroad in search of higher income, whereas rural regions become less populated. One of the solutions for youths is to start agricultural activity (Association Latvian Young..., 2012). It is of great importance for Latvia's regions where sharp disparities among municipality centres, cities and rural parishes in remote parts of the regions may be explicitly observed (Vesperis, 2012).

The **research object** is the EU's support to young farmers in Latvia's regions, while the **research subject** is the use of support in founding new farms and in their operation in the territories of the North-east and East Latgale Regional Agricultural Departments (RAD) of the Rural Support Service (RSS).

The following **hypothesis** is formulated: young individuals in Latvia are interested in doing business in rural areas. The **research aim** is to examine support possibilities for young farmers in Latvia, particularly in Latgale region. To achieve the aim, **the following specific tasks were defined:** 1) to assess the rural

development support provided to young farmers in Latvia in the period 2004-2013; 2) to evaluate the support provided to young farmers and the development of farms in Latgale region.

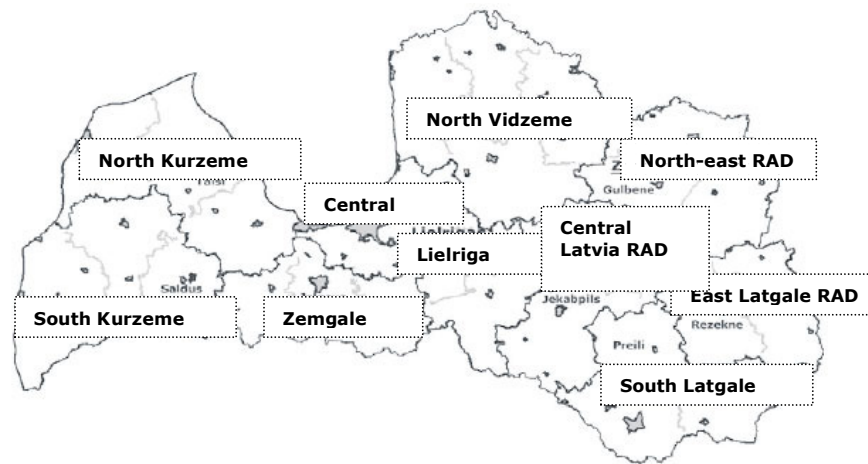
Why is the problem with young farmers particularly important in Latgale region? This is because the effect of "*geographical remoteness*" is not so pronounced in the EU's border territories – the border areas of Estonia and Lithuania – as in the eastern border area (the border with the CIS), i.e. in Latgale region (Melluma, 2000). Latgale is the second largest region in Latvia in terms of territory; yet, in 2013 almost half of the country's population lived in Riga planning region (49.5%), while the proportion of Latgale region's population in the total population of Latvia was 14.8%. In the beginning of 2013, the population density in the country was 34.1 people/km<sup>2</sup>, while in Latgale planning region it was 22.3 people/km<sup>2</sup> or 65 % of the average. In the period 2008-2013, the population declined in Latvia by 75.1 thou. or 3.3 %, while in Latgale planning region the decline was the fastest (24.0 thou. or 6.9 %). In the beginning of 2013, the lowest proportion of under working-age population in the total population was in Latgale planning region (12.7 %). The oldest average population age in Latvia was reported in Latgale region (43.5 years). In 2010, the average GDP per capita in Latvia was EUR 8674, while the lowest indicator was in Latgale planning region with EUR 4593 or 47 % below the national average. Personal income tax revenue per capita in Latgale planning region in 2012 was almost twofold lower than in Riga planning region and reached only half of the national average. In 2011, the number of individual merchants and commercial companies per 1000 capita was the lowest in Latgale planning region, 17.0, which was 47 % below the national average. In the beginning of 2013, the unemployment rate in

Latvia stood at 7.3 %, while in Latgale planning region this rate was two times higher than in the country on average (State Regional Development Agency, 2013). Therefore, it is of great importance to examine the support possibilities for young farmers in Latgale region, which is the most problematic region among Latvia's five planning regions, as financial support accelerates the development of farms, which is one of the regional development preconditions.

### **Research methods applied**

The RSS that administrates support payments in Latvia has 9 regional agricultural departments and the central office in Riga (Figure 1) (Rural Support Service, 2015). The territory of the present in-depth examination represents part of Latgale planning region (Regional Development Law, 2002): the RSS's North-east RAD and East Latgale RAD.

Analysis, synthesis and the logical construction method were employed to execute the research tasks. A quantitative research method – a survey – and a qualitative research method – a focus group interview – were employed as well. A 16-question questionnaire was developed for the survey and 9 questions were prepared for focus group interviews. The study was conducted from January to March 2015. More than 100 young farmers from the territories of the RSS's North-east RAD and East Latgale RAD were invited to take part in the survey; 71 were responsive and filled in the questionnaire on the website [visidati.lv](http://visidati.lv). The interviews were carried out in person – six experts from the RSS and Latvian Rural Advisory and Training Centre Ltd (LLKC) who daily worked with young farmers in Latgale region were interviewed in the analysed territory. The term young farmer refers to an individual who works in the agricultural industry and is aged under 40 (Ministry of Agriculture, 2010).



Source: Rural Support Service, 2015

Fig 1. RAD of the Rural Support Service in Latvia in 2015

Research limitations: the present research analyses the CAP's Pillar 2 support instruments.

#### **Novelty and topicality of the research**

The research draws the attention of society to the idea of doing business in rural areas by young people and becoming the masters of our own land. Regional development too will be promoted through the engagement of people in agriculture.

#### **Research results and discussion**

##### **1. Young farmer support possibilities**

Bringing in the next generation of farmers is a challenge and an opportunity. You're working to bring in a son or daughter but looking for ways everyone will benefit. One area that could be an opportunity is new technology that can help you analyse the business and find new profit areas (Vogt, 2015). Rural development support measures of the CAP's Pillar 2 are intended particularly for this purpose in Latvia. Financial assistance for young farmers has been available since Latvia joined the EU in 2004. It was provided under the Single Programming Document (SPD) or the Development Plan of Latvia 2004-2006 (Ministry of Finance, 2003) and the Rural Development Programme (RDP) 2007-2013 (Ministry of Agriculture, 2010). Characteristics of the measures are given in Table 1.

There are a number of positive features in the proposal that should promote value for money. The requirement for applicants to submit and implement an agreed business plan provides some control on the way in which grant aid is invested. The scheme is potentially less costly to administer than an interest rate subsidy and the scale of funding available is sufficient to make a difference to the viability of many farm businesses (Davis, Caskie, Wallace, 2013).

The young farmer support measures implemented in Latvia in the periods 2004-2006 and 2007-2013 were very similar by name, purpose and eligibility criteria. In the period 2004-2006, 298 projects were implemented, while three agreements were terminated (in the period 2007-2013 it was 8.3 times more), as funding recipients failed to get a loan to co-finance their projects or changed their kind of economic activity; the amount of public funding totalled EUR 6.8 mln. In the period 2007-2013 compared with the period 2004-2006, the number of projects increased by 130 or 44 %, the total funding was 2.2 times larger and the average funding per project rose by 55 %, reaching EUR 35.3 thou. (Table 2). It has to be noted that such a support measure is also envisaged for the period 2014-2020 with a budget of EUR 13.9 mln, which is 27 % more than, on average, in both previous periods but it

is EUR 1.2 mln less than in the period 2007-2013 (Ministry of Agriculture, 2015).

Table 1

**Comparison of support for young framers/farmers in Latvia in 2004-2013**

<b>Characteristics</b>	<b>2004-2006</b>	<b>2007-2013</b>
<b>Key document</b>	SPD	RDP
<b>Source of finance</b>	EAGGF Guidance Section	EAFRD
<b>Measure</b>	Support for young farmers	Support for young farmers
<b>Objective</b>	to found an agricultural enterprise for the first time. Funding for this measure is intended for starting agricultural activity and engaging young age people in permanent agricultural activities, thereby contributing to the foundation of economically viable farms and, at the same time, the renewal of labour in the agricultural sector and the retention of the rural population.	to promote the engagement of young age people in the permanent production of unprocessed agricultural commodities (except fish products) in order to foster the foundation or takeover of economically viable farms or commercial companies and to contribute to the renewal of labour in the agricultural sector.
<b>Eligible costs</b>	EUR 25 000	EUR 50 000
<b>Public funding</b>	EUR 25 000	EUR 40 000
<b>Compensation size</b>	100 %	80 %
<b>Key eligibility criteria to receive support</b>	farmers aged 18-40 at the moment of making a decision to grant support; appropriate professional skills and knowledge, which are certified by agricultural education diplomas or certificates of professional skills in agriculture that are issued in accordance with a programme approved by the Ministry of Agriculture; those who found an agricultural enterprise for the first time; those who are farm managers and own at least 51 % of the stock in the new enterprise.	a natural person who founds an agricultural enterprise for the first time or fully overtakes an existing farm; younger than 40 and at least 18 years old at the moment of submitting a support application; he/she will be or is the only agricultural enterprise owner or a holder of at least 51% of the shares; he/she has acquired higher or professional secondary education or has started studies to acquire agricultural education, which will be finished within 36 months, in order to acquire necessary professional skills and competences; he/she has to have a clear farm development plan; he/she has to invest in the farm.
<b>Number of projects and funding disbursed</b>	five project submission rounds; 298 projects implemented; 3 agreements terminated; total sum – EUR 6.8 mln	two project submission rounds; 428 projects implemented; 25 agreements terminated; total sum EUR 15.1 mln

**Source: authors' construction based on the Ministry of Finance, 2003, 2004, 2010; the Ministry of Agriculture, 2010; Cabinet Regulation, 2011**

The number of projects funded and their funding in both periods for the regions administrated by the RSS are presented in Table 2.

Table 2

**Young farmer support characteristics for RSS RAD territories  
in Latvia in 2004-2013**

RSS RAD/ Indicator	Number of projects			Funding, thou. EUR			Average funding per project, EUR		
	2004 - 2006	2007 - 2013	Increase from base year, %	2004 - 2006	2007- 2013	Increase from base year, %	2004- 2006	2007- 2013	Increase from base year, %
<b>East Latgale</b>	17	78	459	384	2833	738	22588	36324	161
<b>South Kurzeme</b>	44	31	70	1007	1097	109	22885	35391	155
<b>South Latgale</b>	47	106	226	1031	3783	367	21947	35687	163
<b>Lielriga</b>	7	15	214	167	549	329	23788	36637	154
<b>Central Latvia</b>	47	38	81	1089	1414	130	23165	37217	161
<b>Zemgale</b>	37	31	84	866	1114	129	23421	35927	153
<b>North- east</b>	12	73	608	280	2426	866	23298	33231	143
<b>North Kurzeme</b>	63	19	30	1432	662	46	22731	34834	153
<b>North Vidzeme</b>	24	37	154	548	1256	229	22824	33946	149
<b>Total</b>	<b>298</b>	<b>428</b>	<b>144</b>	<b>6804</b>	<b>15134</b>	<b>222</b>	<b>22831</b>	<b>35361</b>	<b>155</b>

*Source: authors' calculations based on RSS data, 2009, 2014*

During the support period, young farmers could apply for funding under other SPD and RDP measures in accordance with their eligibility criteria. For example, under the RDP 2007-2013 measure "Modernisation of Agricultural Holdings", support could be received by individuals who successfully started their business under the measure "Support for Young Farmers" and, depending on the kind of project, an additional support rate for young farmers could reach 10 % (Cabinet of Ministers, 2010). In the period 2007-2013 in the territories of the RSS's RADs in Latgale region (East Latgale, North-east and South Latgale), there were implemented 257 projects or 60 % of the total projects, which was 191 projects or 3.4 times more than in the period 2004-2006, while the largest increase in the number of projects was reported in the North-east RAD, 6.1 times, and East Latgale, 4.6 times more. The total amount of funding for

the territories of these Latgale RADs also increased, 8.7 and 7.4 times, respectively. In the period 2007-2013, 60 % of the total funding was allocated to young farmers in Latgale. The average project funding increased the most in the territories of South Latgale and East Latgale, which indicated the increasing activity of young farmers particularly in this region. That is why it was necessary to identify the causes of such activities by carrying out a survey of both farmers and experts.

## **2. Young farmer and expert opinions on the development of farms**

The survey was performed to identify the role of EU financial assistance aimed at young farmers in Latgale region in the period 2007-2013. The purpose of the survey of young farmers was to identify their opinions on the effects of support policy on the development of their farms in Latgale region. The target audience was young

farmers aged under 40 at the moment of applying for support who had an appropriate agricultural education or started studies in order to acquire it as well as individuals who found or took over farms, becoming their owners, for the first time and were legal or natural persons that produced or planned to start producing unprocessed agricultural commodities. In the period 2007-2013 in the territories of the East Latgale and North-east RADs, 151 projects were implemented; thus, the survey covered 46% of the total support recipients, as 70 respondents (98.6% of the total respondents) had received funding under the RDP measure "Support for Young Farmers", while one respondent as a young farmer received support for the farm's development under the SPD 2004-2006 measure. A socio-demographic profile of young farmers revealed that 56 surveyed young farmers or 79% were men and 15 were women (21%). The respondents were aged 22-45; their average age was 31.5. More than half of them or 52.1% had families with children, while 18 young farmers or 25.4% or lived together with their spouses. Most of the surveyed farmers specialised in grain farming (40.4%), meat cattle farming (27.3%) and dairy farming (16.2%). Only 5.1% were engaged in bee-keeping and 3% in sheep farming. Of the farmers, 8.1% specialised in flax, pigs, vegetables (including the production of potato starch), in processing timber and in fruits, rabbits and poultry. Of the respondents, 56 or 78.9 % established a new farm, while 15 (21.1 %) took over or inherited existing farms. The survey identified the reasons that encouraged the respondents to become young farmers. The respondents' replies allowed concluding that more than half or 52.9 % of the surveyed individuals' farms were founded owing to the encouragement of their family members. One in seven young farmers (or 10.3 %) recognised that other young farmers and their experience in farming helped to make a decision to become a young farmer, while 12.6 % of them

were advised by their friends or acquaintances. Besides, the respondents mentioned an opportunity to return to their native location – Latgale –, a wish to live in the countryside, the continuation of family succession as well as an opportunity to achieve their goals. It has to be noted that one respondent admitted that he decided to start a farming business based on LLKC recommendations, while for another it was a childhood dream and working in the agricultural industry was his calling.

One of the criteria for applying for support under the RDP 2007-2013 measure "Support for Young Farmers" was an education in agriculture. The survey revealed that 35 respondents or 48.6% already had the necessary agricultural education, while 28 or 38.9 % started studies in appropriate educational institutions before applying for the measure. In the support period, 9 respondents or 12.5 % continued their agricultural studies.

In 54 instances or 42.9 %, the purpose of foundation of new farms or takeover of farms (several replies were possible) was an opportunity to modernise and develop the farm, while 34 replies or 27 % referred to the purpose of receiving the EU financial assistance, thereby ensuring the farm's development. Of the respondents, 36 or 28.6 % acknowledged that agriculture was their calling; therefore, they decided to establish a farm with the aim to deal with this industry. A few respondents revealed that their purpose of founding a farm was to return to their native location and to do business in the countryside, providing for their family. Answering the question whether they would found a farm if no EU assistance were available, 36 young farmers or 50.7 % confirmed that they would do it, while 25 respondents or 35.2 % admitted that they would not do it. However, 10 young farmers or 14.1 % said they had not thought about this question and it was difficult for them to give a reply. So, one can conclude that the EU financial support is an important

instrument for the viability and development of Latvia's agriculture.

The respondents could give several replies to the question about skills young farmers need to provide the efficiency of their farms and an increase in the industry's competitiveness. Of the total replies, 18.5 % indicated that entrepreneurial skills were the most important, 18.2 % referred to experience in farming, while 17.5 % replies indicated that high working abilities were needed. Of the young farmers, 16.8 % regarded knowledge and experience in the respective field as important, while 15.4 % considered innovative and progressive thinking to be an important ability of young farmers. The survey of young farmers regarding the gains from doing business in rural areas (several replies were possible) showed that the most important position was taken by development opportunities for rural regions (land is farmed, new families in rural areas), which was rated as important in 26.9 % instances of the total replies; 18.7 % stressed prospects for the agricultural industry and the opportunity to continue their family and native traditions. Of the total replies, 19.7 % regarded environmental improvements achieved by farmers through farming in a particular region, municipality or rural territory as an important gain.

The survey revealed that the greatest problems that young farmers faced in rural areas were: high financial risk (22.4 % of the total replies) and the national tax system (21.9 %), which limited the development of farms, causing financial risks. A lack of human resources – qualified labour – whom the farm's modern machinery and equipment may be entrusted to (19.2 %) and no free land resources (18.7 %) were mentioned as problems.

As obstacles, the respondents mentioned huge financial liabilities that had to be assumed when founding a farm, a poor infrastructure – the low quality of municipal roads – and a lack of national support. An unequal attitude of the Ministry of

Agriculture to "old" and young farmers was also mentioned by them.

The young farmers were asked to give their opinions about the sources and availability of information (several replies were possible). The data acquired showed that the key source of information on business opportunities for young farmers was the RSS, including the RSS website (30 % of the total replies) and advisers from LLKC offices (29.4 %). Of the total replies, 13.9 % indicated that information about news in agriculture was obtained through informal channels: relatives, friends and acquaintances. However, one in six (12.8 %) young farmers acquired information about business opportunities from the press – municipal newspapers and agricultural magazines. Quite a few farmers gained information from TV, radio and social networks (7.2 % and 4.4 % of the total replies, respectively). Seminars and courses were mentioned among the other information sources.

The survey identified that 58 young farmers (81 % of the total) daily cooperated with and contacted other young farmers in their rural territory, municipality and region in Latvia. Only 13 respondents or 18.3% admitted that they did not use such an opportunity for the exchange of information and experience. The survey showed that the young farmers, mainly in Latgale region (38 respondents or 28.8 % of the total replies) met each other in seminars and conferences held by their rural territory, municipality or regional RSS office or by LLKC. Of the young farmers, 36 or 27.3 % contacted each other electronically, while 29 shared their experience, meeting other farmers on the spot on their farms. It has to be noted that several replies were possible for this question.

However, 27 farmers (20.5 % of the total replies) admitted that they daily contacted other young farmers (in person, by phone), as often they were also friends.



The experts' opinions were identified in focus group face-to-face interviews and compared with the young farmers' opinions on potential farm development and financial assistance as well as on how successful was their cooperation with advisors.

The young farmers, in the survey, mostly referred to emotional circumstances that encouraged them to start business in the countryside, such as "agriculture is their calling",

"affection to the profession of farmer", whereas the experts stressed the high support intensity of the measure, which motivated them to return to the countryside and start their business there. Both the experts and the young farmers themselves had similar opinions on the knowledge and skill needed, particularly the fact that a business may be started up with support provided under the RDP (Table 3).

Table 3

**Young farmer and expert opinions on the development of farms in Latgale region**

<b>Young farmer opinions</b>	<b>Industry expert opinions</b>
<b>Objectives of founding farms by young age people</b>	
farm modernisation and development opportunities; return to the native location and doing business in rural areas; agriculture is of vital interest.	business start-up in rural regions; high support intensity, which is a prerequisite for the development of farms; return to the native location and the succession of generations.
<b>Knowledge, skills and features needed by young farmers</b>	
entrepreneurship skills; knowledge and experience in the field of agriculture; a high level of working abilities; innovative and progressive thinking; affection to the profession of farmer.	entrepreneurship skills; agricultural education; broad and comprehensive knowledge in the chosen farm specialisation; practical skills and experience in the field of agriculture and enthusiasm.
<b>Gains for young farmers from their participation in the measure "Support for Young Farmers" under the RDP 2007-2013</b>	
farm modernisation opportunity; development of rural regions (land is farmed, new families in rural areas); support for starting up a business in a rural region.	financial assistance; experience; business start-up opportunity; expansion of the farm.
<b>Obstacles faced by young farmers in Latgale region</b>	
high financial risk (financial liabilities); human resources (lack of labour); limited land resources; poor infrastructures.	limited land resources; high production cost; low sales prices; limited financial resources; problems to meet the criteria for support project implementation; bureaucracy in various business areas.

**Source: authors' construction based on the surveys, 2015**

Yet, young farmers have to take into consideration the high financial risk and the lack of resources and infrastructures. The experts believed that there were risks related to meeting the eligibility criteria for support projects and to bureaucracy, which were not unimportant and

hindered doing business. Similar findings arise from other surveys of young farmers: they lack financial resources (current assets and long-term loans) and there are no free land resources or land is sold at very high prices (Association Latvian Young..., 2012).

Foreign experience also indicates that the entry of young farmers into the industry is a complex process and a number of purposeful activities have to be carried out to make it successful: 1) to encourage and help newcomers to the agricultural industry to ensure its long-term health and vitality; 2) to encourage those within the industry to plan ahead and explore new opportunities and options; 3) and to provide an opportunity for those wishing to leave the industry to do so with dignity (Ingram, Kirwan, 2011).

### Conclusions, proposals, recommendations

1) In Latvia and Europe, there is a trend of ageing of agricultural employees, which makes negative effects on agriculture and rural development. The support measure under the RDP has contributed to business opportunities for young farmers and the agricultural industry's development, as 726 support projects have been implemented in

Latvia since 2004, acquiring public funding of EUR 22 mln. Very significant increases in the number of projects and funding in the period 2007-2013 were reported for the territories of the North-east RAD and the East Latgale RAD, which indicated that financial assistance played an essential role in the foundation or inheritance of farms as well as in the performance and development of farms belonging to young farmers.

2) The survey of young farmers and experts indicated that young farmers had various motivations to start up a business, while the RDP support measure for young farmers had contributed to starting up a business by them. Young farmers need versatile knowledge and skills. Yet, young farmers have to take into consideration various risks and obstacles because their business sustainability depends on coping with the mentioned negative factors.

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