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YOUNG FARMER SUPPORT IN THE CZECH REPUBLIC

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The countryside aging is widely considered European problem. The same could be observed at the level of farms, where in several European countries farming population is getting statistically older. Thus, this paper aims to define the main aspects of the young farmer support policies and programmes applied in the Czech Republic. Also, in addition, we tried to identify policy process which is related to young farmer issues at the level of the EU and the Czech Republic. To achieve this aim we collected the data on the support mechanism related to young farmer (below 41 years of age) mainly from the official European and Czech resources. Based on the results received we can identify large number of resources which are provided to farmers below 41 years of age or individuals starting with farming activities. We identified 2 main instruments – direct payments and investment grants, both sourced from the EU budget. At the level of the policy processes, we identified several organisations involved in lobbying however only one is exclusively oriented to young farmer issues.

Keywords: Czech agriculture, young farmer, support, policies.

INTRODUCTION

Farm succession is seen as a problem in the European countryside context (Šimpachová Pechrová & Šimpach, 2020; Zagata et al., 2019; Zagata & Sutherland, 2015), however it is not only problem of the European Union (Rigg et al., 2020; Riley, 2016).

In the context of the European Union (the EU), “Farm succession is a key policy concern of the EU’s Common Agricultural Policy and the European Commission’s proposals for the future” (Pitson et al., 2020), Several EU measures supporting young farmers, including the Young Farmer Payments, totalled 383 million euros in 2017 (Pitson et al., 2020). Even the efforts done by the European policymakers, still the EU is considered by some scholars to be at the edge of European generation farm renewal problem (Lobley et al., 2010)

The consequences of unsatisfactory farm succession could be seen from 2 perspectives. Some believe that lack of farm succession could lead to economies of scale (Chiswell & Lobley, 2015), while others raise concerns that lack of succession may lead to land abandonment and loss of farm-specific knowledge with a risk of territorial and environmental degradation (Corsi, 2009; Raggi et al., 2013).

Šimpachová Pechrová et al. (2018) indicates, that main motive to start farming is in many cases related to family tradition or close relation to nature and animals. Based on her research, for the young farmers it is the most difficult to purchase the agricultural land (in the Czech Republic), manage the administrative burdens and financial reasons. Public support is hence seen as important factor leading to farm succession, rejuvenation of countryside.

Thus this paper aims to define the main aspects of the young farmer support policies and programmes applied in the Czech Republic as the whole agricultural sector suffers by ageing effect (Zagata et al., 2019), identifies main support programmes, identify policy actors and development trends toward family farm succession and young farmer attraction in the Czech Republic.

MATERIALS AND METHODS

The contribution has an overview characteristic. It does not apply any mathematical or statistical method, as it is not really needed from the perspective of main aim. For the research question, the authors defined following 3 research questions:

1. In the Czech Republic, who are the most important policy actors in the policy framing and formulation?
2. Is the support to young farmers changing over time?
3. Is there significant number of applicants, who wish to start farming activities in the Czech Republic?

To answer the following questions, we use several data resources. First, we source our data from the Ministry of Agriculture (Ministry of Agriculture of the Czech Republic, 2021), the national paying agency – State Agricultural Interventional Fund (SZIF, 2021) for the information related to financial support of young farmers. The support was monitored specifically for the Multiannual Financial Framework (MFF) of the EU for the period 2014 – 2020, as the support in the previous MFF was not comparable.

The policy process was reviewed by the process of investigation, where most relevant sectoral organisation were identified and revied on specific activities aimed to young farmers and their support.

RESULTS

As the Czech Republic entered the European Union, it became integrated part of the Common Agricultural Policy. The Agricultural policy is a tool, how to promote, support European agriculture and unify supportive measures among all member states. After the accession the Czech Republic accepted all rules, requirement and also responsibilities related to the common policy.

As indicated above, the European countryside suffers by ageing of population. At the level of the Czech Republic, first supportive measures aimed on young farmers are applied since the EU accession. At the beginning was the support interconnected with farm succession – supporting at the same time young farmer (as push-in motivation) and retiring famers (as pull-out motivation). This kind of logics ended in the Czech Republic by the 2013 perspective.

The policy at the national level is directly affected by the EU policy (see the Figure 1). As mentioned above, EU agricultural support has 2 pillars: i) Direct payments and ii) Rural development programme. In both instruments, support for young farmers is indicated. While in the 1st column is young farmer support involved as direct payment, in the 2nd pillar the support is provided as investment grant covering certain level of expenditures connected to business plan. General policy intention is defined at the European level by regulations accepted by member states and the European Parliament, where several interests' perspectives are voiced by national as well as international NGO, i.e., European Council of Young Farmers. Those general rules have certain flexibility which could be adjusted by national legislative process.

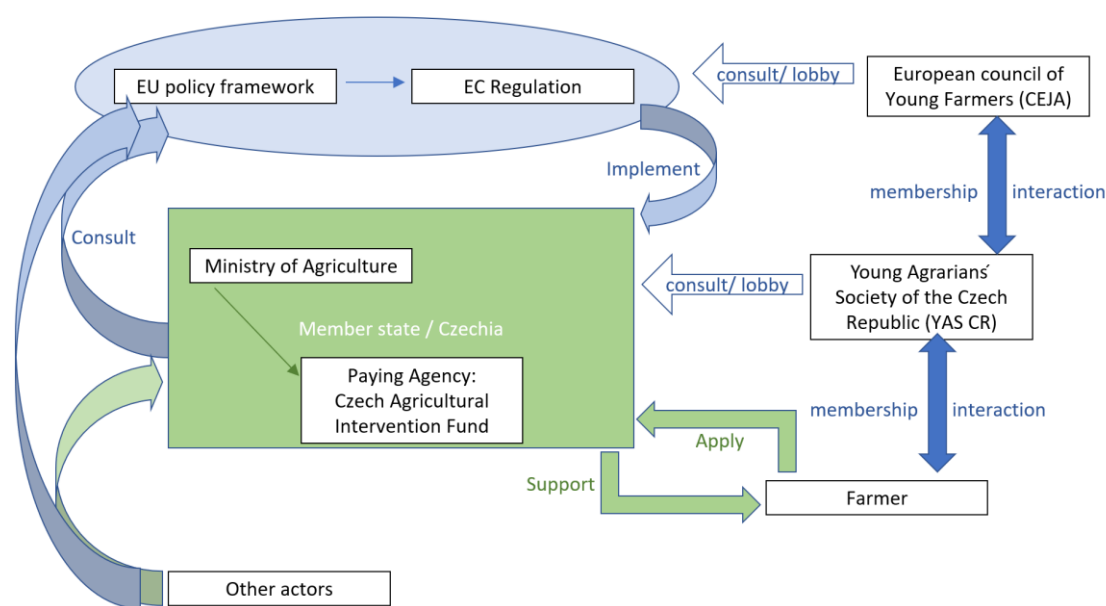


Figure 1: The policy actors and support flow
Source: Authors

At the level of the Czech Republic, there are several bodies, which are able to actively voice problems of farmers. Those are:

- Czech Agricultural Chamber
- Agricultural Association of the Czech Republic
- Association of Family Farming
- The Young Agrarians' Society of the Czech Republic
- Czech-Moravian Association of Agricultural Entrepreneurs

Based on processed overview of their activities, it needs to be mentioned, that all abovementioned institutions are involved in voicing young famer interests. However, in 4 out of 5 organisation, young farmer agenda is only part of the

general agenda. Only the Young Agrarian Society of the Czech Republic is exclusively focused on the topic. Thus, on the Figure 1 below, only The Young Agrarians' Society of the Czech Republic is highlighted even though there are not the only lobbyist on the national and the European level.

The Young Agrarians' Society of the Czech Republic is non-government organization, which try to assert the interests of our members, gather and protect young agriculture community and the rural youth. It represents all the young farmers in agricultural policy. The organisation succeeded during preparation and consultation for the implementation of European programmes into national strategy together with the Czech Ministry of Agriculture.

The payment for young farmers is legislatively based on Regulation (EU) No 1306/2013 of the European Parliament and of the Council, as amended, Regulation (EU) No 1307/2013 of the European Parliament and of the Council, as amended, and their implementing rules, and Government Regulation No. 50/2015 Coll., as amended. Over the years, we observe increasing number of applications of farmers with age of 40 or lower. All young farmers with are eligible to receive this money for the first 90 hectares for a maximum of 5 years. From the 1st pillar of the Common Agricultural Policy, in the Czech Republic was paid over 22 million EUR on direct payments in the financial perspective 2014-2020. As observable, the payment increased between 2017 and 2018, also due to successful policy intervention of YAS CR at the national level. While in the 1st pillar young farmer allocation for the 2014 – 2020 was 2% of the overall envelope, for the 2021 – 2027 3% contribution is expected.

Table 1: Specific 1st pillar support for young farmers, Czech Republic, MFF 2014 - 2020

Year	Support per ha of agricultural land		No of applications	Support paid in total	
	CZK	EUR		ths. CZK	ths. EUR
2016	878	32.5	3,611	59,723	2,210
2017	844	32.5	3,931	64,195	2,471
2018	1,694	65.8	3,995	62,941	2,446
2019	1,697	66.0	5,164	178,964	6,957
2020	1,822	71.7	5,504	205,699	8,096
Total	6,935	268	22,205	571,522	22,180

Source: authors based on SZIF (2020) data

Table 2: Specific 2nd pillar support for young farmers, Czech Republic, MFF 2014 - 2020

Measure Call	Date of the call	No of applications	Applied value (ths. EUR)	Available budget (ths. EUR)	Financing (%)
2nf round	3.5. – 23.5.2016	682	31,550	12,490	40%
4th round	4.4.2017-24.4.2017	478	22,998	11,076	48%
6th round	3. – 23. 4. 2018	377	17,582	13,602	77%
11th round	6. 10. – 27. 10. 2020	212	10,013	9,446	94%
12th round	15. 6. - 13. 7. 2021	N/A	N/A	N/A	

Source: authors based on SZIF (2020) data

The second pillar is related to Rural Development programme of the EU (Measure M6.1.1) Here the support is provided as an investment grant which shall support realisation of the business plan. Grant provided in 3 tranches to newly established micro or small farms of people below 41 years of age allowed to source the maximal amount of approx. 45 thousand euros. Eligible costs were almost any related to the presented business plan, only limits were given to specific investment categories – i.e. machinery maximum 45% of the grant, maximum 45% purchase of real estate, etc.

Measure 6.1.1. belong among so called “project measures” where the best possible projects are selected for financing. Competition is organised in rounds, where each round has specific period for applications. The abovementioned measure 6.1.1. was opened five times, last in 2021 (still no data available). In the first four call rounds, total application exceeds 82 million EUR, while financed was over 46.6 million EUR (57%).

The forthcoming changes in the CAP will most certainly increase allocation for one application (approximately 65 thousand euros) or more if the farm produce will be further processed into higher value-added product.

As of 31 December 2020, it was closed 1,020 agreements in the total amount of CZK 1,257 million (EUR 49 million). From the beginning of the period to 31.12. 2020 was supported 1020 young farmers to start their active business. In 1,516 registered business plans, the applicant was a natural person (FO), significantly applicants exceeded men (947). From the point of view of the company's production focus (see Figure 2), there were 772 business ones plans for cattle breeding, 353 for mixed production, 326 for field production, 92 for horticulture, 87 for viticulture, 52 business plans were in the field of fruit growing, 35 in pig and poultry farming and 17 in the field of milk production. 50% of the reimbursed funds were directed to companies with production focusing on cattle breeding (CZK 458 million), mixed production (19%) and field production (17%). Within implemented business plans were supported by companies in both areas with natural constrains (670) and without natural constrains (349).

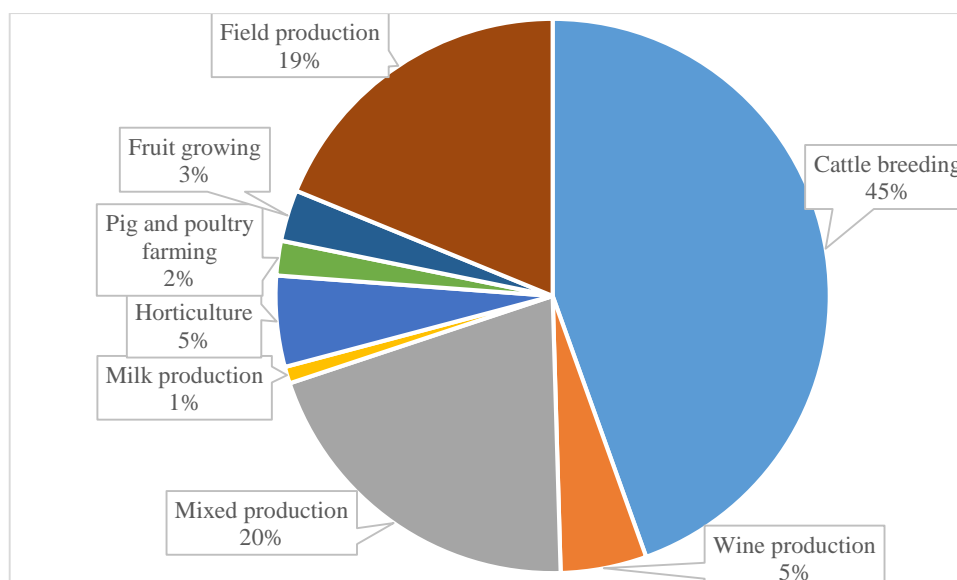


Figure 1: Production focus of newly established and supported (M6.1.1) farms
Source: Authors based on SZIF data.

CONCLUSION

The main aim of this paper was to define the main aspects of the young farmer support policies and programmes applied in the Czech Republic. Alternatively it wanted to identify main support programmes, policy actors and development trends toward family farm succession and young farmer attraction in the Czech Republic.

Three research questions were asked. The first questioned the most influential important policy actors in the policy framing and formulation? Here we have to identify the EU process to be the most important, as the instruments are directly related to the EU legislation. Moreover, at the national level ministry and paying agency has possibility to adjust the instrument in respect to national specifics, needs and political preferences. National as well as European decisions could be influenced by several NGOs, i.e., European council of Young Farmers.

From the perspective of the second question (Is the support to young farmers changing over time?), we have to admit, that the programmes change usually with each Multiannual Financial Perspective. In the MFF 2007-2013, the programme for young were combined with the programmes of early retirements. On the other hand, proposed post 2022 changes to CAP expect the budget spend on young to be further increased but without significant changes in support characteristics.

Question number three (Is there significant number of applicants, who wish to start farming activities in the Czech Republic?) is positively answered. We observed large number of individuals who are willing to start farming activities. In 2020, over 5 thousand farming subjects were entitled to 1st pillar flat rate support. As the number was growing over time, we could conclude, that number of active farmers below 40 increased over the observed period.

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