IMPACTS OF RDP FINANCIAL AID SUPPORTS FOR SETTING UP YOUNG FARMERS SCHEME

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Abstract: *The purpose of this study is to do an analysis of fund spending acquired from the 112 measure: Setting up of young farmers (Rural Development Programme 2007-2013). Business start-up aid for young farmers, in the area of the Institute of Agriculture and Forestry (IAF) Celje between 2007-2015. An overview of the number of young transferees by tender (years) and stations was carried out. In these years, there were 794 young transferees in the area of the IAF Celje. The obtained data from the survey questionnaire was examined and analysed using descriptive statistics. As expected, the young transferees spent the most funds (34.49%) on the purchase of agricultural machinery and hardware. 31.08% were spent on investments in stalls and related equipment. Furthermore, different correlations between ordinal and nominal variables were tested with Kendall's correlation coefficient and the Hi-square test.*

Key words: *young transferees, Rural Development Programme, measures, financial aid usage*

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1. Introduction

The educational and age structure of farmers are unfavourable from the agricultural development perspective in Slovenia. Although younger farmers have a higher education level and are potentially better qualified to adapt to technological changes and market conditions. This statement is worrying regarding to the picture of the present farmer population. Life transitions between generations in farm families are not only important from the social point of view of the farm household, but also from the development or decline of family farming processes (Kovacic & Udovc, 2003; Knezevic Hocevar & Cernic Istenic, 2010; Borec et al., 2013; Prisenk, 2015).

The financial incentives of the European Union as one-off payments to young farmers, present a result of proven significant influence of economic factors on the succession of farms as a measure, are justified but they are only the last stage to increase the number of acquisitions and transfers of Slovenian farms. They are only important when the heir is ensured on the farm and is already well-defined, and when it definitely decides to take over the farm and also for further farming after the takeover, or when the master decides to give the farm a successor in due time. Timely surrender of the farm is linked to the age of the young acquirer (Kerbler, 2011).

The Agricultural and Forestry Chamber of Slovenia (2012) found in the instructions for the implementation of farm investments that the European rural development policy is also giving grants from the European Agricultural Fund for Rural Development in order to ensure an adequate standard of living for people living and working in rural areas. Based on the development guidelines, which are determined and complemented every seven years (the so-called programming period), the European Commission sets out development priorities and areas for which it will provide financial assistance.

Criteria for the allocation of financial resources also provide financial support to young innovative rural farmers. The share of public support for funds is from 30 to 100%, depending on the individual measure or type of eligible costs. The objectives are: raising the competitiveness of the agricultural and forestry sector, maintaining and securing new jobs, protecting the environment and protecting human health and the well-being of animals reported by Janzekovic & Prisenk (2017) and Ministry of Agriculture, Forestry and food, Republic of Slovenia (2010).

The aim of this paper is to analyse the impacts of financial support from RDP measure 112 (Setting up of young farmers) with statistical analysis approach. The paper is structured from material and methods section where authors explain input data collection process and methodology approach. Further under the results and discussion section statistical significant correlations are explained. Last but not least the paper concluded with conclusion section where ideas for further research activities are explained.

2. Materials and methods

2.1 Data sources

Data have been collected from Rural development program 2007-2015, based on the data from Measure 112 – Setting up of young farmers. The main source of data was Agency of the Republic of Slovenia for Agricultural Markets and Rural Development (2017), subsystem of ministry of agriculture, forestry and food from Republic of Slovenia. On Figure 1 the distribution of beneficiaries from Slovenia form measure 112 can be seen.

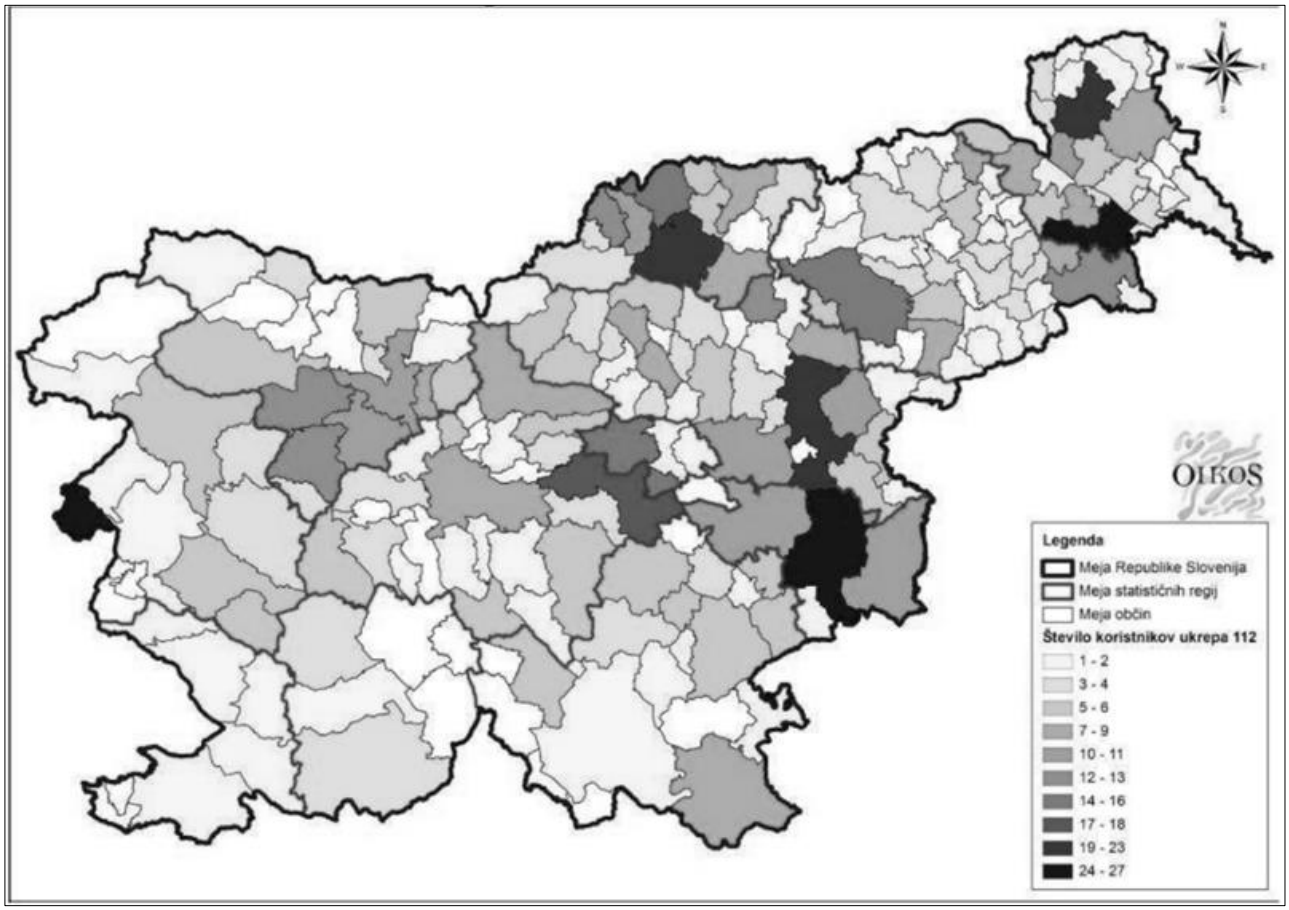

Fig. 1. Geographical distribution of beneficiaries included in measure 112 (source: www.sdeval.si).

We obtained data from all farmers who were granted and paid out from measure 112, including information from which municipality the farmer is and how much funds were assigned to each farmer. The data also contain the agricultural land in use, including the forest. All other data were obtained through the surveys which were sent to young farmers. We received information from 195 farmers that we could include in the analysis.

2.2 Methodology

Data received from the Agency of the Republic of Slovenia for Agricultural Markets and Rural Development (2017) were suitable to distribute the acquirers according to tenders and institutions.

We found which municipalities are covered by individual institutions. In table 1 we present the number of transferees and municipalities by institutions which get founds from measure 112.

Altogether, 8 IAFs are covering Slovenia and we collected data from the biggest one (IAF Celje).

	Number of transferees	**Number of municipalities**
IAF Celje	794	40
IAF Kranj	222	17
IAF Ljubljana	341	34
IAF Maribor	105	12
IAF Murska Sobota	383	26
IAF Nova Gorica	231	21
IAF Novo mesto	305	19
IAF Ptuj	425	34
Total	2806	203

Tab. 1. Number of transferees and municipalities by institutions

In table 2 we collected the whole amount of payments and number of transferees between 2007-2015 from measure 112 in IAF Celje.

Year	**Number of transferees**	**Total amount of payments (€)**
2007	84	1.750.000
2008	103	2.111.400
2009	166	3.054.200
2011	95	1.919.000
2012	133	2.946.200
2013	55	1.108.400
2014	116	2.453.800
2015	42	1.573.200
Total	794	16.916.200

Tab. 2. Young transferees and total amount of payments (€) between 2007-2015 from RDP measure 112.

The data from the surveys were analysed using descriptive statistics, thus obtaining data on how the funds were used.

In the statistical program SPSS we made a non-parametric correlation between the ordinal variables “no. of active workers” and “estimated NET income” and the nominal variable “socio-economic type”.

3. Results and discussion

3.1 Statistical analysis of surveys

One of the main objectives of our analysis of the collected data was to determine how the young farmers distributed the funds.

In Table 3, we can see that most of the funds were spent on purchasing agricultural machinery and hardware, followed by investments in stalls and related equipment. 4 questionnaires were not answered, therefore in this case, 191 questionnaires were analysed.

Type of investment	%
Investments in stall and equipment	31,08
Investment in feed depot and equipment	8,12
Other facilities with associated equipment for the production of agricultural products	1,70
Honey production	1,09
Facilities for storing agricultural machinery	5,83
Purchase and installation of greenhouses and equipment	0,53
Purchase of agricultural land	1,54
Layout restructuring of orchards, olive groves and hop-fields	1,26
Purchase and installation of anti-rolling nets	0,88
Placement of pastures	2,70
Execution of agro melioration works	1,18
Irrigation infrastructure	0,37
Efficient use of energy and renewable resources	0,76
Road and water infrastructure	4,50
General costs of the project	0,94
Purchase of agricultural machinery and hardware	34,49
Other	3,04

Tab. 3. Purpose of funds spending in %

3.2 Multivariate analysis

Table 4 shows the nonparametric correlation results calculated by Kendall's correlation coefficient. The correlations of the ordinal variables “no. of active workers” and “estimated NET income” has been calculated.

Kendall's correlation coefficient is -0.49 at a significant value of 0.435. The significant value is thus greater than 0.05, which means that we cannot speak of the connection between “no. of active workers” and “estimated NET income”.

			No. of active workers	Estimated NET income
Kendall's tau_b	"no. of active workers"	Correlation coefficients	1,000	-,049**
		Sig	.	,435
		N	194	193
	"estimated NET income"	Correlation coefficients	-,049**	1,000
		Sig.	,435	.
		N	193	194

Tab. 4. Results of nonparametric correlation tested with Kendall´ correlation coefficients (Legend: **significant correlation at 0.05 value; N – number of observed unit; Sig. – Significance)

The relationship between variables with nominal and ordinal values was determined by the Hi-square test. Table 5 shows the relationship between the nominal variable "socio-economic type" and the ordinal number "no. of active workers".

A significant value at a 5% risk level is 0.59 and about the statistical characteristics between "socio-economic type" and "no. of active workers" is unable to talk about it.

	Value	Sig.
Pearson Chi-Square	16,918[a]	,076
Likelihood Ratio	17,780	,059
Linear-by-Linear Association	4,890	,027

Tab. 5. Results of the hi-square test between the "socio-economic type" and "no. employed people"

Table 6 shows the correlation between the nominal variable "socio-economic type" and the ordinal variable "estimated NET income".

A significant value at a 5% risk level is 0.000 and indicating the correlation between the mentioned variables.

We can say that the socio-economic type of the farm (pure, mixed, and complementary) is associated with the farm net income from the agricultural activity.

	Value	Sig.
Pearson Chi-Square	50,470[a]	,000
Likelihood Ratio	56,561	,000
Linear-by-Linear Association	42,837	,000

Tab. 6. Results of the hi-squared tests between "socio-economic type" and "estimated NET income"

4. Conclusion

Most of the funds were paid out in the 3rd call for tenders, then there were also the majority of the beneficiaries of the funds. By gender, there are 159 male respondents. The average age of respondents is 37.56 years old. Prevalent owners with secondary education are predominant, and most of the farms are in the size of the forest in the category from 0 to 10 ha and the size of cultivated areas in the category from 7 to 14 ha. The average size of the surveyed farm is 30.53 ha. Mixed farms and farms dominate up to 500 m above sea level. Most often there are 2 or 3 people in the farm. The majority of acquirers estimated their NET income from agricultural activity in the amount up to 500€ per month.

These results give clear answer on the research question of this paper, which has main highlight if the measure 112 from RDP 20017-2013 had impacts on farm development process. These results have been achieved through descriptive statistical analysis and multivariate analysis in this paper.

As expected, young contractors invested most of their funds in the purchase of agricultural machinery, and immediately afterwards for investments in stalls and related equipment. From the results we can conclude that the agricultural machinery of young acquirers is well updated and that a few stalls have been built or renovated. Despite the concerns of some of the machines parks on Slovenian farms, young acquirers used the funds as they were allowed.

Certainly, the analysed measure can be assessed as successful and meaningful in the rural development program. The respondents' opinions regarding the measure were both positive and negative, but there were several of them. Most of the respondents are critical to the management of the necessary documents, which should be simplified, since it now takes too much time, especially during the season, when work on the farms is overnight, and in the evening there is no time and energy to fill in and manage the necessary documents.

Given the required size of the farm in the new RDP, the hill application for the tender is out of the hilly farms, which could help them to facilitate work on the farm, already in the case of the processing of steep surfaces that would require mountain mechanization. Likewise the main activity and income of many farms from hilly regions represent the forest, so it should be considered to be included in the tender, since the arable land does not have as much as required by the tender and do not have the opportunity to apply.

There will also be changes in the field of subsidizing and the actual state of practice in the field of land cultivation. Thus, it would be necessary to prevent the granting of subsidies to those owners who do not process the land. So the subsidies should belong to the one who processes the soil, so some would also have the opportunity to apply for a tender for a young acquirer.

The limitations of this research is in methodological approach used in this paper. With using more complex statistical analysis the results of the paper could be more precisely. This could be also the one of the challenge for further research. As well as the methodological approach, the impacts of several other measures from RDP could be included in analysing the improvement of farmer’s status.

Further research challenges can be recognize in developing econometric models for complex assessment also another important RDP measures with the impacts on social-economic situation of farmers.

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