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Project for the Encouragement of Youth to Stay in Rural Areas

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1. Objectives of the Project

The main objective of the project is to contribute to the restructuring of Cypriot agriculture in such a way that will facilitate the more efficient use of the limited natural resources as well as the best utilization of the prospects created by the implementation of a number of agricultural development projects. The project also aims at the revitalization of the rural areas, mainly the poorest hilly and semi-hilly regions, and the betterment of the standard of living and the welfare of the rural population.

The project's objectives is expected to be attained by the employment in agriculture of as many as possible young people on a viable economic basis, through the provision to them of the necessary means and knowledge. The full exploitation of the opportunities provided by the agricultural development projects requires additional labor, special knowledge and mainly proper management capabilities which characterize educated and progressive young people.

2. Provisions of the Project

The project, which was initiated in 1989, provides for the following:

- financial assistance through long-term low interest loans for the creation of viable agricultural and animal husbandry units in sectors encouraged by the Ministry of Agriculture and natural Resources, according to the government agricultural policy;
- training allowance to eligible young persons to participate in the project for a period of up to three months.

A. Loans

For the first two years (1989–1990), loans of up to 7,000 Cypriot pounds (\$14,000) were provided through the project for the establishment of viable units in the sectors of agriculture, animal husbandry and agroindustry. Since 1991, the maximum amount provided as loan was increased to 8,000 Cypriot pounds per unit.

The loan is expected to cover 75% of the total investment cost for the establishment of the unit. Since 1991, about 10% of the variable cost of the first year can be considered (in addition to the investment cost) for the estimate of the amount of the loan.

The loans are issued to approved applicants in 2–3 instalments according to the progress of work for the establishment of the unit (supervised credit).

An additional loan of up to 5,000 Cypriot pounds is provided for the purchase of farm land (for those with little or without any land).

Repayment of loans will start following a grace period of 2 to 5 years depending on the time needed for the newly established farm to have a satisfactory income.

The collateral needed for the loan is provided by the participants themselves, their wife/husband or their parents (for single persons), while for the refugees, who do not possess any immovable property for loan security purposes, government guarantee is provided. Since 1992, this provision is extended to cover all those who in fact do not possess satisfactory, or any, property for loan security purposes.

B. Training

Project participants, unless they have adequate knowledge in the respective fields of their employment, is recommended to participate in courses organized by the Department of Agriculture of the Ministry of Agriculture and Natural Resources for a period of 1–3 months with a subsistence allowance of 150 Cypriot pounds per month. Until the end of 1990, the allowance was 100 Cypriot pounds per month.

3. Criteria for Participation in the Project

- The project covers all the rural areas. Urban areas, as they are specified by the Town Planning and Housing Law, are excluded.
- Young people participating in the project should have decided to live in a rural area and to be employed as full-time farmers. Loans are also provided to young part-time farmers who are permanently residing in rural areas and are willing to expand their activities and to become full-time farmers.
- Participants should be up to 35 years old, preferably married, and should have their residence in the vicinity of their farm. Flexibility regarding the age and marriage criteria is allowed in exceptional cases.
- The applicants are free to choose the kind of unit they wish to establish (and proceed with the establishment of agricultural and/or livestock units or agroindustries), provided that it falls within the government's agricultural policy.
- Each application should be accompanied by an appropriate agro-economic study, which is presented to the Loan Committee for approval. For the preparation of these studies, the young people have the help and guidance of the Agricultural Extension Officers.
- The loans should be launched by the Department of Agriculture and should be issued by the Central Cooperative Bank at 7% interest rate. In the case of the establishment of farms with permanent crops and in the case of land purchase and the establishment of any kind of agricultural/livestock units, the repayment of the loans is extended to 15 years with a grace period of 5 years taking into account:
 - the need for soil conservation works,
 - the kind of the farm/unit and the time needed for generation of income, and
 - the financial condition of the participant.

In all other cases, the loans will be repaid in 10 years which includes a 2-year grace period.

- The loans will cover 75% of the total initial cost, and will be issued in stages in the form of supervised credit by the Department of Agriculture.
- The Department of Agriculture will offer practical and theoretical training to the participants for a period of up to 3 months and will provide to the trainees an allowance of 150 Cypriot pounds per month.
- All participants, with the help and guidance of the Department of Agriculture, should keep farm management records, in order to be able to evaluate their performance.

4. Accomplishments for 1989–1991

During the first years of the project implementation an amount of 297,000 Cypriot pounds was issued as loans to 45 interested young persons through the Central Cooperative Bank.

More than one-third of the participants were involved with the cultivation of deciduous fruit trees on mountainous areas. The other sectors of involvement are, in order of preference, sheep and goats raising, vegetables, raising of rabbits, citrus, dairy, mushrooms, fruits and vegetables preservation, sausage making, production of rose-water, farm machinery and cold storage of fruits and vegetables.

An evaluation study was conducted in 1991 after the first two years of the implementation of the project in an effort to find out, in an early stage, possible problems and to make suggestions to the Services involved for necessary action.

Some of these suggestions which were adopted by the Council of Ministers or the Planning Bureau and the Ministry of Finance were:

- increase of the amount provided as loan from 7,000 to 8,000 Cypriot pounds,
- increase of the allowance for training from 100 to 150 Cypriot pounds,
- flexibility to include 10% of the first year variable cost for the estimate of the amount of the loan,
- provision of government guarantee for non-refugees as well, provided that they do not possess satisfactory, or any, property for loan security purposes,
- provision of an extra amount of 2,000 Cypriot pounds as loan for each additional person in the cases of cooperative or group farms, in an effort to encourage the establishment of large viable farms/units (e.g., 1,800 Cypriot pounds for two persons).

Some other conclusions and recommendations of the project evaluation, which are under study, are the following:

- the process, from the stage of application for participation in the project to the stage of issue of the loan, should be simplified,
- the amount of loan for the establishment of the unit should be increased from 8,000 to 15,000 Cypriot pounds in order to satisfy to a greater extent the increasing needs for the establishment of a viable unit,
- insurance of the established farms/units against all dangers and/or calamities through the Central Cooperative Bank, the Agricultural Insurance Organization or any other suitable agency,
- provision of more incentives for participation in the project (e.g., an interest rate of 4–5% instead of 7%, i.e., greater subsidy on the interest rate).

5. Conclusions

The project for the encouragement of youth to stay in rural areas has helped so that a satisfactory number of young persons remained in the countryside and sought employment in the broad agricultural sector.

Monitoring and evaluation of the project implementation and impact should be continuous, in order to be in a position to take all necessary measures at the right time for its unhindered and successful promotion.

