

LATVIA

Farm performance, restructuring & modernisation

Location

Valmiera

Programming period

2014 – 2020

Priority

P2 – Competitiveness

Measure

M4 – Investments in physical assets

Funding (EUR)

Total budget 1 000 000
RDP contribution 220 000
Private 780 000

Project duration

2016 – 2018

Project promoter

LPKS VAKS

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A dynamic agricultural cooperative used Rural Development Programme support for the setting up of a modern seed processing facility in order to enhance its competitiveness.

Summary

A dynamic agricultural cooperative decided to invest in a modern facility for producing high quality seeds for its members and as a result it become more competitive both in the domestic and foreign markets.

RDP support contributed to the construction of this new facility which consists of a new modern seed bank, a warehouse, two dryers, towers (2 200 m³) for seed separation and an area for cleaning, sorting and storing the produced seeds of 2 100 m².



Results

The investments helped the cooperative to increase its economic performance. Its income (net turnover from seed sales) amounted to EUR 2.63 million in 2016. In 2017, it increased to EUR 2.85 million and in 2018, it reached EUR 4.21 million.

Between 30 to 35 farms are directly involved.

Four full time jobs were created, along with another four seasonal jobs.

Lessons & Recommendations

- ❑ From an economic point of view, the seed production will remain a profitable activity along the other services offered by the cooperative.
- ❑ The implementation of this project also generated valuable experience for the cooperative in acquiring and developing new knowledge.
- ❑ Good cooperation was key to the success of the cooperative both in this project and in general. The ideas and suggestions of members made it possible to make the company competitive.

Context

The agricultural cooperative LPKS VAKS supplies its 538 members with raw materials, chemicals, fertilisers, machinery, seeds, spare parts and also agronomic and financial advice. In addition, it buys their produce, carries out the pre-processing of the products and makes the sale. The cooperative also had a small seed bank which was kept in a small storage complex. The seeds were available to all the cooperative's members in case of need. However, as the cooperative kept growing, it became necessary to ensure greater volumes of certified and good quality high-yielding seeds.

Objectives

The main objective of this project was to facilitate the growth of the cooperative, by enabling it to reproduce high quality seed material that is competitive not only in Latvia, but also in the European and international markets.

Activities

This project is the first of its kind in Latvia as it involved the successful cooperation between the cooperative and the Research Institute to set up a facility for producing and testing quality seeds. The idea for such a complex project emerged in 2016 and design work was launched. Construction work begun in 2017 and was completed in the same year.

The new facility consists of a new modern seed bank, a warehouse, two dryers, towers of 2 200 m³ for seed separation of and an area for cleaning, sorting and storing the produced seeds of 2 100 m².

In 2018, part of the total costs were covered using the cooperative's capital but also attracted additional funding to further increase the capacity of the complex. The etching plants are kept in a space with controlled temperature so that the seed production can take place throughout the year. The cooperative also installed a dust-gatherer, ventilation and a conveyor type dryer.

Main results

No other co-op in Latvia has such a modern seed complex.

This investment has generated additional profits to the co-op, new jobs, and improved the competitiveness of the co-op not only in Latvia but also in foreign markets.

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Key lessons

From an economic point of view, the seed industry will, in the long run, be a profitable sector along the other services offered by the cooperative.

Apart from greatly increasing the cooperative's profits, the implementation of this project also generated valuable experience for the cooperative in acquiring and developing new knowledge.

Good cooperation was key to the success of the cooperative. The cooperative involves around 600 farmers in Vidzeme and Latgale regions and they are all co-owners. Thanks to their ideas and suggestions it has been possible to make the company competitive. The cooperative is also working with local authorities to organise experience exchange programmes.

Additional sources of information

www.youtube.com/watch?v=4p0toj1tpJ4&feature=youtu.be

www.facebook.com/LPKSVAKS/