



Investments and economic development in Estonian agriculture

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Investments in Estonian Agricultural Sector



- Sentafarm OÜ (established 2005): 50% owner and member of the executive board. Sentafarm lies on the Latvian border, 300 km from the capital - Tallinn. 500 ha of land and 280 Angus beef cattle. Estonia's first butcher's shop with a restaurant dedicated to grass-fed and dry aged beef, opened in April, in Tartu, Ülikooli 2. Lihuniku Äri has its own butcher, who cuts meat for customers daily.
- Luha Lihatööstus OÜ - 20% owner and member of the executive board. Modernised meat factory with the capacity of 600 t/per month, bought in December 2016. Targeted to produce products with eco certification from Estonian beef, lamb and game animals.
- NPO Liivimaa Lihaveis - (established 2010): Founder member and member of the executive board. Producers organisation established to market and promote Estonian eco grass-fed beef. Manager of Estonian only active quality scheme "certified grass-fed beef".



Investments in Estonian agricultural sector



- It is evident that, as long as the investment support to the agricultural sector will not be prioritised on the basis of strategical goals, the investment support will hold a rather small impact to the sector in general. Furthermore as the support resources are limited, it will instead generate inequality among the entrepreneurs.
- Moreover if the aforementioned prioritisation will not be applied, financial instrument will stay disfavoured. If there is a possibility to apply for aid, alternatives will not be favoured.



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- The rules of a financial instrument need to be flexible and they should never model those of aid's own requirements, which are written in RDP.
- Financial instrument may be targeted to the co-loaning principle, however this should not be the only option. Its ambition should lay in dealing with sectors or operations, which are currently encountering market failure. Investments with higher risk or which in a certain market setting would not be granted with a positive loan decision, should be area of the financial instrument.



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- The purchase of Luha Lihatööstus OÜ total assets was mainly possible due to the existence of the financial instrument. Corporative banking has become rigid and bureaucratic, so in a situation, where the market in the meat processing sector is satiated and the competition is tight financial instrument is the only option. The feel on individuality and differentiation can hardly be seen, on the other hand, institution which runs the financial instrument by definition senses the uniqueness.
- Sentafarm OÜ would have also combined the short supply chain aid with the financial instrument, however it was not possible in Estonia. Unfortunately it was seen that the financial instrument can not finance as inventive and innovative investments as were the farmers own butchery and restaurant, in the city, directly to the buyer.





Thank you for your attention!



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