



Factsheet on 2014-2020 Rural Development Programme for Latvia

The Rural Development Programme (RDP) for Latvia was formally adopted by the European Commission on 13 February 2015 and last amended on 2 October 2018. It outlines Latvia's priorities for using around € 1.5 billion of public money that is available from 2014-2020 (nearly € 1.08 billion from the EU budget and nearly € 500 million from national funding).

The main focus is to improve the competitiveness of Latvian farmers and rural enterprises by improving their infrastructure and providing consulting and training services. At least 3600 farmers will receive support to modernise and restructure their farms, with a view to increasing their market participation and orientation as well as diversifying their production. The programme will facilitate the conversion to organic farming and the development of existing organic farms, with the aim of having at least 2 700 ha of farmland under organic farming. The programme will support the development and implementation of 35 Local Action Groups, covering around 94 % of the rural population. This LEADER approach is expected to create at least 200 new jobs in rural areas. An additional 140 new jobs will be created by supporting diversification and SMEs. Significant support will be provided to risk management covering almost 5% of farms. Support will also be made available to restore farms which have been damaged by natural disasters and catastrophic events. This will include introducing appropriate prevention actions.

Support for Rural Development (RD) is the 2nd Pillar of the Common Agricultural Policy. It provides Member States with an envelope of EU funding, to manage nationally or regionally, under multi-annual, co-funded programmes. In total, 118 programmes are foreseen in all 28 Member States. The RD Regulation for the 2014-2020 period addresses six economic, environmental and social priorities. Programmes contain clear targets setting out what is to be achieved. To better coordinate actions and maximise synergies with the other European Structural & Investment Funds (ESIF), a Partnership Agreement has been agreed with each Member State highlighting its broad strategy for EU-funded structural investment.

This document provides a brief overview of how the challenges and opportunities faced by Latvia are addressed by the RDP. In the annex, a table indicates the priorities and focus areas each with their specific targets and their allocated budgets.

1. SITUATION AND KEY CHALLENGES

Latvia covers an area of 64 573 km². Around 30% is agricultural area and more than 54% is forest. The population is 1 986 000 million of which 22.2% live in rural areas.

In recent years, despite the financial and economic crisis, Latvia has managed to raise its competitiveness, productivity and added value in agriculture, food production, and

forestry. Agriculture and forestry remain a major source of employment in rural areas, although since 2007 the number of people employed in agriculture (174 000) has decreased by 20%. In Latvia, the number of farms larger than 10 ha has grown by 10% since 2005 along with registered agricultural area (+18% since 2007). The number of farms, however, has fallen by 18 % since 2007.

Despite some positive signs, growth in these sectors is held back by several factors – the low professional qualification of employees in agriculture and forestry, an insufficient use of innovative solutions, a high proportion of semi-subsistence farms and the low competitiveness of enterprises and farms. In addition, risk management systems are undeveloped and there is a lack of cooperation between farms, enterprises and research institutions. Regarding energy infrastructure in the rural areas, this is either inadequate or inefficient. The quality of soil tends to be low and this is further factor that limits the productivity of farming.

Farmers and entrepreneurs lack substantial knowledge and skills on subjects such as environmental protection, management and marketing. This affects their opportunities to add value to their products and improve their competitiveness. A majority of farm workers have only work experience and no formal qualifications. Few farm managers have attended a training course (e.g. 12% in 2013).

A majority of farmers have limited financial resources with which to modernise their farms. In 2013 the country had a high share of semi-subsistence farms (56.5% or ~46 000 farms) where the main source of income is direct payments under the 1st Pillar of the CAP (59% of income).

In 2013 only 28 000 farms (34 %) were market-oriented. However, as productivity and added value of products remain among the lowest in the EU, the overall level of competitiveness remains below the EU average. The productivity of the farmland is also affected by low soil fertility and natural and specific constraints. These reduce the length of the growing season and increase the risk that farmers will make a financial loss.

Underdeveloped cooperation between educational actors, research institutions, farmers and entrepreneurs limits the introduction and development of innovations. Agriculture and forestry are also affected by underdeveloped supply chains and cooperation among enterprises, particularly outside the milk and arable sectors.

Outdated drainage systems have considerable impact on the productivity and sustainability of farms and forests and can lead to soil degradation. Insufficient risk management systems (in the event of natural disasters or catastrophic events) and the natural constraints affecting most of the country, mean that the development of agriculture and forestry remains a substantial challenge.

2. HOW THE RDP WILL ADDRESS THESE CHALLENGES

In addressing these challenges, the RDP of Latvia will fund action under all Rural Development Priorities, with the main focus being on Priority 4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry. Under this priority, forests and farms will be managed in a more environmentally-friendly manner. Measures will be taken to ensure compliance with the Water Framework Directive.

The focus and expected achievements of the programme are explained briefly below.

Knowledge transfer and innovation in agriculture, forestry and rural areas

The programme aims to raise the professional qualifications and skills of farmers and agricultural/forestry entrepreneurs by investing around 1.6% of the RDP funding. The objective is to increase farmers' knowledge about efficient production, environmental and climate-friendly resource management methods and to create cooperation opportunities between farmers and researchers.

Competitiveness of agri sector and sustainable forestry

The programme will facilitate the introduction of contemporary and innovative technologies in both farm management and production systems. Nearly 6 % of farmers will receive investment support to modernise and restructure their farms. Specific measures are also foreseen to attract more young farmers into the sector.

Food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture

The RDP will support the diversification of agri-related businesses and facilitate the development of around 10 producers groups by involving at least 115 farms. Particular attention will be paid to reduce the impact that natural disasters and catastrophic events have on farms and agricultural/forestry businesses. The programme will support preventive actions and risk management on nearly 5% of farms.

Restoring, preserving and enhancing ecosystems related to agriculture and forestry

This is the main priority of the RDP. 14% of the agricultural area will come under contract for biodiversity, 17% for water management and 17% for soil management.

Resource efficiency and climate

The RDP will boost the introduction of energy-efficient technologies in agriculture and forestry and will develop energy infrastructure in the rural areas. 10% of agricultural land will be under contract for GHG and NH₃ reduction. Under this priority, production of renewable energy from waste and by-products will be supported. Outdated drainage systems will be rebuilt and reconstructed.

Social inclusion and local development in rural areas

The RDP will promote the development of small and medium enterprises in rural areas. This will create 140 new jobs. In addition, support for 35 Local Action Groups and the implementation of their strategies will create 200 new jobs. The priority will improve living conditions in rural areas and cover around 94 % of the rural population.

The 4 **most important RDP measures** in budgetary terms (total public funding) are:

- More than € 535 million allocated for Measure 4: Investments in physical assets
- More than € 250 million allocated for Measure 13: Areas facing natural constraints
- More than € 190 million allocated for Measure 11: Organic Farming
- More than € 125 million allocated to Measure 7: Basic services and village renewal in rural areas.

Annex: Indicative public support for the Latvian Rural Development Programme

	Measure	Public Allocations	%
Priority1: Knowledge transfer and innovation ¹			
1A - Innovation, cooperation, knowledge % RDP expenditure: 2.84	M01 – Knowledge, M02- Advisory services		
1B – Strengthening the links N° cooperation operations: 65	M16 - Cooperation		
1C - Lifelong learning and vocational training N° training participants: 14 000	M01 - Knowledge		
P2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests		506 229 287	32.06
2A - Farm performance % farms with RDP support: 4.44	M01 - Knowledge	6 688 040	0.42
	M02 - Advisory services	3 133 557	0.20
	M04 - Investments	416 187 008	28.36
	M06 - Farm and business development	42 752 336	2.71
	M16 - Cooperation	21 663 034	1.37
2B - New farmers % farms with RDP support for YF: 0.42	M06 - Farm and business development	15 805 312	1.00
P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture		93 431 601	5.92
3A - Competitiveness of producers % of farms supported: 0.14	M04 - Investments	75 651 414	4.79
	M09 - Producer groups / organisations	780 187	0.05
3B - Risk management % of farms supported: 4.92	M05 - Restoring agricultural potential	5 000 000	0.32
	M17 - Risk management	12 000 000	0.76
P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry		580 644 817	36.77
4A - Biodiversity, HNV and landscapes -% UAA under contract: 14.59 -% forestry land under contract:1.15 4B - Water management % UAA under contract: 16.59 4C - Soil management % UAA under contract: 16.59	M01 - Knowledge	6 688 039	0.42
	M02 - Advisory services	7 311 632	0.46
	M08 - Forest	5 560 373	0.35
	M10 - AEC	83 789 619	5.31
	M11 - OF	194 279 325	12.30
	M12 - NAT 2000 and WFD	24 093 714	1.53
	M13 - ANC	258 922 115	16.40
P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors		75 078 545	4.75
5B - Energy efficiency € investment: 28 346 212	M04 - Investments	11 338 485	0.72
5C - Renewable energy € investment: 45 700 000	M04 - Investments	16 000 000	1.01
5D - Reducing GHG and NH3 % LU concerned% UAA under contract: 9.48	M04 - Investments	16 436 880	1.04
5E - Carbon conservation / sequestration % UAA under contract: 0.7	M08 - Forest	31 303 180	1.98
P6: Promoting social inclusion, poverty reduction and economic development in rural areas		236 255 704	14.96
6A - Diversification, SMEs and job creation N° jobs created:140	M06 - Farm and business development	30 531 599	1.93
6B - Local development -% rural pop in LDS: 64.51 -% rural pop with improved services / infrastructures: 1.98 -N° jobs created (Leader):200	M07 - Basic services	126 635 591	8.02
	M19 - LEADER and CLLD	79 088 514	5.01
Sum:		1 489 735 576	94.46
Technical Assistance		63 270 808.82	4.01
Transitional arrangements		24 188 822.06	1.53
Overall (EAFRD + national)		1 579 099 584.88	100.00