

## Rural Development Programme (RDP) of Latvia

### Lauku Attīstības programma 2007-2013<sup>1</sup>

(Programme for Development of Rural Regions 2007-2013)

### Relevant Contact Details

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<http://www.zm.gov.lv/>

**Other useful links:**

Rural Development Programme (RDP):

<http://www.zm.gov.lv/index.php?sadaa=1267&id=5864>

National Strategy Plan (NSP):

<http://www.zm.gov.lv/?sadaa=1266>

Latvian National Rural Network (NRN):

<http://www.laukutikls.lv/>



**Map of Latvia**  
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## General socio-economic situation in rural areas in Latvia

Latvia is a Baltic State and covers a territory of 64,589 km<sup>2</sup>, of which 2,543 km<sup>2</sup> are inland waters. The total population amounts to 2,281,305 people. The population is ethnically consisted by Latvians (59%), Russians (28.3%), Belarusians (3.7%) Ukrainians (2.5%), Poles (2.4%), Lithuanians (1.4%) and other nationalities (2.7%). In terms of population density, Latvia is one of the most scarcely populated countries in Europe with 36.1 inhabitants per km<sup>2</sup>.

Agricultural land covers 24,710 km<sup>2</sup> which is relatively unpolluted and is suitable for producing quality products. The competitiveness of Latvian food products is increasing and there is growing demand for organic and higher value added produce. Forests cover 29,503 km<sup>2</sup> of the country's surface and the forestry industry benefits from access to the Baltic Sea, good climate and large resources. However, investments to modernise and facilitate innovations for the sector are limited as well as for infrastructure such as roads and drainage. In addition, the small scale of forest estates and food businesses limits the development of production chains and productivity. Successful product marketing also needs further development.

The environment is rich in protected biotopes and extensive farming protects the valuable grasslands for biodiversity conservation. However, in many areas intensive agriculture has caused soil degradation. In addition, 13.8% of agricultural land is not farmed thus reducing biodiversity and a better system needs to be established in order to protect the sensitive territories, including the Natura 2000 sites. The bioenergy sector is developing and there is availability of land to increase afforestation.

<sup>1</sup> Latest updated RDP, following the adoption of the Health Check and The European Economic Recovery Package

The rate of job seekers in rural areas is lower than in urban areas. However, income levels are almost a third lower than in urban areas and among the rural population there is a shortage of higher education skills and specialists. Local infrastructure is not well developed and this includes tourism, culture and recreation. Furthermore, services needed to cater the rural population do not meet the demand.

## **RDP strategic objectives**

The following overall objectives were chosen in accordance with the European Union Strategic Guidelines (EUSG) and the National Strategic Plan:

- Restructure and modernise the agricultural sector and enhance its competitiveness;
- Promote the gradual transition from income support to activity support such as providing financing for agri-environment measures;
- Improve the quality of life in rural areas;
- Strengthen local governance and initiatives in order to mobilise the potential of rural areas.

Taking into account the additional financing provided by the CAP Health Check and the European Economic Recovery Package greater strategic priority will target 'new challenges', as outlined in the revised 2009 RDP, which will provide additional support for initiatives that address restructuring of the milk sector which received the whole (100%) of the new RDP funds.

## **Expected impact / outcomes of the policies**

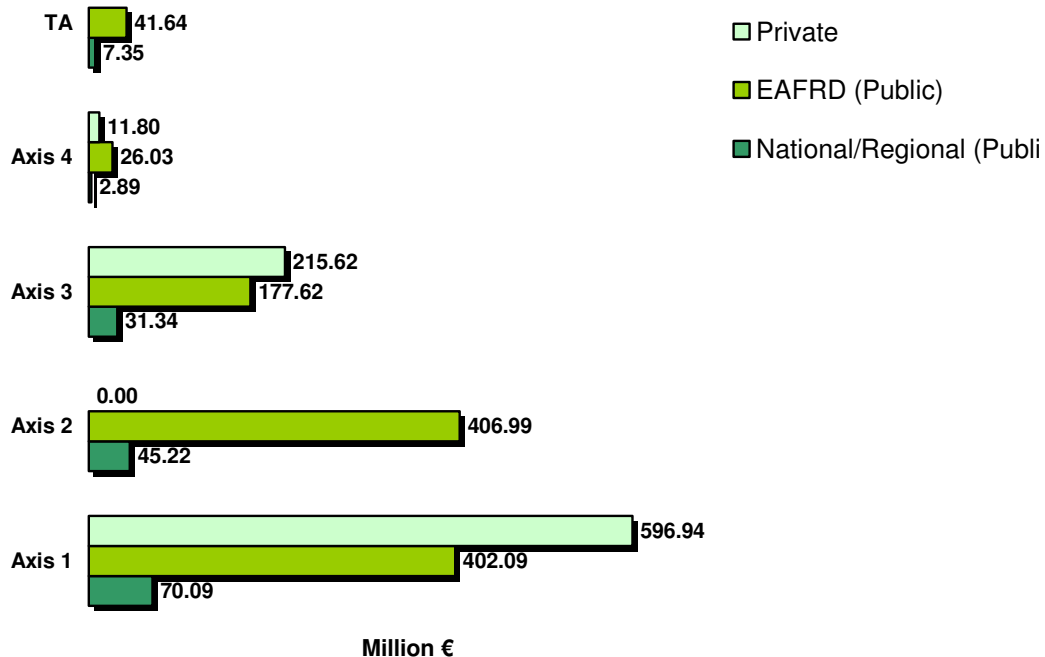
Expected impacts deriving from the Ex-ante evaluation:

- State and rural economy: According to the calculations during the seven years the Programme it is expected that the measures will increase the Gross Domestic Product (GDP) of the specified territory by approximately 8%;
- Agriculture: Taking into account the planned investments, during the seven-year period, the Programme will stimulate the development of the sector, thus increasing its added value by approximately 51%;
- Forestry: The influence of the RDP on the forestry sector is expected to increase its GDP by an average of 1.2% yearly, which is an additional 8.5% in the seven-year period;
- Employment: 6.2 thousand jobs are expected to be created. However, as a result of the restructuring effects of some of the measures, targeted towards the agricultural sector, the number of jobs could decrease in overall by approximately 2.3 thousand;
- Level of income: The annual income of the rural population could increase by approximately €600 by 2013;
- Natural values, biodiversity, and attractive landscapes: As a result of the implemented measures, the land areas under successful environmental management could increase by 305,000 ha;

Following the RDP amendments in 2009, modifications for some measures have been made to the output-indicator targets in order to reflect the increased emphasis on restructuring the milk sector. These amendments include targets related to measure 121 (75 holdings receiving support for investments related to dairy production); measure 123 (5 supported

enterprises in relation to improvements of processing and marketing in the milk sector). Detailed information on impact indicators for individual measures is provided in the RDP indicator tables.

### RDP budget breakdown by axis: Total expenditure (including national + EAFRD + private funding) of €2,035,636,340



The RDP budget allocations are broadly divided into four main areas of expenditure, known as axes (namely: Improving the competitiveness of the agricultural and forestry sector; Improving the environment and the countryside; Quality of life in rural areas and diversification of the rural economy; and Leader). Approximately 53% of the updated RDP budget in Latvia is allocated to axis 1 (€1,069.12 million); approximately 22.21% is allocated to axis 2 (€452.22 million), 21% to axis 3 (€424.59 million) and 2% to axis 4 (€40.72 million), with 2% available to fund Technical Assistance (€48.99 million).

Within axis 1, National public funding represents approximately 7% share of the axis funding; EAFRD 38%; and private funds 56%.

Within axis 2, National public funding represents approximately 10% share of the axis funding; EAFRD 90%; and private funds 0%.

Within axis 3, National public funding represents approximately 7% share of the axis funding; EAFRD 42% and private funds 51%.

Within axis 4, National public funding represents approximately 7% share of the axis funding;

EAFRD 64%; and private funds 29%.

Within technical assistance, National public funding represents approximately 15% share of the technical assistance funding and EAFRD 85%.

As a consequence of the 2009 RDP amendments, Latvia has been assigned a total of €14,733,333 (including €13,260,000 EAFRD and a further €1,473,333 national public funds) which is targeted at initiatives to address the restructuring of the dairy sector.

## Axis Information<sup>2</sup>

### ***Axis 1 objectives: Improving the competitiveness of the agricultural and forestry sector***

#### Specific objectives:

- Technological development of production and processing within the agriculture sector, increasing the value added of the final products and enhancement of the role of the farms in producing quality products;
- Development of organic and integrated agricultural systems by developing processing and marketing of organic and integrated products;
- Investments in the improvement of environmental infrastructure for agricultural companies;
- Significant improvement of the recycling processes for the by-products produced in the agricultural sector;
- Improvement of the knowledge and skills of employees in agriculture and forest sectors;
- Development of producer groups (through promoting cooperation), in order to improve the competitiveness of individual agricultural businesses with a view to reduce their own production costs and increase and stabilise their incomes.

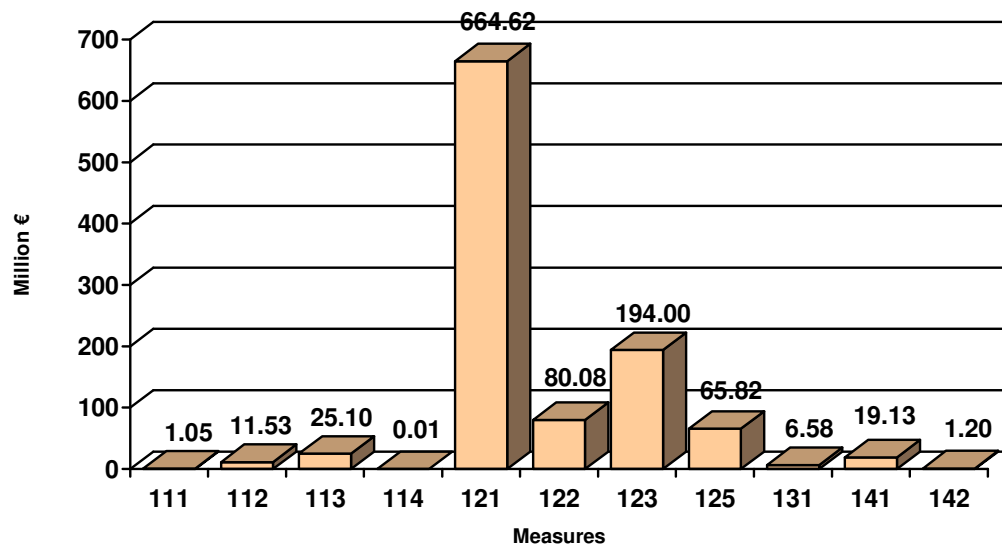
The result and output indicator targets which are being used to assess the measures within this axis include measure 121 (2800 holdings introducing new products or techniques in relation to modernisation of agricultural holdings); measure 123 (50 holdings introducing new products or techniques in relation adding value to agriculture products).

Specific modifications to results indicators have been made to take account of the 2009 amendments to the RDP. Modifications to overall RDP output-indicator targets include measure 121 and measure 123 (as mentioned above). For further information on output-indicator targets please refer to the impact indicators table in the RDP programme.

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<sup>2</sup> A full list of the RDP measures can be found in Annex I.

**Axis 1 indicative budget breakdown by measure: Total allocated budget (including national public funds + EAFRD + private funds) of €1,069,119,927<sup>3</sup> - indicative**



Following the RDP latest update, the total budget amount for axis 1 is €1,069,119,927 including an additional €14,733,333 (€13,260,000 EAFRD and €1,473,333 national public funds) that is targeted at actions as outlined above.

**Axis 2 objectives: Improving the environment and the countryside**

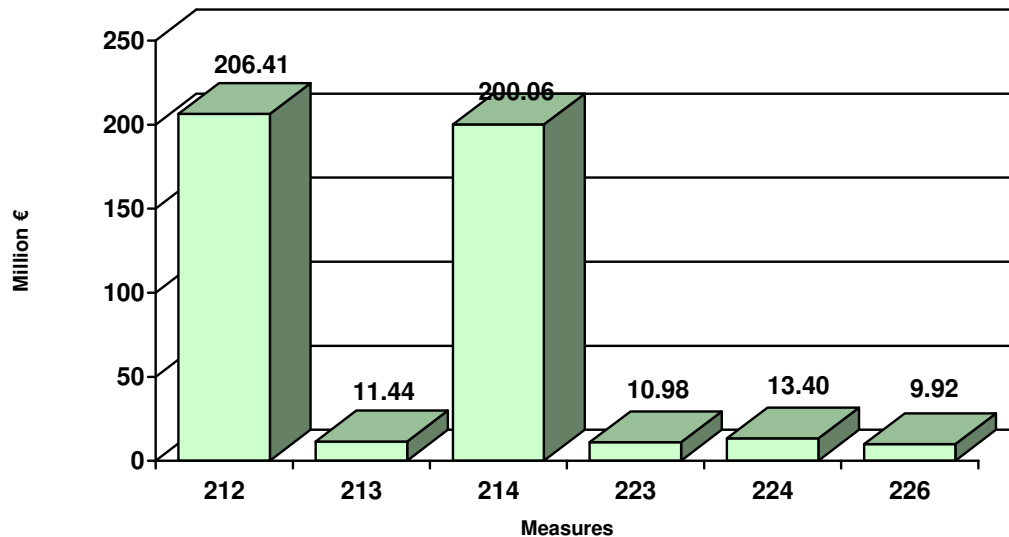
Specific objectives:

- Improvement of environment and rural landscapes with a view to preserve biodiversity, sustainable management of natural resources, conservation of agricultural and forestry systems, improve water quality and address climate change.
- Support to agricultural activities in less favoured areas alongside preservation of the environment and rural landscape;
- Increasing the value of forests and unused agricultural lands by supporting afforestation in line with wider environmental requirements;
- Management and preservation of Natura 2000 territories.

The result and output indicator targets which are being used to assess the measures within this axis include measure 212 (1,055,000 ha which has avoided marginalisation and abandonment in relation to natural handicap payments to farmers in other than mountain areas); measure 214 (365,728 ha under successful land management leading to an improvement in biodiversity in relation to agri-environment payments).

<sup>3</sup> Please note that for measures 111, 113, 131, 141 and 142 no private spending has been allocated.

**Axis 2 indicative budget breakdown by measure: Total allocated budget (including national public funds + EAFRD + private funds) of €452,216,450<sup>4</sup> - indicative**



**Axis 3 objectives: Quality of life in rural areas and diversification of the rural economy**

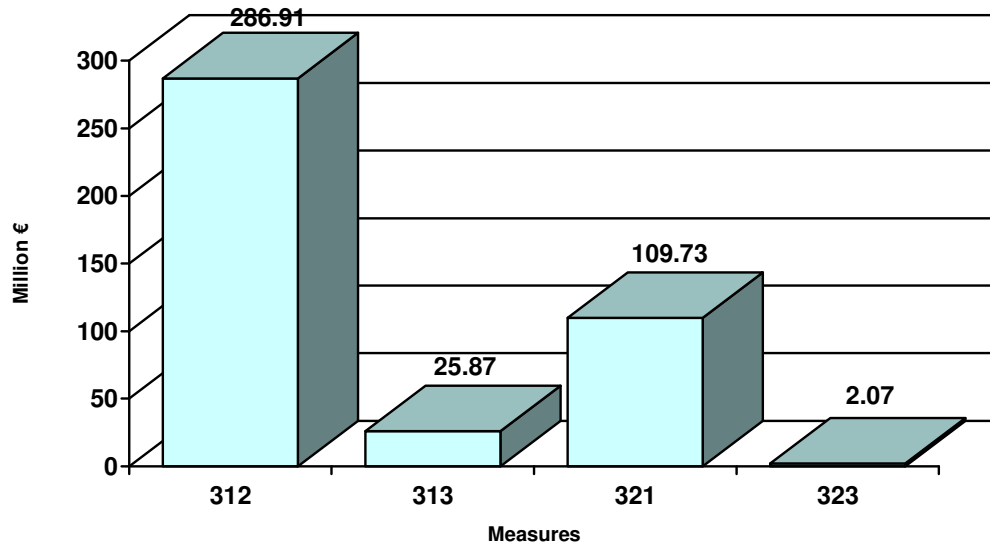
Specific objectives:

- Diversification and development of rural businesses, with a focus on non-agricultural business start-ups, micro enterprises as well as rural tourism activities;
- Improvement of rural infrastructure including roads, facilities for local initiative groups and business start-ups, restoration of cultural and historical sites, and support for preparation and management of Natura 2000 territories;
- Improved provision of basic services to rural economy and population including support for cultural and recreation activities and small-scale infrastructure development.

The result and output indicator targets that are being used to assess the measures within this axis, include measure 312 (6,300 jobs created in relation to support for creation and development of micro-enterprises); measure 321 (500,000 inhabitants benefiting from improved services in relation to basic services for the economy and rural population).

<sup>4</sup> For measures 212, 213, 214, 223, 224, and 226 no private spending has been allocated.

**Axis 3 indicative budget breakdown by measure: Total allocated budget (including national public funds + EAFRD + private funds) of €424,587,328 - indicative**



**Axis 4 objectives: Leader**

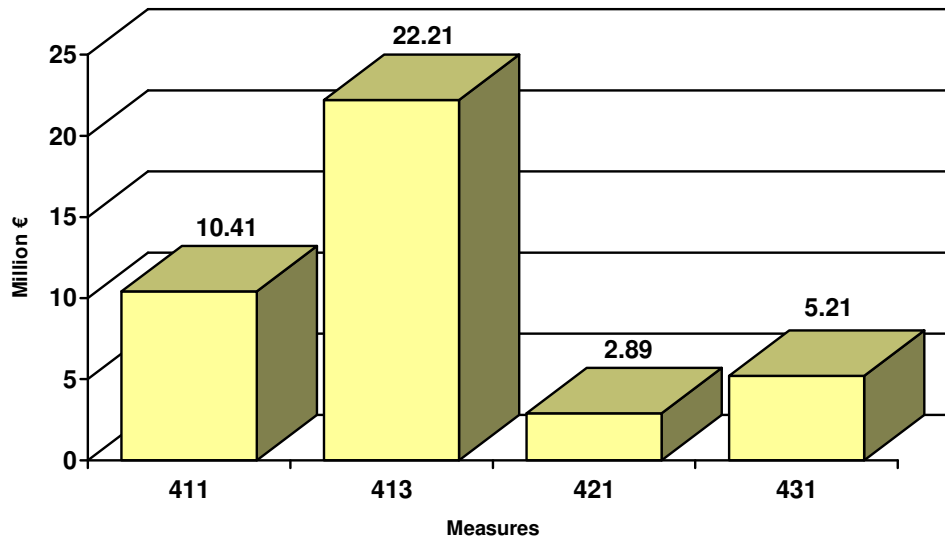
Specific objectives:

- Implementation of Local Development Strategies via the Leader approach to ensure rural development by promoting the operation of Local Action Groups and preparation of Local Development Strategies;
- Promotion of inter-territorial and trans-national cooperation to facilitate quality transfer of experiences;
- Ensure the operation of Local Action Groups, acquiring of skills, animation of territory and update of Local Development Strategies.

The result and output indicator targets which are being used to assess the measures within this axis include measure 413 (812 actions supported in relation to diversification of the rural economy and improvement of the quality of life); measure 411 (140 projects supported in relation to improving competitiveness in local development strategy implementation territories).

Number of LAGs operational in the RDP areas as of March 2010 was 33.

**Axis 4 indicative budget breakdown by measure: Total allocated budget (including national public funds + EAFRD + private funds) of €40,719,106<sup>5</sup> - indicative**



### Monitoring and evaluation strategy

The Monitoring Committee is responsible for the governance of the monitoring and evaluation system. The MC is chaired by the Managing Authority (Ministry of Agriculture) and is composed of representatives from the Payment Authority, Regional Planning Councils, Latvian Association of Local and Regional Governments, NGOs and other interested bodies.

The MC will review the progress of the implementation of the RDP against specified performance indicators and targets for each axis. RDP data will be collected by the Rural Support Service in relation to the applications and outputs of the projects financed under the programme measures. This information will provide the basis for annual progress reports which will be assessed and approved by the MC prior to submission to the EU. The MC will also make proposals to improve and amended RDP implementation based on the evaluation data.

The RDP will also be subject to independent evaluations such as ex-post assessments to assess programme efficiency and its economic and social impact.

### Communication and publicity

The Ministry of Agriculture will implement a Communication Strategy to inform the potential beneficiaries and RDP stakeholders (including farmers, NGOs, state institutions, environmental organisations and the general public) of the objectives of the RDP, its expected results and the potential opportunities which it provides.

<sup>5</sup> For measures 421 and 431 no private spending has been allocated.



To enable potential beneficiaries to access aid, regional advisory services will be supported to help beneficiaries to identify funding possibilities as well as to communicate the application process and potential issues associated with it.

Information will also be provided through the Ministry of Agriculture website as well as via mass media, workshops, seminars and other cooperating partners. Farmers will also receive information on deadlines for applications on their mobiles through an SMS service.

After the mid term evaluation takes place, the Ministry of Agriculture will provide detailed information on the implementation of the RDP, the actual outputs and the finalisation of the implementation process until 2013.

## Annex I - Measures

Measures selected by the RDP		Measures selected by the updated RDP	
<b>Axis 1 - Improving the competitiveness of the agricultural and forestry sector</b>	<i>Promoting knowledge and improving human potential</i>	<b>111</b>	Vocational training and information actions
		<b>112</b>	Setting up of young farmers
		<b>113</b>	Early retirement
		<b>114</b>	Use of advisory services
		<b>115</b>	Setting up of management, relief and advisory services
	<i>Restructuring and developing physical potential and promoting innovation</i>	<b>121</b>	Modernisation of agricultural holdings
		<b>122</b>	Improvement of the economic value of forests
		<b>123</b>	Adding value to agricultural and forestry products
		<b>124</b>	Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector
		<b>125</b>	Infrastructure related to the development and adaptation of agriculture and forestry
		<b>126</b>	Restoring agricultural production potential
	<i>Quality of agricultural production and products</i>	<b>131</b>	Meeting standards based on EU legislation
		<b>132</b>	Participation of farmers in food quality schemes
		<b>133</b>	Information and promotion activities
	<i>Transitional measures</i>	<b>141</b>	Semi-subsistence farming
<b>142</b>		Producer groups	
<b>143</b>		Providing farm advisory and extension services	
<b>Axis 2 - Improving the environment and the countryside</b>	<i>Sustainable use of agricultural land</i>	<b>211</b>	Natural handicap payments to farmers in mountain areas
		<b>212</b>	Payments to farmers in areas with handicaps, other than mountain areas
		<b>213</b>	Natura 2000 payments and payments linked to Directive 2000/60/EC
		<b>214</b>	Agri-environment payments
		<b>215</b>	Animal welfare payments
		<b>216</b>	Non-productive investments
	<i>Sustainable use of forestry land</i>	<b>221</b>	First afforestation of agricultural land
		<b>222</b>	First establishment of agroforestry systems on agricultural land
		<b>223</b>	First afforestation of non-agricultural land
		<b>224</b>	Natura 2000 payments
		<b>225</b>	Forest-environment payments
		<b>226</b>	Restoring forestry potential and introducing prevention actions
		<b>227</b>	Non-productive investments
<b>Axis 3 - Quality of life in rural areas and diversification of the rural economy</b>	<i>Diversify the rural economy</i>	<b>311</b>	Diversification into non-agricultural activities
		<b>312</b>	Support for business creation and development
		<b>313</b>	Encouragement of tourism activities
	<i>Improve the quality of life in rural areas</i>	<b>321</b>	Basic services for the economy and rural population
		<b>322</b>	Village renewal and development
		<b>323</b>	Conservation and upgrading of the rural heritage
		<b>331</b>	Training and information
		<b>341</b>	Skills-acquisition and animation measure with a view to preparing and implementing a local development strategy
<b>Axis 4 - Leader</b>	<i>Implementing local development strategies</i>	<b>411</b>	Competitiveness
		<b>412</b>	Environment/land management
		<b>413</b>	Quality of life/diversification
	<b>421</b>	Implementing cooperation projects	
<b>431</b>	Running the LAG, skills acquisition, animation		