

**RURAL DEVELOPMENT PROGRAMME FOR  
LATVIA  
2007-2013**

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## **1. Title of rural development programme**

1. Rural development programme for Latvia 2007 – 2013

## **2. Member State and its Administrative Region**

### **2.1. GEOGRAPHICAL AREA COVERED BY THE PROGRAMME**

2. Pursuant to the Council Regulation (EC) 1698/2005 of 15 September 2005 Latvia shall prepare and submit single Rural Development Programme that covers the whole geographical territory of Latvia.

### **2.2. REGIONS CLASSIFIED AS ‘CONVERGENCE’ OBJECTIVE**

3. The whole territory of Latvia complies with Convergence objectives therefore the Rural Development Programme comprises the whole territory of Latvia as one region. This is the only Rural Development Programme of Latvia that is being implemented pursuant to the Council Regulation (EC) 1698/2005 of 15 September 2005.



### 3. Analysis of the situation in terms of strengths and weaknesses, the strategy chosen to meet them and Ex-ante Evaluation

#### 3.1. ANALYSIS OF THE SITUATION IN TERMS OF STRENGTHS AND WEAKNESSES

##### 3.1.1. The general socio-economic context of the geographical area

###### 3.1.1.1 Territory

- Latvia is an independent and sovereign republic in the north-east of Europe. It is one of the three Baltic States located on the eastern shores of the Baltic Sea. The total length of the border is 1866 km. The length of the national land border is 343 km with Estonia in the north, 276 km with Russia in the east, 161 km with Belarus in the south-east and 588 km with Lithuania in the south. The length of the sea border is 498 km.
- Latvia occupies a territory of 64 589 km<sup>2</sup>, of which the inland waters take up 2543 km<sup>2</sup> and dry land 62 046 km<sup>2</sup>, including agricultural land 24 710 km<sup>2</sup>, forest 29 503 km<sup>2</sup>; the total protected area is 10 523 km<sup>2</sup>.<sup>1</sup>
- In order to comply with the provisions of the European Parliament and Council Regulation (EC) No 1059/2003 of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS), NUTS was applied to the administrative territories of Latvia. As a result, six regions were established for the purposes of statistics (Figure 1): Riga region, Greater Riga region, Vidzeme region, Kurzeme region, Latgale region and Zemgale region.



Figure 1 Statistical regions of the Republic of Latvia

<sup>1</sup> Source: CSB. Statistical Yearbook of Latvia 2006, p.7.

7. According to the Law on Regional development (in force since 23 April 2002) there are five planning regions created in Latvia – the planning region of Kurzeme, the planning region of Latgale, the planning region of Riga, the planning region of Vidzeme and the planning region of Zemgale. Territories of the planning regions are defined by the Cabinet Regulations No 133 „Regulations about territories of planning regions” of 25 March 2003 in accordance with submitted proposals of local governments. The responsibilities of the planning region are to ensure the regional development planning, coordination, activity of local governments and other state administration institutions.



Figure 2 Territories of the planning regions

8. The Law *On Establishment of the Administrative Territories of the Republic of Latvia and Determination of a Status of a Settlement* (in effect since 6 June 1991) states that the Republic of Latvia falls into the to following administrative territories:
  - districts;
  - republican cities.
9. Latvia's districts, in turn, are broken down into the following administrative territories:
  - district towns;
  - parishes;
  - regions.
10. According to the Law on Local Governments (effective since 9 June 1994), there are two types of municipalities in Latvia: local municipalities, i.e. the municipalities of cities and towns, regions and parishes; district municipalities. As in November 2007, there were 26 district municipalities

and 526 local municipalities in Latvia, including 52 district towns and 7 republican significance cities, 36 regions and 431 parishes.

11. There are about 74 000 settlements in the settlement network of Latvia<sup>2</sup>. According to laws and regulations, settlements fall into cities and towns and rural settlements (villages, farmsteads).
12. Latvia's Parliament or the Saeima, consisting of 100 members, is elected by proportional representation once every four years. The President is elected by the Saeima at separate elections, also once every four years. The President appoints the Prime Minister, which is approved together with the Cabinet of Ministers by the Saeima. On 29 March 2004, Latvia joined the NATO, whereas on 1 May 2004 it became a Member State of the European Union.

### **Administrative-territorial reform**

13. According to the Law *On Administrative-Territorial Reform*, the administrative-territorial reform of the local municipalities will be completed by the 2009 elections of local municipalities, and regional and republican city municipalities will be operational in Latvia at the level of local municipalities.
14. Towns and parishes amalgamated into regions are granted a status of a territorial unit of the region and preserve their names:
  - regional town (e.g. Preiļi, Pāvilosta, Ilūkste, Kandava etc.)
  - county parish (e.g. Tērvete, Amata, Rožkalni, Saka etc.).
15. The Law on Administrative-Territorial Reform states the purpose of the reform as:
  1. establish administrative territories capable of economic development with local municipalities;
  2. ensure the provision of good quality services to residents.
16. Through amalgamation and establishment of larger administrative territories, municipalities achieve the following benefits:
  1. a bigger financial fund for the municipality;
  2. the political influence of the municipality increases;
  3. a municipality with highly-professional personnel will be able to fully discharge its tasks and functions;

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<sup>2</sup> A settlement is a territory with permanent residents and established material conditions for populating the territory.

4. availability of infrastructure at a regional level will provide the population with wide opportunities to benefit from all municipality services to be provided by a municipality.
17. From 1998 to 1 November 2007, 36 regions have been set up following the procedure stipulated by the Law on Administrative-Territorial Reform:
  1. through amalgamation, 23 regions have been formed (46 parishes and 15 cities);
  2. without amalgamation, 13 regions have been formed (10 parishes and 3 towns with rural territories).
18. The largest region in terms of population is Ogre region with 29 481 inhabitants, whereas the smallest local municipality of Kalncempji parish has 272 inhabitants.
19. Another 49 municipalities have taken a decision to form 3 big regions capable of economic development, and this initiative has been supported by the Cabinet of Ministers through adoption of regulations on establishment of Gulbene, Alūksne and Daugavpils regions. According to the decisions adopted by the municipalities, these regions will become functional after the 2009 elections of local municipalities. The Cabinet of Ministers has also taken a decision on the establishment of Ape region of Alūksne district, which will become operational after the 2009 elections of local municipalities.

## **Rural area**

20. Two definitions of a rural area are provided by the Latvian Rural Development Programme 2007–2013 as a result of the administrative-territorial reform.
21. Up to 31 December 2008, rural area is all the territory of Latvia, except cities of the republican importance and the administrative centres of districts<sup>3</sup> (see Annex 1). Rural area is also the rural territory of a town with a rural territory forming the administrative centre of a district.
22. From 1 January 2009, rural area is all the territory of Latvia, except cities of the republican importance<sup>4</sup> and regional the territorial units: towns with population over 5000 (see Annex 2). Rural area is also the rural territory of a town with a rural territory and population over 5000 which is a regional territorial unit.

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<sup>3</sup> Riga, Daugavpils, Rēzekne, Liepāja, Ventspils, Jelgava, Jūrmala.

<sup>4</sup> Riga, Daugavpils, Rēzekne, Liepāja, Ventspils, Jelgava, Jūrmala, Valmiera, Jēkabpils.

### 3.1.1.2 Population

23. Within the last years (2002–2007), Latvia's population has decreased by 3%, and according to the data at the beginning of 2007 the total population amounts to 2 281 305 (table 1)<sup>5</sup>, which falls into the following nationality groups: 59% Latvians, 28.3 % Russians, 3.7% Byelorussians, 2.5% Ukrainians, 2.4% Poles, 1.4% Lithuanians and 2.7% other nationalities.<sup>6</sup> About one third of the population lives in rural areas, where the numbers have not decreased at the beginning of 2007 if compared to the beginning of 2002, and have increased by 0.1 percentage point year-on-year.

*Table 1 Number of permanent residents on the territory of Latvia*

Location	2002	2003	2004	2005	2006	2007
Latvia	2345768	2331480	2319203	2306434	2294590	2281305
Cities and towns %	67.9	67.8	67.8	68.0	68.0	67.9
Rural areas %	32.1	32.2	32.2	32.0	32.0	32.1

24. From 2002 to the beginning of 2007, the number of women in Latvia decreased by 3.1%, whereas that of men by 2.7%.<sup>7</sup> The proportion between men and women has remained unchanged for the last three years (2005–2007): 46.1% of the total population is men and 53.9% are women.<sup>8</sup> Analysis of the population by age groups reveals (table 2) that the low birth rate has highly affected the percentage of children and adolescents of up to 14 years of age of the total population. Demographic aging is marked by an increase in the percentage of elderly population aged 65 and older of the total population. The share of this age group has increased by 1.7% since 2005 and is 18.3% bigger than that of children and adolescents of up to 14 years of age.<sup>9</sup>

*Table 2 Gender and age composition of Latvia's population*

Age	2005		2006		2007	
	Men (no. in thousands)	Women (no. in thousands)	Men (no. in thousands)	Women (no. in thousands)	Men (no. in thousands)	Women (no. in thousands)
0–14	174.6	166.9	168	160.5	162.9	155.6
15–64	763.9	820	763.4	817.1	760.6	812.3
65+	124.4	256.6	125.9	259.7	127.5	262.4

<sup>5</sup> Source: CSB data base. Number of permanent residents at the beginning of the year.

<sup>6</sup> Source: CSB data base. National composition of permanent residents in regions, republican cities and districts.

<sup>7</sup> Source: CSB data base. Population by gender in regions, republican cities and districts at the beginning of the year.

<sup>8</sup> Source: CSB data base. Age composition of men and women at the beginning of the year.

<sup>9</sup> Source: CSB data base. Gender and age composition of population at the beginning of the year.

25. The largest concentration of population with 32% of the total population is reported in Riga. This is related to better employment and higher remuneration prospects. Large number of population is also characteristic of the biggest Latvian cities: Daugavpils, Jūrmala, Jelgava, Liepāja, Rēzekne and Ventspils. For example, the population of Daugavpils at 108 091 exceeds that of Daugavpils district at 39 496 almost three times.<sup>10</sup>
26. Latvia's population is decreasing year-by year, yet the 2006 figures<sup>11</sup> suggest that the rate of decline is lower than the national average in Jūrmala and Jelgava and in some years even a minor growth of the population can be observed there. This happens on account of migration, resulting in a positive migration balance in Jūrmala (117) and Jelgava (163). The overall national migration balance was negative (-2451).

### 3.1.1.3 Macroeconomic situation

27. 2006 was marked by rapid yet imbalanced economic growth in Latvia. The growth was determined by the domestic demand components: the strong increase in the private demand and persistently high investment growth. External demand was rather strong, yet followed a downward trend. Gross domestic product (GDP) at current prices amounted to 11.3 billion lats or 16.1 billion euro<sup>12</sup>, with the real GDP exceeding that of the previous year by 11.9%.<sup>13</sup> Yet regardless of this favourable development, although Latvia's GDP at current prices is the highest in comparison with other EU Member States, the value of a full subsistence minimum basket of goods and services per capita at (116 lats or 165 euro remains one of the lowest in the European Union. In 2006, Latvia's GDP per capita PPP amounted to 51.3% of the EU-27 average<sup>14</sup>.
28. There are also significant economic disparities across the regions of Latvia. In 2005, Riga region accounted for 57.3% of the total GDP amounting to 7114 lats or 10122 euro per capita, whereas in Latgale region it was 1910 lats or 2718 euro per capita.<sup>15</sup>
29. In the first quarter of 2007, the annual growth of the real gross fixed capital formation reached 17.9%. Disbursements from the EU structural funds increased to 2% of GDP from 1.6% in 2006, yet their impact on the total

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<sup>10</sup> Source: CSB data base. Number of permanent residents in regions, republican cities and districts at the beginning of the year. (2007)

<sup>11</sup> Source: CSB data base. Long-term migration in regions, republican cities and districts.

<sup>12</sup> Exchange rate of the Bank of Latvia: LVL 1= EUR 0.702804, 31.07.2007 (hereinafter, all currency translations have been made based on this Exchange rate.)

<sup>13</sup> Source: Bank of Latvia. Annual Report of the Bank of Latvia 2006, p.13.

<sup>14</sup> Source: EUROSTAT. GDP per capita PPP.

<sup>15</sup> Source: CSP. Statistical Yearbook of Latvia, Riga, 2006. pp.15-17.

amount of investment is quite limited.<sup>16</sup> As in 2006, the economic development remained to be mainly driven by domestic demand. In the first quarter of 2007, wholesale and retail trade which is the largest domestic demand sector expanded by 15.3 % to stand at 22.1% of the GDP. The growth of real estate, renting and other commercial services sector decelerated to 10.3 % from an average of 16% in 2006, whereas the construction growth rates went up to 17.1% from 13.6% in the previous quarter. The rise in manufacturing which is the main export sector, by contrast, amounted to a mere 2.4%, with its share shrinking to 10.9% of the GDP.<sup>17</sup>

30. In 2004, the inflation rate in Latvia<sup>18</sup> at 6.2 was the second highest among the EU–25 Member States, whereas in 2005 it was the highest: 6.9 respectively. In 2006, the inflation slightly declined to 6.6<sup>19</sup>, thereby ranking Latvia the third among the EU–27 Member States. The high inflation rate of 2006 was determined by changes in indirect taxes, a gradual increase of the administered prices and the growing food prices as well as the stable domestic demand, which resulted in a rather high core inflation of 5.1%, including a rapid increase in prices on non-administered services. In December 2006, annual consumer price inflation was 6.8% as compared to the previous year.<sup>20</sup>
31. In 2006, the net average monthly wage increased by 23.1% (table 3) year-on-year. Real wages and salaries also grew significantly by 15.6% despite of the notable price rise. Overall, the increase in wages and salaries was largely determined by the high inflation rates of the previous years and 2006 as well as raising the wages and salaries of employees of several budget institutions, e.g. teachers and doctors. In the first quarter of 2007, the gross average monthly wage and salary in the economy was 13.64 lats or 19.41 euro higher than in the fourth quarter of 2006 and 88.37 lats or 125.74 euro higher year-on-year.<sup>21</sup> Although the economic indicators are constantly improving, the life quality of the population remains low. Population income increases very unevenly. Low income population is gradually growing, and feminisation of poverty can be observed. According to the Joint Memorandum on Social Inclusion, 19% of Latvia's population was exposed to poverty risk in 2005. Surveys undertaken by the Ministry of Welfare show that a comparatively large part of the rural community lives in growing poverty and households are engaged in self-sufficiency farming

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<sup>16</sup> Source: JSC Hansabanka. Baltic macroeconomic review, July 2007, p.11.

<sup>17</sup> Source: JSC Hansabanka. Baltic macroeconomic review, July 2007, p.11..

<sup>18</sup> Source: EUROSTAT, in terms of harmonised consumer price indices

<sup>19</sup> Source: EUROSTAT. Inflation rate.

<sup>20</sup> Source: Bank of Latvia. Annual Report of the Bank of Latvia 2006, pp.11–12.

<sup>21</sup> Source: Ministry of Economics. Latvian Economy: macroeconomic review No.2. 2007, p.14.

to survive. This is also proved by the significant difference between the per capita value of the full subsistence minimum basket of goods and services set at 165 lats or 235 euro in Latvia in 2006 and the average household income per capita in the rural areas in this period, which was 86.36 lats or 123 euro per month.<sup>22</sup>

*Table 3 Cash income of population (monthly average)<sup>23</sup>*

	2004		2005		2006	
	LVL	EUR	LVL	EUR	LVL	EUR
Gross average monthly wage and salary in the economy	211	300	246	350	302	430
Net average monthly wage and salary in the economy	150	213	176	250	216	307
Gross in the public sector	243	346	285	406	350	498
Net in the public sector	173	246	203	289	250	356
Gross in the private sector	192	273	224	319	277	394
Net in the private sector	137	195	161	229	199	283
Average monthly old-age pension of pensioners recorded with social security institutions	71	101	81	115	96	137
Per capita value of the full subsistence minimum basket of goods and services	99	141	105	149	116	165

32. Latvia's economic growth during the last years has had a positive impact on labour market developments. Although the working age population decreases, economically active population and employment increases. In the last six years (2001–2006), employment has grown by 8.8 percentage points. In 2000, employment in Latvia was 4.9 percentage points lower than the EU average, whereas in 2005 it was only 0.5 percentage points lower, and in 2006 it already exceeded the EU average.<sup>24</sup>

#### **3.1.1.4 Employment**

33. The number of employed in Latvia has been growing persistently, whereas the population has been continuous shrinking. Overall, from 2001 to 2006 the number of employed to the total population of Latvia has increased by 7.5 percentage points reaching 66.3% (1.047 million employed persons, including 528.5 thousand women)<sup>25</sup>.
34. Employment growth is closely related to the rapid economic development and the increasing demand for labour as well as the restructuring of

<sup>22</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2007, p.8.

<sup>23</sup> Source: CSB data base. Cash income of population (monthly average, in lats).

<sup>24</sup> Source: Ministry of Economics. Latvian Economy: macroeconomic review No.2. 2007, p.15.

<sup>25</sup> Source: CSB data base. Economic activities, employment, rate of job-seekers.



employment in the processing sector. A very important factor facilitating lack of labour is movement of the labour force to other EU Member States. The quoted reasons<sup>26</sup> behind emigration of Latvia's population are the need for an adequate remuneration, social guarantees and the employer's attitude. It is estimated that approximately 5% of the active labour force<sup>27</sup> have left the country. Unemployment has decreased by 24% in 2006 as compared to 2004; in 2006, there were 68.9 thousand registered unemployed persons in Latvia.<sup>28</sup> At the same time, the number of economically active population has also increased to 1.17 million in 2006 (Table 4) compared to 1.14 million in 2004, which was partly influenced also by raising of the retirement age.<sup>29</sup>

*Table 4 Population by economic activity status in 2006<sup>30</sup>*

Gender	Age groups, in thousands						Total, number %
	15-24	25-34	35-44	45-54	55-64	65-74	
Men	77.6	136.7	136.6	121.9	65.8	20.7	51.4
Women	50.7	116.8	137.2	132.7	71.3	19.6	48.6
Total	128.3	253.5	273.8	254.6	137.1	40.3	100

35. The number of self-employed has increased after 2004. In 2006, it grew by 1.6 percentage points, whereas the number of unpaid persons assisting another family member in his/her business or farm decreased by 0.8 percentage point. During the last three years (2004–2006), the number of women employers has grown at a higher rate, by 0.2 percentage point, whereas the number of men employers has decreased by 0.1 percentage point. Overall, 37.3 thousand persons, including 14 thousand women were registered as employers in 2006.<sup>31</sup>
36. In the current understanding of employment problems, the priorities are changing from simple creation of new jobs to raising the level of remuneration and creation of attractive jobs that are competitive under the new labour market conditions.

### **3.1.2. Description of agriculture, forestry and food industry**

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<sup>26</sup> Source: Charles Woolfson. *Mission Accomplished? Reflections on Labour Relations and Working Environment in the Baltic States*. 2007

<sup>27</sup> Source: Research performed by the Strategic Analysis Commission of the State President, Latvia and *Movement of Labour: Example of Ireland*, 2006

<sup>28</sup> Source: CSB data base. Registered unemployment at the end of the year.

<sup>29</sup> Source: CSB data base. Economically active population.

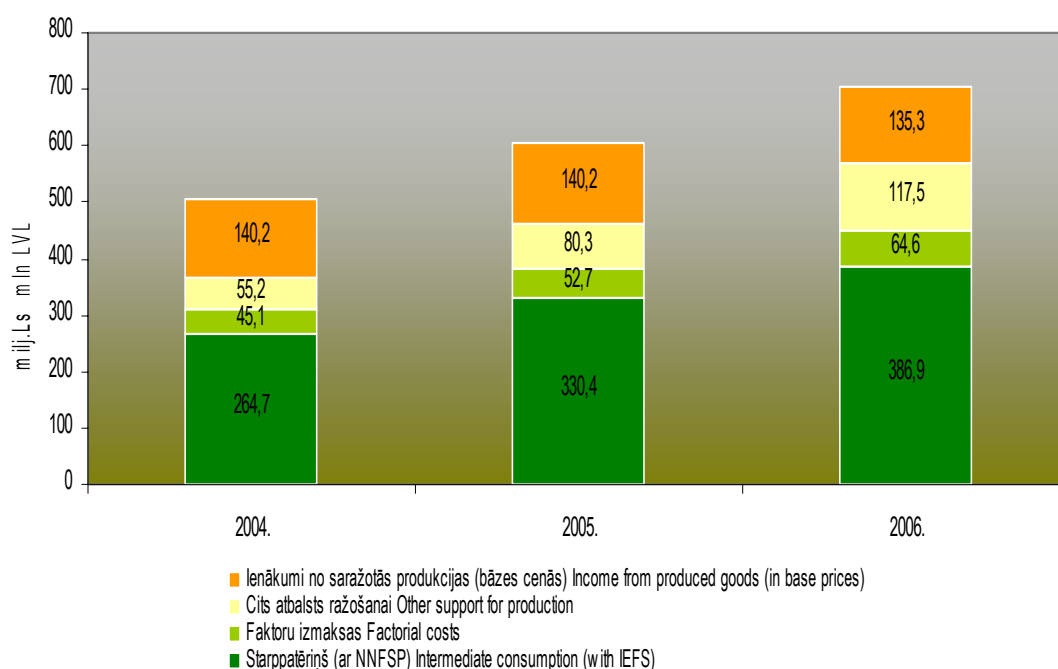
<sup>30</sup> Source: CSB data base. Population according to economic activity status by age group and gender.

<sup>31</sup> Source: CSB data base. Employed population by employment status and gender.

### 3.1.2.1 Description of the agricultural sector

#### Macroeconomic situation

37. Value added (VA) in agriculture climbed to 204.7 million lats or 291.26 million euro, representing a 6.9% increase over 2004.<sup>32</sup> The share of agriculture, hunting and forestry in the gross national product amounted to 3.6 % or 354.9 thousand lats (505 thousand euro) in 2006, whereas that of agriculture and hunting in the gross national product was 2.3 % or 224.91 thousand lats (320 thousand euro). Both the share of those employed in agriculture and hunting as well as that of agriculture and hunting in the overall GDP is shrinking, yet this trend only brings Latvia closer to the EU average.<sup>33</sup>
38. Income from agricultural activity depends on the value of manufactured products and subsidies, but also on production-related costs. Figure 3 shows the composition of income generated by agricultural activity: the part formed by intermediate consumption, other costs and farmers' income.<sup>34</sup>



*Figure 3 Share of costs in the revenues of the agricultural sector (2004–2006)*

39. Output value at reference prices has increased by 12.1% in 2006, yet intermediate consumption has grown at a higher rate by 17.1%. It has to be noted that starting from 2005 intermediate consumption is estimated,

<sup>32</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2006, p.6.

<sup>33</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2007, p.6.

<sup>34</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2006, p.13.

including financial intermediation services indirectly measured (FISIM). These are payments implicitly included in interest paid to financial intermediaries as part of their fees. The average price increase for intermediate consumption has been estimated as 13.4%, yet the comparison with output prices reveals that the increase in output prices has offset the growth of input prices. Prices have increased for all intermediate consumption items, except plant protection substances which have recorded a price drop. The highest growth was posted by heating fuel (+25.7%), fodder (+23.5%), pharmaceuticals (+22.9%) as well as transport fuel and lubricants (+12.1%). After a 2-year break, energy prices have also increased. The growth of intermediate consumption resource utilisation is estimated as 3.6%.

40. Gross value added has been estimated by deducting the intermediate consumption costs from the output value of agriculture at reference prices: 199.9 million lats or 284.4 million euro in 2006, representing a 3.6% increase over 2005.<sup>35</sup> The growth of the net value added of agriculture at factor prices has been considerably higher (+15.3%) and amounted to 260.1 million lats or 370.1 million euro. This is related to the notable increase in other support funding to production (+46 %), which offsets the growth of production taxes (+4 %) and fixed asset consumption (+22 %).
41. Gross income from agricultural activity has been estimated by deducting rent and interest payments from the net value added at factor prices: 252.7 million lats or 360 million euro, representing a year-on-year increase of 14.6%. Net income per capita in agriculture was 1782 lats or 2536 euro per year, or 148 lats or 211 euro per month, which is 69% of the national average net wage and salary. The increase of nominal income per employed person amounted to 19.4%. The above data suggest that other sector income growth has outpaced that of agriculture. Moreover, taking into account the high GDP deflator, the real income increase in Latvia in 2006 was only 7.5%. Nevertheless, the income of some farms can differ significantly from the average income, depending on the size, specialisation, natural conditions, economic efficiency and market access of the farms.
42. Expressing everything at constant prices, it has been estimated that falling production volume compressed income by 35.3 million lats or 50.2 million euro in 2006, taking into account also the growing prices on production inputs. The rising output prices alone could not offset the income losses incurred by declining production volumes, as income increased by only 17.3 million lats or 24.6 million euro on account of the prices. Support

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<sup>35</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2007, p.13.

funding was the main contributor to the income growth: higher subsidies boosted income by 50.2 million lats or 71.4 million euro.

*Table 5 Most important items generating agricultural revenues in 2004–2006  
(million of lats)*

Items	Value at reference prices			Changes (+-),%	
	2004	2005	2006	2005/2004	2006/2005
<b>Crop-farming</b>	<b>205.0</b>	<b>241.2</b>	<b>271.3</b>	<b>18</b>	<b>12</b>
Cereals	78.8	90.4	100.2	15	11
Raps seeds	15.0	20.4	20.3	36	0
Sugar beets	14.3	15.1	12.5	5	-17
Fodder cultures	38.4	41.4	52.7	8	27
Vegetables	17.8	21.8	26.6	22	22
Potatoes	27.3	31.0	41.8	13	35
Fruit and berries	5.2	11.5	8.7	123	-24
Other vegetables products	8.3	9.5	8.4	14	-11
<b>Cattle breeding</b>	<b>183.1</b>	<b>210.1</b>	<b>242.3</b>	<b>15</b>	<b>15</b>
Milk	89.3	112.0	130.3	26	16
Cattle	26.3	23.2	27.2	-12	17
Pigs	35.0	38.2	38.2	9	0
Poultry	5.9	6.8	14.1	15	106
Eggs	17.4	18.3	18.3	5	0
Other animal products	9.1	11.4	14.2	26	25
<b>Output of the agricultural goods</b>	<b>388.1</b>	<b>451.3</b>	<b>513.6</b>	<b>16</b>	<b>14</b>
including output in producer prices	347.5	410.8	462.9	18	13
production-related subsidies	40.6	40.5	50.7	0	25
Services	4.7	15.7	15.7	236	0
Indivisible side activities	57.3	56.4	57.5	-2	2
<b>Output of agriculture. industry</b>	<b>450.0</b>	<b>523.3</b>	<b>586.8</b>	<b>16</b>	<b>12</b>
Intermediate consumption (with IEFS)	264.7	330.4	386.9	25	17
Gross value added	185.3	192.9	199.9	4	4
Subsidies not divided into products	55.2	80.3	117.5	46	46
Production related taxes	4.6	5.4	5.6	18	4
Consumption of fixed assets	34.8	42.3	51.7	22	22
<b>Net value added (factor expenses)</b>	<b>201.1</b>	<b>225.5</b>	<b>260.1</b>	<b>12</b>	<b>15</b>
External expenses	5.7	5.0	7.3	-13	47
<b>Income from agricultural activities</b>	<b>195.4</b>	<b>220.5</b>	<b>252.7</b>	<b>13</b>	<b>15</b>
Income tax	12.2	14.3	16.4	18	14
Income of hired employees	16.2	21.6	24.8	33	15
Income of family labour force	167.0	184.6	211.6	11	15
<b>Number of annual work units in agriculture, thus. people</b>	<b>139.6</b>	<b>138.2</b>	<b>132.7</b>	<b>-1</b>	<b>-4</b>
Income per person employed in agriculture, LVL per year	1313	1492	1782	14	19

## Employment

43. Overall employment in Latvia is on an upward trend, yet the share of those employed in agriculture is decreasing year-by-year. Since 2001, the share

of persons primarily employed in agriculture (15–74 years of age) has shrunk from 12.3 % to 8.1 %, amounting to 88 thousand persons in 2006.<sup>36</sup>

44. The overall number of persons primarily employed in agriculture, hunting and forestry (15–74 years of age) has diminished from 143 thousand persons to 122 thousand persons or by 14.7 % (2001–2005). 6.1 thousand persons or 0.6% of the total number of the employed were employed in own rural holdings producing for their individual consumption.<sup>37</sup>
45. Agriculture is the main economic activity in the rural areas. Employment growth in other sectors has been sluggish, as the basic sectors of the rural economy have comparatively limited alternatives. The rate of jobseekers in the rural areas was lower than in the urban areas: 6.7% and 6.9% respectively. A lower rate of jobseekers in the rural areas could be partly explained by the fact that the notion of employed comprises also persons for whom working at their individual farms and producing for their individual consumption is a substantial source of subsistence. Actual unemployment is considerably higher in the rural areas, as the rural areas are prone to some forms of hidden unemployment; e.g., the share of family members employed without payment in the rural areas, the share of part-time employed. The growing unemployment in the pre-retirement group of the rural population aged 50 years and older is a major problem.

## Investments

46. In 2006, non-financial investment into agriculture, hunting and forestry amounted to 67.7 million lats or 96.3 million euro, which is 3.4% of the total non-financial investment, made in Latvia and represents a 17.7% decrease over 2005. 43.8% of investment was made into buildings (except residential), facilities and constructions, 30.7% into equipment and machinery, whereas only 0.5% into long-term intangible investment. Latvia requires large investment into rural roads. In 2006, 3243.16 thousand lats or 4614.63 thousand euro were spent as support to regions to build and reconstruct 2<sup>nd</sup> category roads.
47. A survey completed in 2000 revealed the non-existence of adequate manure handling and storage facilities in 92% of farms participating in the survey<sup>38</sup>. Although certain EU and state support has been granted to address this problem, the lack of manure handling and storage facilities is still a topical problem. It is also reflected by the data provided by the State Environment

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<sup>36</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2007, p.7.

<sup>37</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2006, p.7.

<sup>38</sup> Source: UNDP (2004) „Creation of Sustainable capacity and accountability for implementation of UN KCP objectives in Latvia”

Inspection: site visits made from January to August 2006 revealed that 31 farms out of 56 did not have manure collection and storage facilities and 2 of them had facilities that did not conform to the standards.<sup>39</sup>

## Use of Natural Resources

48. According to land balance data of the Republic of Latvia as of 1 January 2006, the area of agricultural land was 2.46 million ha or 38.5% of the total district area, including arable land took up 1.8 million ha or 72.9%, orchards 29 thousand ha or 1.2%, grasslands 226 thousand ha or 9.2% and pastures 410 thousand ha or 16.7% (Figure 4) (In 2005 the arable land was 2% more than in 2006, but the pasture was 2% less in the same time). The total area of drained agricultural land is 1.6 million ha.<sup>40</sup>

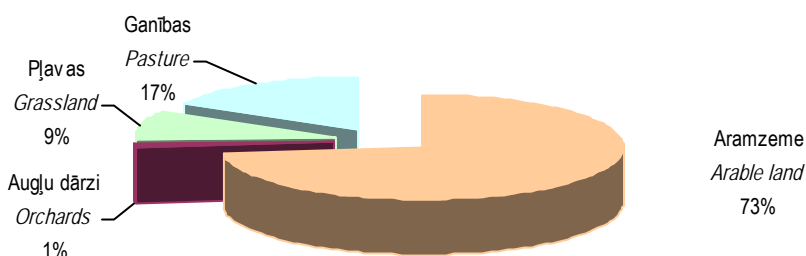


Figure 4 Agricultural lands of districts by type of land use as at 1 January 2006

49. According to the data provided by the European Environmental Agency, as a result of a significant decrease in GHG emissions per capita since 1990, Latvia was in the first position in Europe.<sup>41</sup> According to the data provided by the Agency, Latvia ranks second in terms of emissions of substances forming acids as well as according to the indicators of potable water consumption, third according to the energy consumption per capita, sixth in production of household waste. Comparatively unpolluted environment as a resource available for manufacture of agricultural products enables using sustainable and environment-friendly agricultural methods and adding value to the agricultural products.
50. Taking into account Latvia's climatic conditions, 38 soil fertility points are considered the minimum fertility level for agricultural land required to secure commercially viable agriculture<sup>42</sup>. Svitene parish has the highest weighted average soil richness of 67, whereas in Kolka parish it is only 16.<sup>43</sup> Overall, on 57% of the territory of Latvia the level of soil richness is

<sup>39</sup> Source: State Environment Inspection data.

<sup>40</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2006, p.16.

<sup>41</sup> Source: European Environmental Agency. Status and prospects 2005.

<sup>42</sup> Source: A. Boruks, 1996

<sup>43</sup> Source: SLS data, March 2006

below 38 points. In terms of population density, Latvia is one of the most scarcely populated countries in Europe, characterised by low population density: 36.1 persons per km<sup>2</sup>. The most reliable source providing an indication of the rural population income at municipality level is the collected income tax per capita. As there are substantial differences between income levels in republican importance cities and rural municipalities, the monthly income in almost all of the rural territory is below 77.5 per capita, with the country average being 109.7 lats.<sup>44</sup> The above mentioned differences across various rural territories (at parish level) were used as criteria to identify less favoured territories for 2004–2006.

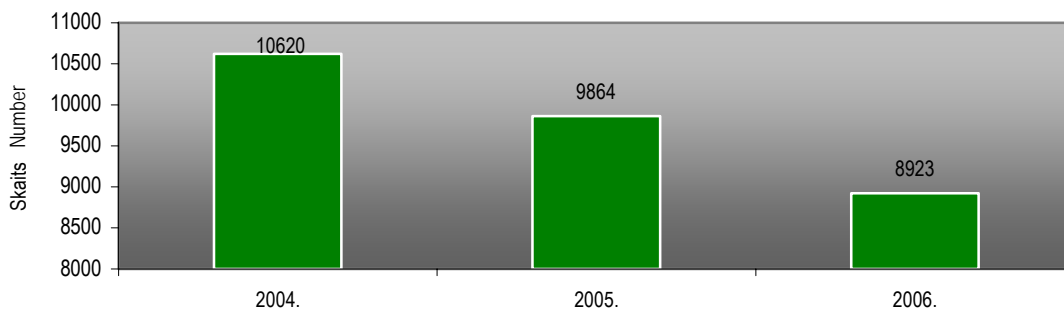
## **Human resource development**

51. Latvia University of Agriculture (LUA) subordinated to the Ministry of Agriculture is the third largest higher education establishment after the University of Latvia and Riga Technical University. The University ensures higher academic and professional education within the fields of its competency – Agriculture, Veterinary Medicine, Food Technology, Field Management, Forestry, Engineering, Information Technologies and Environment Management.
52. University provides 73 higher education study programmes of all kinds and all study levels, including 13 doctoral study programmes. All study programmes of the Latvia University of Agriculture have been licensed and are accredited.
53. Unfortunately, during the three years there is a tendency of reduction of the number of full-time and part-time students. One of the causes is the comparatively low prestige of the agricultural profession in the society as well as the weaknesses of the system of secondary education – optional learning of subjects of sciences and natural sciences. Number of students having started their studies in the state paid study positions in 2006 (Figure 5): 750 – main study programme, 224 – masters’ study programme. In 2006 the total number of students studying in the main study programme in budget positions was 2082, but in masters’ programme – 467 students.<sup>45</sup>

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<sup>44</sup> Source: CSP. Statistical Yearbook of Latvia. Riga 2006, p.94.

<sup>45</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2006, p.27.



*Figure 5 Number of students of the LUA in 2004-2006*

54. The number of PhD students has remained broadly unchanged during the last two years: about 200 students. In 2006, 10 promotion papers were successfully defended. One of the major problems is the regeneration and replacement of the academic staff of the university. The teaching and research at the LUA is conducted by 412 teaching staff members, of which 45% are older than 50. Of all professors, only 11% are younger than 50.<sup>46</sup>
55. Within the framework of the National Programme “Support for the professional education by improving the professional skills and competency of farmers, foresters and other persons involved in the agricultural and forestry activity” of the European Agricultural Guidance and Guarantee Fund the project “Professional training 2004” was completed on 30 June 2006. 2620 listeners participated in the programme in 2006. On 24 May 2006 under the programme the project “Professional training 2005-2006” was initiated, and funds in the amount of 569 818,70 lats or 810 783.57 euro were acquired. 3107 listeners were trained within the programme. Training is organized in three study modules: farming, entrepreneurship and forestry. The most demanded and attended training courses in 2006 were methods of organic farming; education of persons employed in the pedigree work; agriculture basics; diversification of rural economy; accounting and finance for managers; management of private forests.
56. Farmers and rural entrepreneurs benefit from an advisory and education support system called Latvian Rural Advisory and Training Centre (LRATC): a non-profit limited company, owned by the state (99%) and the Latvian Farmers Federation (1%). The LRATC was established as a training and consultancy institution for farmers and rural businesses. The centre has 26 district offices delivering consultancy services in issues concerning all main branches of agriculture and rural development. LRATC employs 370 people.

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<sup>46</sup> Source: Same, p.28.



57. In order to promote rural development, improve the professional and economic knowledge of rural entrepreneurs, and ensure advisory and training services in all districts of Latvia the LRATC in 2006 has performed the following:
1. organised 1624 training seminars to farmers and rural entrepreneurs gathering in total 23 331 participants;
  2. provided 63 034 free-of-charge advisory services on cattle-breeding, crop farming, crop protection, collective action, tax, accounting, Common Agricultural Policy, EU aid related and other topical issues.
58. During the reporting period 75 interest groups operated in all districts of Latvia in the dairy, pig-breeding, crop farming and other sectors. Work was continued in promoting social initiative in 26 initiative groups in rural municipalities. "Gross margine calculations for farms about 2005" were summarised and prepared. Calculations were made for 49 crop farming crops and 20 groups of farm animals, and 3 aquacultures. The informative bulletin "Rural Sheet" (Lauku Lapa) issued by the LRATC was published regularly in 66 560 copies.
59. LRATC continued the implementation of the project "Development of Farm Advisory System" under the National Programme "Establishment of institutions providing advisory services to farmers and farm expansion services". Total funding available to this measure was 2 151 756 lats or 3 061 690.3 eiro. Aim of the project is to increase the capacity of the LRATC to adapt the agricultural activity of farms to the standards of European Union requirements concerning the environmental protection, hygiene and animal welfare as well as good agricultural practice, and establish in Latvia the advisory system of "Cross compliance".

*Table 6 Activities of the LRATC in 2004-2006*

Activities	2004	2005	2006
<i>Number of provided free advisory services</i>	40000	36000	60000
<i>Preparation of informative materials for farmers, author's sheets</i>	33	22	30
<i>Number of interest groups</i>	97	75	75
<i>Life-time education seminars, listener-hours</i>	60 000	80 000	30 000
<i>Qualification improvement measures, days</i>	45 000 *	320	320

\*- listener-hours

60. Last year the LRATC reached self-financing level of 68%. Revenues of the LRATC were 4.1 million lats or 5.83 million euro. These figures evidence the growing interest of farmers to use the services of the LRATC and strengthening the positions of the company in the field of rural advisory services.

61. As a result of continuous co-operation between the Ministry, the Latvian Rural Advisory and Training Centre and the Latvian Association of Local and Regional Governments the Rural Advisory and Information Exchange System continued its work. LRATC co-ordinated and methodologically managed the work of municipal specialists in promoting rural development in 510 municipalities of Latvia.<sup>47</sup>

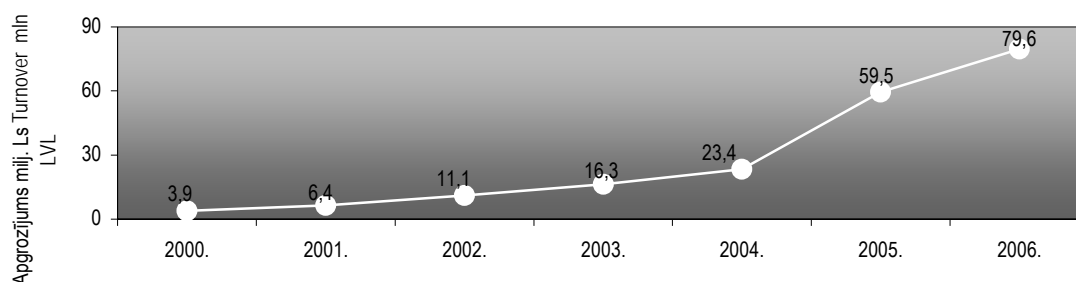
## Risk Management

62. There is low level of risk assurance to minimise losses due to natural disasters in agriculture. The most common risk factors in Latvia are draught, flooding, frost and hail. Insurance against agricultural risks is very specific, as many of the risk factors involve unpredictable natural conditions resulting in direct and second-round losses which are impossible to foresee. These are the reasons why the private insurance system does not function in the field of agriculture.<sup>48</sup>

## Promotion of cooperation and self-government of farmers

63. The main task of a cooperative is to promote and seek new markets for the products manufactured by its members on both the local and the EU market as well as to cater for raising the competitiveness and welfare of its members. Due to a successful state support policy, competitive cooperative societies providing services started to form in Latvia in 2000. Cooperative societies have been developing in course of time (Figure 6). In 2006, the turnover of cooperative societies providing agricultural services increased from 59.5 to 79.6 million lats or from 84.7 to 113.3 million euro.

*Figure 6 Turnover increase for cooperative societies providing agricultural services*



64. In 2006, 88 cooperative societies providing agricultural services were operative in Latvia. Of those, 33 were dealing with crop pre-processing and

<sup>47</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2006, pp.27-29.

<sup>48</sup> Source: LVAE and EDO Consult Ltd. project "Opportunities and solutions to introduce an agricultural insurance system in Latvia", 2005.

storage, 30 were milk production cooperatives, 11 were fruit and vegetable production cooperatives, 2 were honey production cooperatives, 7 were meat production cooperatives and 5 were agricultural machinery services cooperatives. In 2006, 7430 members had joined the cooperative societies providing agricultural services or 290 members more than in 2005.

65. The main cooperation partner of the Ministry of Agriculture in issues concerning development planning and support policy of cooperative societies providing agricultural services is the “Latvian Agricultural Cooperatives Association” (hereinafter – LACA), whose objective is to create an environment fostering the development of farmers cooperation in Latvia as well as to promote and ensure the stability and modernisation of farmers. The association includes 63 cooperative societies providing agricultural services.<sup>49</sup>
66. The Cooperation Council of Farmers Organisations (hereinafter – CCFO) established in 2000 ensures an effective information exchange between the farmers’ institutions and the Ministry of Agriculture. The Council is a consultative institution uniting non-governmental organisations of national agricultural producers and processors of different levels. One of the tasks of the Council is to promote discussions between the farmers’ organisations and the Ministry of Agriculture as well as other public institutions on topical agricultural issues. Representatives of the CCFO can participate in working groups for drafting of legal acts as well as submit proposals for amendments to the regulatory acts on agriculture. Producers have the possibility to meet at least once a month and discuss the topical issues with the Minister for Agriculture. Currently, the Cooperation Council of Farmers’ Organisations unites 47 producer organisations, including 5 multi-sectoral organisations, 34 sectoral associations and 10 associated members.
67. In April 2002, with the support of the Swedish Farmers Federation and the Ministry of Agriculture a Brussels office of the CCFO was established ensuring regular contacts and information exchange with the COPA/COGECA and, as much as possible, with officials of the European Commissions, representative offices of non-governmental organisations of the farmers of the EU Member State and the heads of those offices.
68. In order to encourage a discussion with food producers and certain organisations thereof, the Ministry of Agriculture signed a cooperation agreement with the Latvian Food Company Federation in 2003. The agreement provides for joint implementation and organisation of the development of food chain policies and future development of the sector.

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<sup>49</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2006, pp.88-89.

69. In order to ensure involvement of farmers in the decision-making processes based on both their professional affiliation and also on the territorial principle, district associations of farmers were encouraged with a view to securing direct information exchange among the rural population, ministry and CCFO as well as district, national and local government institutions. In 2006, 23 district associations of farmers were operative in Latvia.
70. Both cooperative and non-government organisation support has overall encouraged the involvement of an increasingly larger proportion of the rural population in addressing various issues and raised the level of its awareness of the EU agricultural policy and Latvia's integration therein.<sup>50</sup>

### **Production of milk and dairy products**

71. Dairy farming is one of the basic agricultural sectors in Latvia, accounting for about 25% of agricultural production in Latvia.
72. Dairy farming is one of the basic agricultural sectors in Latvia. In 2006, 815 072 tons of milk were produced, including 812 133 tons of cow milk. The average milk yield in 2006 was 4492 kg per cow or for 3% more than in 2005. Therefore, it can be considered that the production efficiency of the sector has grown in 2006. 115 685 tons of the total produced milk have been used in fodder, but 100 554 tons of non-processed milk have been used in human consumption. In 2006, 593 514 tons were sold without processing, whereas 2164 tons of milk were processed for direct selling, including 963 tons were used to produce cream, 265 tons to produce cheese, 130 tons to produce butter. Income from the sold milk amounted to 99.1 millions lats or 141 million euro, representing a 12.4 million lats or 17.64 million euro increase year-on-year. Income from the processed milk for selling was 880.49 thousand lats or 1.25 million euro.
73. Milk production volumes continue to grow, yet the 2006 increase amounting to a mere 0.5% was smaller than that of the previous year.
74. The main growth factors of the sector have been the market options and development. The amount of milk sold to milk processing enterprises increases every year. In 2006 it amounted to 73% of the total milk produced and exceeded the respective indicators of 2005 for 18.4%, but compared to 2004 – for 24.2%. This trend was caused both by the increase of milk purchase prices and by concentration of production and processing in the result of successful development of production of certain milk products.

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<sup>50</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2006, p. 90.

75. Imports-exports balance of dairy products is also positive in Latvia. In 2006, exports of milk and dairy products increased 2.3 times, whereas the value grew 1.6 times over the previous year in Latvia. Imports of milk and dairy products grew 2.4 times and its value 1.5 times year-on-year. This was underpinned by both external trade developments and increased production.
76. Efficient use of the available resources, i.e. various dairy products in cattle breeding development by making the existing production structure more effective and supporting targeted investment in production of competitive products has resulted in improved quality of the milk produced, increased the production volume of dairy products, creating a value added for agricultural products, promoting processing and trade using new product, process and technology development as well as promoted the exports of dairy products.

### **Production of Meat**

77. The aim of meat production is to provide the domestic market with quality meat and manufacture competitive products as well as to promote manufacture of meat products for exports. In order to achieve these objectives, it is necessary to increase the production by creating a value added for agricultural products, promoting processing and technology development.
78. In 2006, 37.45 thousand tons of pork was produced, representing a 4.02% decrease in comparison with the previous year. Consumption amounted to 74.30 thousand tons. In comparison with the consumption of beef, consumption of pork is traditionally considerably higher in Latvia.
79. In 2006, 20.68 thousand tons of beef were produced, whereas its consumption amounted to 26.52 thousand tons, representing a 3% increase over 2005. Analysing the statistical data, one can conclude that the production of beef is stable in Latvia, yet the production volumes are low.
80. Pork and beef production sectors undergo structural changes. It means that the sectors have a tendency to grow both in terms of trade with other Member States and exports to the third countries.
81. Demand for poultry meat exceeds the supply. In 2006, 20.608 thousand tons of poultry meat was produced. The output increased by 19.7% year-on-year, whereas its share in the total amount of produced meat expanded to 27%. Overall, 56.31 thousand tons of poultry meat and its products were consumed. Poultry meat production continues to expand year-by-year both in terms of live weight and carcass weight; therefore, the exports of poultry meat grow accordingly.

82. In 2006, 551 293 million eggs were produced, representing a 2.34% increase year-on-year. Both the number of laying hens and eggs produced has increased. Income from sold eggs has grown by about 11%. Production of eggs and egg products has increased by 1.2% over 2005, whereas imports have grown by 93.5 % and exports by 20.7%. The consumption of eggs and egg products is 1.3% lower than the produced amounts.
83. The current objective of sheep breeding and goat breeding is to preserve the genetic diversity, renewal of the herd and supplying the domestic market with quality produce. In 2006, the total amount of produced sheep meat and goat meat (in slaughter weight) was 439 tons, which is 3% more than in 2005. Of that, 383 tons were sheep meat and 56 tons were goat meat. In Latvia, goats are bred for milking and only rejected goats are used for meat production. According to the data of the Central Statistical Bureau, in 2006 farms produced 2939 tons of goat milk, which is 16.44% less in comparison with 3517 tons of milk yielded in the previous year. Sales volume of goat milk has grown by 0.44%, suggesting that the market demand for goat milk and its products is increasing. Goat milk is used to produce goat cheese. Development of sheep breeding is dependent on the EU and state support, without which the sector is currently unable to bring profits and to develop. Sheep are bred in Latvia for the purposes of meat processing and wool production.

### **Apiculture**

84. Latvian apiarians produce honey and apicultural products. 1 383 311 kg of honey were produced in Latvia. The amount of honey produced has increased by 51% in comparison with 2005, whereas the amount of sold honey has grown by 44% in the reporting period. Of all apicultural products, the largest share of 92% is taken up by honey, 4% by wax and pollen and 0.2% by bee-glue. The development of apiculture is hindered imports of honey at very low prices.

### **Vegetable production**

85. All territory of Latvia is well-suited for growing vegetables, but the specialisation of farms depends on the location of markets, usually it is close to towns. Vegetable areas have increased for 0.9% compared to 2004 and cover 1.2% of the total area used for agricultural cultivated plant growing. In 2006, 11% of crop of vegetables has been grown in covered field, whereas 89% of the total crop of vegetables has been grown in open field areas in 2006 (table 7).<sup>51</sup> In 2006, the total crop of vegetables

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<sup>51</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2006, p. 126.

amounted to 174 449 tons, representing 1% decrease over 2004. Vegetables are mainly grown for fresh consumption and only a small fraction of the produced output is being processed (pickled, steamed cabbage and pickled cucumbers) locally at the farms.

*Table 7 Vegetable production in all kinds of farms (2004–2006)*

	2004	2005	2006
Area of open field, thousand ha	13.5	12.9	13.4
Area of covered field, ha	144.3	116.3	155.3
including:			
glass hothouses	36.1	35.7	33.8
plastic film hothouses	108.2	80.6	121.5

86. Last year, modernisation of some farms started, yet new production equipment, in particular the number of storage and irrigation equipment is still insufficient to ensure stable crop and quality production.
87. The produced vegetables are mostly sold fresh, and only a small fraction is being processed, yet the number of processing companies and their modernisation level is insufficient to effectively provide the population with quality processed vegetable products with a higher value added.

## **Fruit production**

88. Currently, fruit is grown in small 1–3 ha orchards, which is one of the weak points of this sector. Size of fruit-tree and berry-bush plantation areas in 2006 has increased for 2.2% compared to the previous year, whereas the total crop has decreased for 16% or for 8.8 thousands tons (Table 8). Decrease of the total crop and the average productivity can be explained by the unfavourable weather conditions of the season of 2006.

*Table 8 Total crop and fruitfulness of fruits and berries in 2004–2006*

	Total crop, tons			Average fruitfulness centner/ha		
	2004	2005	2006	2004	2005	2006
Total fruits and berries:	17836	55039	46266	13.4	40.9	33.7
Apples	6918	37524	33898	8.3	44.1	35.9
Pears	644	2006	1307	9.9	24	17.7
Sea buckthorns	19	29	50	1.8	6.4	5.3
Quinces	170	459	132	25.3	18.1	30.8
Plums	1055	2445	1520	14.5	25.1	20.9
Cherries	953	1863	1551	11.0	20.7	20.4
Red and black currants	3898	5186	4910	30.2	58.2	43.8
Gooseberries	597	826	434	93.3	91.7	63.0
Chokeberries	97	224	135	15.4	32.4	16.2
Raspberries	208	464	145	8.1	26.4	10.7
Strawberries	3277	4013	2184	35.9	57.7	41.3

89. Cooperation with processing companies from other EU Member States has started by offering them frozen black and red currants, sea buckthorns, cranberries and concentrates of apple juice. In recent years, Latvian scientists of the fruit -growing sector have been actively working on production of functionally active food, food additives and pharmaceuticals from sea buckthorns, cranberries, quinces and black currants. If such fruit-growing product processing were further developed, it could result in creation of specific niche products.
90. The weakness of the fruit-growing sector is the shortage of specialised growing machinery and equipment (low capacity tractor equipment, dusting equipment, irrigation/anti-frost systems), sorting lines as well as modern (ULO type – low level of oxygen) storage facilities. Largest production losses occur during the storage phase; therefore, processing companies are not provided with sufficient amount of raw materials and cannot develop.

## Flax

91. Flax growing sector is the only traditional producer of natural fibre in Latvia, and all Latvia is suitable for the purpose in terms of agro-climatic conditions. During the last years, the sowings areas in Latvia gradually decreased; therefore, flax producers got comparatively big support payments. Yet this has not stimulated the increase of sowing areas. In 2006, flax sowing areas have decreased by 31.2% in comparison with 2005.
92. The total yield of oil flax amounted to 0.53 thousand tons in 2006, representing a 120.8 thousand tons increase over 2004, when it was 0.24 thousand tons. The total yield of fibre flax seed has decreased by 42.8% in comparison with 2004 (table 9).

*Table 9 Flax production indicators in 2004–2006*

Year	Sowing area (thousand ha)	Realised flax stalks (thousand t)	Productivity of flax stalks (t/ha)	The total yield of fibre flax seed (thousand t)	Productivity of fibre flax seed (t/ha)
2004	2.4	7871.85	2.57	0.33	0.16
2005	2.2	5381.90	2.33	0.5	0.36
2006	1.5	1583.18	1.58	0.2	0.35

93. The current status of the flax sector in Latvia suggests that a change in the support system is required to stimulate high yield, development of quality and cooperation. Processing companies are mainly equipped with obsolete technology equipment, which does not support the production of high quality flax fibre. Currently, flax growing farms mostly do not have modern specialised flax growing equipment; therefore, work is not completed in



time, resulting in lower yield and quality of stems. Many farms still use manual labour to process flax.

## Grain production

94. Subject to soil peculiarities, all territory of Latvia is suitable for grain cultivation, yet the highest or close to the highest yields per ha are obtained in Zemgale region. Nevertheless, in each region it is possible to choose the variety/species of grain which can be successfully grown in the particular climate and soil areas. Grain production is the main crop farming sector in Latvia.
95. In 2006 grain sowings occupied of 511.8 thousand ha or 45.6% of the total area of sowings. In 2006 for 80.5 thousand ha larger area was sown than in 2004 (Figure 7). Although under the impact of 2006 weather conditions the total yield of cereals was low, for winter crops it increased by 9.9% and for spring crops by 7.4% in comparison with 2004.

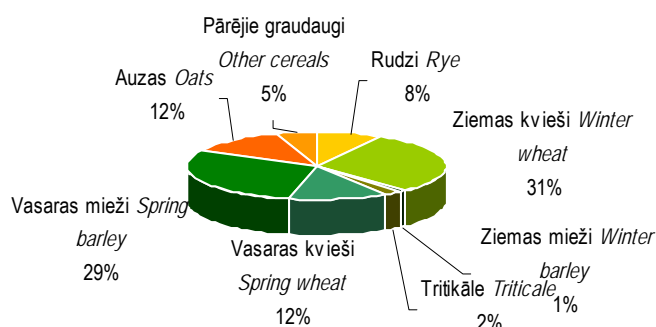


Figure 7 Structure of grain sowings in 2006

96. Within the domestic market, cereal processing is marked by a high level of market concentration, yet the production volumes of each individual cereal processing company and the sector in general are negligible and cannot influence market development. Looking at the product value formation chain in the cereal sector, strong horizontal cooperation across cereal producers during the cereal processing stage can be observed in addressing cereal collection, processing and logistics issues. Overall, the product value formation chain in the cereal sector is to be considered under-developed, as consumer-orientated cereal production is poorly developed.
97. Cereal sector has a significant impact on the development of other agricultural sectors, in particular pig farming, where cereal is the most significant constituent of fodder in terms of volume. In order to develop the grain production sector, the focus should be on production modernisation and increasing the productivity of crops.

## Potatoes

98. Potato growing as an agricultural sector accounts for 5.5% of the total value of agricultural outputs. Among other crop farming sectors, potato growing ranks third in terms of the agricultural land use to create the total value added of the agricultural sector. The area of potato and total yield has a tendency to decrease. In 2006, the total area occupied by potatoes was 45.1 thousand ha, which is 7.8% smaller than in 2004. The total yield amounted to 550.9 thousand tons (table 10) in 2006, representing a 14.1% decline in comparison with 2004. In 2006, most of the area was used to grow potatoes for food and fodder, about 2000 ha were used for processing into starch and chips, 300 ha to grow certified seeds material.

*Table 10 Potato productivity indicators in 2004–2006*

	2004	2005	2006
Area in thousand ha	48,9	45,1	45,1
Total yield thousand t	628,4	658,2	550,9
Productivity cwt/ha	128,5	145,9	122,2

99. The weakness of potato growing is the lack of modern technologies as well as the big percentage of substandard outputs. It is necessary to build specialised potato storage facilities.

## Fodder crops

100. The total yield of fodder crops has stabilised, as the number of agricultural animals and demand for fodder has also stabilised. Due to that, expansion of milk and beef cattle production as well as structural changes in grassland areas and increased productivity can be expected as a result of a need for a more intensive management. In 2006, the areas of green forage crops amounted to 440.7 thousand ha, which is 39% more than in 2004.
101. Yet the average yield of fodder crops per ha remains relatively low and the quality of fodder preparation is insufficient. More modern technologies and equipment will be required in the future, in order to grow fodder crops, prepare quality fodder as well as introduce innovative products.

## Cattle-breeding

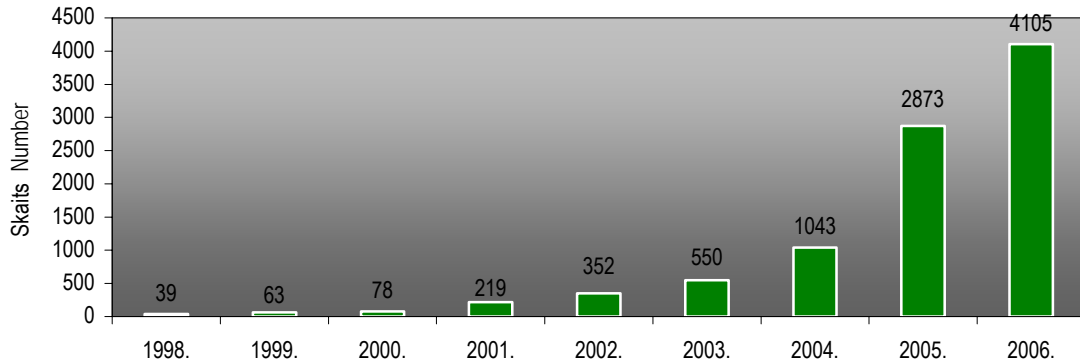
102. Dairying uses about 840 thousand ha of land or about 50% of the total actually used agricultural land. The dairying sector has been undergoing structural changes for already several years. These are mainly facilitated by the support funding granted by the state and the EU. Producers attract investment to livestock renewal by introducing more productive and enduring varieties, farm modernisation and expansion, which results in development opportunities for the milk sector.

103. During recent years, Latvian dairy-farming has demonstrated growth trends, caused by both concentration and restructuring of production of milk and dairy products. This, in turn, enables investment, higher milk purchase prices, higher production volumes and productivity. In 2006, milk production in Latvia expanded by 0.6% over 2005, which is related to higher productivity of dairy cows (an increase of 2.9%).
104. Despite the positive tendencies observed in the last years, the dairy-farming sector remains rather fragmented: about 50% of all dairy farms are small (up to 5 cows) and these farms hold about 39% of all dairy cows of Latvia. Only about 27% of cows belong to farms with the number of cows over 50. Small farms have high costs per unit of output resulting from:
  1. high unproductive costs relating to comparatively low milk yield; in 2006, the average milk yield was 4492 kg per cow; in 2005, it was 4364 kg per cow, which was 30% lower than the European Union average;
  2. high fodder costs due to imbalanced fodder composition, ineffective fodder production, insufficiently developed genetic potential;
  3. comparatively high labour consumption as a result of fragmented, insufficiently automated production.
105. As a result, the development of the sector and using its potential is hindered by high production, processing and sales costs, and insufficient quality of products, shortages of the working capital and investment into restructuring and modernisation of farms.
106. The main objective of Latvia's meat producing sectors is stabilisation of the sector and promoting market competitiveness of the products by using of a high quality genetic breeding material and decreasing production costs.
107. Structural changes are still taking place in the pig breeding sector, concentrating production in the largest farms. Overall, the number of animals in farms with 400–999 pigs has increased by 0.6% in comparison with 2005, whereas in farms with the number of pigs over 2000 by 1.6%. In 2006, the total number of pigs has decreased by a mere 1% year-on-year. At the same time the number of farms breeding sows has decreased for 26%, whereas the total number of sows has increased for 1.7%.
108. In the last years the number of meat cattle and the number of hybridizing of meat and milk cattle has increased in Latvia the cattle sector creates pre-conditions for increased competition in the EU market. Yet 70% of all cattle farms of Latvia still have only up to 5 animals in their herds. Farms with 50 and more animals account for only about 1% of the total number of farms, but they breed about 30% of all meat cattle in Latvia.

109. At the end of 2006, there were 17 583 specialised meat cattle and their hybrid animals in Latvia. According to the Agriculture Data Centre 2006 data, flocks includes about 8200 suckler cows (both purebred and beef hybrid animals) and about 8000 heifers of different ages in Latvia.
110. The biggest part of the market products is provided by enterprises using the intensive technologies. Production capacity is being used for 100%.
111. Meat production has become the main trend of sheep-breeding sector. The objective of the sheep-breeding and goat-breeding sector is to preserve the genetic variety, create of high quality flocks and develop processing and sales of their products. The number of sheep and goats has decreased 2006 compared to the previous year. The number of sheep has decreased for 0.7% (41600 in 2005, 41300 in 2006), but the number of goat has decreased for 4.1% (14900 in 2005, 14300 in 2006). The number of sheep mothers has increased for 2.3% in 2006 compared to the previous year, but the number of goat mothers has decreased for 9.1% respectively.
112. The total volume of sheep and goat meat (in carcass weight) in 2006 was 439 tons or for 2.6% more than in 2005. 383 tons of the total volume was sheep meat and 56 tons goat meat.
113. The key factors hindering the use of potential possibilities are inadequate investments in modernisation of production premises and equipment, limited size of internal market and insufficient coverage of external market, weekly developed cooperation and the free movement of goods after joining EU accession.

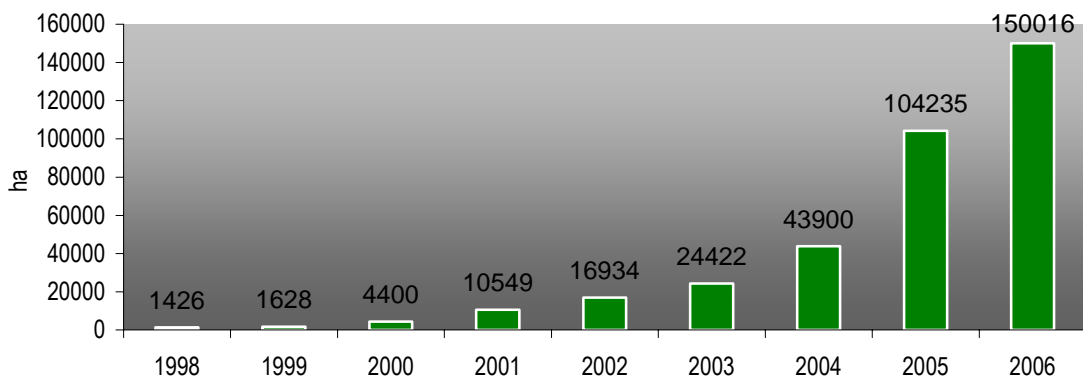
### **Organic farming**

114. The number of farms dealing with biological agriculture continued to grow in 2006, although the speed of growth has decreased. At the end of 2006 there were 4105 certified farms in Latvia dealing with biological agriculture. More than 1000 from the organic farms were organic agriculture companies, around 1800 farms had obtained a certificate for transitional period towards organic farming and around 1200 farms had just entered the transitional period.



*Figure 8 Number of organic farms (1998 - 2006)*

115. Also the total amount of certified agricultural areas in 2006 has increased reaching 6% of all agricultural land or 150 016 ha.



*Figure 9 Certified areas of organic agricultural land (1998 - 2006)*

### **Impact of the CAP Reform**

116. The decoupling of direct payments might have an influence on farmers' motivation to produce specific agricultural products. Some farmers might choose maintain land in accordance with GAEC, apply for direct payments, and choose other employment types, instead of production of agricultural products.
117. Complete decoupling of direct support from producing in essence can promote land involvement in agricultural turnover as well as give additional opportunity for all farmers to apply for subsidies without reference on what and how much they produce.

#### **3.1.2.2 Summary of the status evaluation in agriculture**

##### **Strengths**

118. Growing wages and salaries of those employed in the sector.

119. The rate of jobseekers is lower in rural areas in comparison with urban areas, and employment in the rural areas has increased in comparison with the previous year.
120. Almost half of investments were made into buildings (except residential buildings), facilities and constructions, and one third into equipment and machinery.
121. Large areas of land appropriate for agricultural use.
122. Significant capital investment in purchase of machinery and equipment by using the required and granted state and European Union support funding.
123. Relatively low labour costs.
124. Relatively unpolluted environment as a resource available for manufacture of agricultural products.
125. Rapidly growing gross added value of agriculture. Increase of labour productivity.
126. Rapid development of organic farming and cooperation among agricultural businesses.
127. Established consultancy and training support system for farmers.

### **Weaknesses**

128. Intermediate consumption is growing faster than output value at reference prices.
129. Decreasing number of those employed in the sector.
130. Shrinking outputs have decreased income, also taking into account the rising prices on production inputs. Support funding on account of higher subsidies has had the most notable impact on income growth.
131. Long-term tangible investment has been minimal; also large investments in rural roads are required.
132. Not all agricultural facilities and equipment are compliant with environmental protection requirements.
133. Shortage of special food storage facilities.
134. Fragmented production structure, which competes on the domestic market and is little oriented towards exports. The consequence of such fragmented

production structure is low labour productivity in comparison with the developed countries and other sectors.

135. Low long-term investment in comparison with short-term investment.
136. Significantly different agricultural conditions across territories.
137. Large share of labour with no university education in agriculture and insufficient knowledge of those employed in the sector how to create competitive and efficient management systems.
138. Large numbers of elderly people employed in agriculture resulting in low business development initiative.
139. Insufficient level of insurance services for compensation of losses caused by natural disasters.

### **Opportunities**

140. The growth of the national economy provides development opportunities.
141. Increasing demand for renewable energy resources.
142. Potentially high demand for agricultural products.

### **Threats**

143. Notable differences in the amount of support on the EU market distorting the competition and depriving Latvia of the possibility to use its competitive advantages.
144. Large area payments decoupled from production increase the price of land as a production factor.
145. Possible common agricultural policy changes as a result of negotiations with the World Trade Organisation.

### **Assessment of Potential Development for 2007–2013**

146. Development of efficient, market-orientated economic units in the next seven years may result in a 1.5 times increase in the production of basic agricultural products and the related food processing. It is expected that the growth of agricultural and forestry sectors may accelerate 1.4 times, thus doubling the amount of the value added. In the total agricultural production structure, the share of agricultural producers manufacturing for the market will increase at least twofold, accounting for at least 2/3 of the total value added of the sector. These developments in combination with shrinking

employment in the agricultural sector by at least 50% in seven years will result in at least a quadruple increase of labour productivity.<sup>52</sup>

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<sup>52</sup> Source: LVAEI – expert forecasts based on various research papers



### 3.1.2.3 Description of the forest sector

#### Macroeconomic situation

147. Latvia is one of the relatively most densely forested countries in Europe: 45.7% of its territory is covered by forests and their total area is 2.95 million ha or 1.23 ha of forest per capita on average, which is 4.5 times higher than the European average. As on 1 January 2006, the supply of forest stands in Latvia amounted to 569 million m<sup>3</sup> and the estimated annual increment was 16.3 million m<sup>3</sup>. The forest area (a forest is an ecosystem in all its development stages, dominated by trees the height of which in the particular forest site may reach at least seven metres and the present or potential tree crown cover accounts for at least 20% of the stand area) has increased 3.3 times since 1935. According to the State Forest Register data, during the last ten years forest area has increased by about 7.4 thousand ha per year on average. Due to various reasons, the State Forest Register data do not reflect the real forest area of Latvia, especially as concerns forest stands that have naturally grown due to overgrowing of lands which have not been used in agriculture. In order to obtain credible information about the forest resources in Latvia, a statistic inventory of the forest was started in 2004. Its methodology differs from the forest inventory methodology used in Latvia before that: information about forest resources is obtained based on precise measurements made on sample forest sites. According to the statistical forest inventory data to date (full forest inventory cycle of 5 years will be complete in 2009), the forest area of Latvia is 3305 thousand ha and the forest cover is 51.2%, standing timber volume – 662.25 million m<sup>3</sup>, but total annual increment – 27.17 million m<sup>3</sup>.
148. Forests provide a substantial contribution to the overall sustainable development of the Latvian economy: raw materials for renewable and environment-friendly products; forests also play a significant role in providing economic welfare (especially in rural areas), biodiversity, maintenance of global carbon cycle and water level, provision of environmental, protective, social and recreational services, formation of the Latvian landscape, preservation of the cultural and historical environment and safeguarding of public health.

149. Forest sector (forestry and forest industry) contributes 7.5% to Latvia's GDP and employs about 7% of those employed in the national economy<sup>53</sup>.
150. There is a shortage of qualified labour and sufficient expertise in forest management and distribution of products in the forest sector. The percentage breakdown of forest owners based on their educational background is the following: 15.5% higher education, 53.8% secondary education, 20% primary education and 9.8% unfinished primary education.<sup>54</sup>
151. In 10 districts of the country, production of timber and products thereof has become the leading sector of industry. Timber industry with 20% of the value added in industry is the second largest industrial sector following the food industry.
152. Forest sector, including Timber industry contributes significantly to formation of a positive balance of external trade. It can be explained *inter alia* also by the geographic location of Latvia at the Baltic Sea. Forest sector accounted for 28.8% of the total export volume in 2005 or 831.9 million lats (1183.7 million euro), whereas imports made up only 6% or 245.5 million lats (349.3 million euro).
153. The overall timber industry production is dominated by the primary processing sector accounting for 62% of the total. Majority or 90% of the businesses are small and medium-sized enterprises with the number of employees below 50. Mostly small-sized or micro-primary production enterprises with low competitiveness and involved in production of sawn timber are located in rural areas. The share of further processing has increased just by 5% in the last five years.
154. Growing competition for timber resources and the following increase of round wood prices as well as labour and energy costs result in a shrinking number of businesses, as a large part of forest industry businesses operate without profit or even with losses leading to concentration of sawing capacities and gradual reduction of jobs in the rural areas.

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<sup>53</sup> Source: Latvian Forest Sector, 2005.

<sup>54</sup> Source: State Forest Service 2001 survey in cooperation with the Sociology Department of the European Integration Institute.

155. As a result of the Land Reform, ownership of forests is distributed as follows: 51% of forests are owned by the state, 45.1% by private owners and legal managers, whereas 3.7% of the total forest area is managed by municipalities. Private forests take up 1.23 million ha; they are split up into about 160 000 estates or tenures. Private forest estates are relatively small: 7.5 ha on the average, and 64% of all estates are smaller than 5 ha.<sup>55</sup> The prospects of sustainable forest development and preservation of biodiversity are significantly impaired by the fragmented structure of forest estates and lack of real cooperation among private forest owners.
156. The length of the financial assets turnover cycle in forestry, which is substantially different from that of other sectors, fragmented nature of forest estates, insufficient expertise and experience of behalf of private forest owners with regard to sustainable forest management are the main factors behind low investment in forestry measures in private forests (timely and high quality forest regeneration, precommercial thinning, maintenance and expansion of forest infrastructure) and in measures to improve the quality of forest stands (pruning of trees, optimisation of species composition, quality improvement of the genetic material, etc.). For instance, each year 25 000 ha of state forests undergo precommercial thinning, while for private forests it is a mere 4000 ha. Only 10% of the total number of forest owners is active managers of their forests, whereas approximately 10% do not manage their forest estates at all.<sup>56</sup>
157. Cooperation between scientific research and the forest sector in promotion of science-intensive production is currently weak, although some work has started in all the main fields of forest and wood utilisation: forestry, tree physiology and genetics, forest non-wood products, forest health and environment, study of commercial trees, wood pyrolysis products, chemical composition of wood and changes thereof in the process of pulp production, composition and properties of this fibre. Raising the competitiveness of the sector and overall economic development is impossible without active cooperation between science and the sector in development of science-based production.

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<sup>55</sup> Source: Policy Baselines for Development of the Forest and Related Sectors, approved by the Cabinet on 4 April 2006.

<sup>56</sup> Source: Policy Baselines for Development of the Forest and Related Sectors , approved by the Cabinet on 4 April 2006.

158. The quality and quantity indicators of Latvian forest infrastructure (roads, drainage systems) are significantly lower than those of the old EU-15 Member States. Investment in maintenance of the forest infrastructure is currently made primarily into state-owned forests and certain large forest estates. The density of forest roads in private forests is 3 times thinner in comparison with other developed European countries. This increases the logging costs significantly, complicates fire extinction and deteriorates the competitiveness of Latvian forest products on the European market. To increase the forest productivity and improve access to forests, hydro-technical drainage has been completed on about 25% of all forest areas, yet a large part of infrastructure is damaged or depreciated. Repairs of ditches are required for the total length of about 20 000 km, reconstruction of structures for an area of about 12 000 ha, whereas complete renovation of the drainage systems for an area of about 50 000 ha. Reconstruction and renovation of the hydro-technical drainage systems in forests is planned and implemented in compliance with the effective legislation on environment protection and biodiversity preservation.
159. Important losses to forestry are caused by wind and fire. The storm of 9 January 2005 affected almost 400 thousand ha of forest. 16 309.5 ha of forest stands have been identified as damaged and having lost the growing ability, including 4 764.6 ha (29.2%) in state-owned forests and 11 554.9 ha (70.8%) of other user forests. Most of the small forest owners lack funding for the total elimination of the storm consequences and regeneration of forests.
160. Within the last 10 years, on average 850 forest fires broke out every year. Unfortunately, the overall number of forest fires and the areas gutted by the fire tend to grow, and reached an all-time-high of more than 2000 ha in 2006 due to the dry and windy weather. The situation was aggravated also by burning of the last year grass on abandoned agricultural land, outdated fire extinction machinery and fire alert infrastructure and insufficiency of preventive measures.
161. Pursuant to Paragraph 2 of Article 48 of Council Regulation (EC) No 1698/2005, stating that fire prevention measures apply to forests that Member States in compliance with their forest protection plans have classified as having a high or average forest fire hazard potential, Latvia has marked certain territories in its State Civil Defence Plan, where average or high fire hazard forests are located (Annex 6). The potential occurrence of fire hazards in Latvian forests depends on forest site type, age of the forest stand, tree

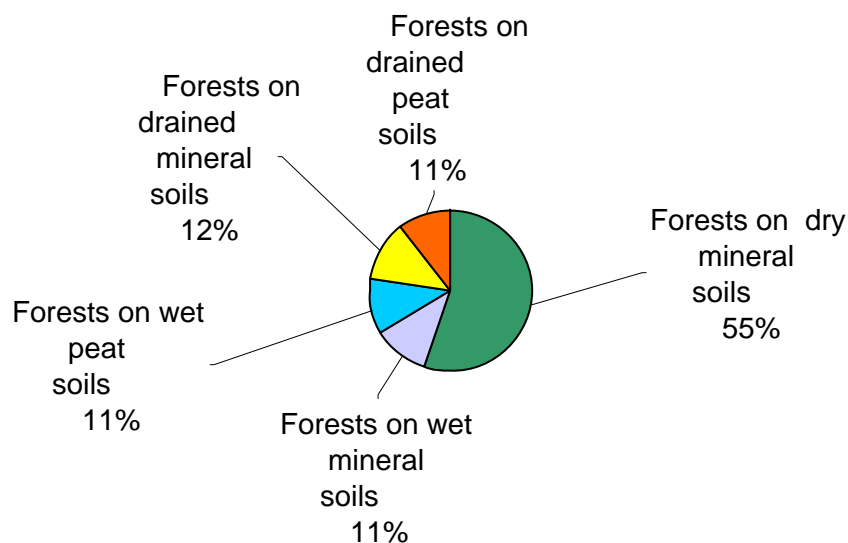
species, ground litter, young growth, undergrowth and lumbering. Forests are divided into five classes according to the fire hazard degree, of which the first three are considered having a high or average fire hazard potential:

CLASS I – all young stands of conifers and pine stands on poor dry mineral soils (Cladinoso-callunosa) (extremely high potential of fire hazard);

CLASS II – pine stands on poor dry mineral soil (Vacciniosa) and broadleaf stands on poor dry mineral soils (high potential of fire hazard);

CLASS III – spruce and broadleaf stands on poor dry mineral soils, pine and spruce stands on dry mineral soils, pine stands on wet, drained mineral soils and drained peat-soils, raised bogs (average potential of fire hazard).

162. Forest site type is the basic unit of forest typology (Figure 10). The forest site type is applied to similar structure and operation forest ecosystems of forest stands comprising grown dominant tree species with a similar regeneration process following logging or destruction. All Latvian forests are divided into five groups based on site types and into 24 various forest site types.



*Figure 10 Groups of forest site types; %*

163. There are the following forest site types:

<b>Group of forest site types</b>	<b>Forest site types</b>
1 Forests on dry mineral soils	<i>Cladinoso – callunosa</i>
	<i>Vacciniosa</i>
	<i>Myrtillosa</i>
	<i>Hilocomiosa</i>
	<i>Oxalidosa</i>
	<i>Aegopodiosa</i>
2 Forests on wet mineral soils	<i>Callunoso – sphagnosa</i>
	<i>Vaccinoso – sphagnosa</i>
	<i>Myrtilloso- sphagnosa</i>
	<i>Myrtilloso- politrichosa</i>
	<i>Driopteriosa</i>
3 Forests on wet peat soils	<i>Sphagnosa</i>
	<i>Caricoso – phragmitosa</i>
	<i>Driopterioso caricosa</i>
	<i>Filipendulosa</i>
4 Forests on drained mineral soils	<i>Callunosa – mel.</i>
	<i>Vacciniosa – mel.</i>
	<i>Myrtillosa- mel.</i>
	<i>Mercutialiosa</i>
5 Forests on drained peat soils	<i>Callunosa – turf mel.</i>
	<i>Vacciniosa - turf mel.</i>
	<i>Myrtillosa- turf mel.</i>
	<i>Oxalidosa - turf mel.</i>

## **Employment**

164. The number of those employed in forestry has increased since 2000 and amounts to 35 thousand persons or 3.4% of the average number of employed population. 47 thousand are employed in timber industry.

## **Investments**

165. Obsolete technologies are used in the production process, and the timber industry is marked by low productivity of labour: in 2004, the annual average gross value added per capita in the forestry sector amounted to 2948.7 at current prices, whereas in 2005 to 3279.4.<sup>57</sup> Mainly only big businesses can afford to introduce modern technologies and develop new products.

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<sup>57</sup> Source: Monthly Bulletin of the CSB “Forestry, timber production and related services”

166. Taking into account the small size of the Latvian domestic market, the main markets for further processing products of the timber industry (wood packing, carpenter and woodworker articles, furniture slabs, furniture and details thereof etc.) are outside Latvia, yet these export markets are more difficult to conquer for further processing products in comparison with sawn timber.

## **Human resource development**

167. Over the last decade, forest sector has become one of the most active branches of the Latvian economy mainly due to successful competition on the external market with relatively low value-added products. Further development needs to be based on generating products with a maximum high value added, manufacture of new products and finding new market outlets. To do that, qualified labour is increasingly required.<sup>58</sup> In some fields, educational institutions fail to provide sufficient knowledge about current production methods, technologies and equipment, alternative ways of the use of forest and forest products. There is a lack of understanding about cross-sectoral coordination and partnership. The expertise accumulated by forest owner's influences forest management activities. Only 8% of the forest owners or their family members have education in the field of forestry, whereas 67% of respondents have learned by doing. This means that every fourth forest owner has neither knowledge nor practical skills in forest management. 60% of owners having the necessary knowledge, reported that they wish to upgrade their skills, while 40% of owners without prior knowledge indicated that they would gladly start to learn.<sup>59</sup>
168. Private forest owners and the general public still has insufficient knowledge and understanding of the importance of forest thinning, regeneration and conservation of biodiversity as well as the basic principles of economically viable forestry applicable to any forest. Owners have insufficient information about support available from the European Union. Contrary to agriculture, no common consultancy and training infrastructure has been established.

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<sup>58</sup> Source: Policy Baselines for Development of the Forest and Related Sectors, approved by the Cabinet in 4 April 2006.

<sup>59</sup> Source: State Forest Service 2001 survey in cooperation with the Sociology Department of the European Integration Institute.

### **3.1.2.4 Summary of the status evaluation of forest sector**

#### **Strengths**

169. Large wood supplies and land resources for development of timber industry and business.
170. Climate conditions of Latvia and access to the Baltic Sea benefit the development of the forest sector and the exports of forest products.
171. There are research activities ongoing practically in all main areas of the use of forest and timber.

#### **Weaknesses**

172. Small size of private forest estates; fragmentation and small size of primary wood processing units complicate the chances of linking up with a higher value added production chain and cooperating with large-scale producers and do not motivate investment in preservation of forest quality and securing productivity in the future.
173. Insufficient knowledge of private forest owners about forest management and product marketing.
174. Lack of consultancy and training infrastructure in the forest sector.
175. Low labour productivity in the forest industry and use of obsolete production technologies.
176. Insufficient forest road density and outworn drainage systems.
177. Outdated fire extinction machinery, fire alert infrastructure and insufficient related preventive measures.
178. Insufficient cooperation between the forest sector and scientists to support production.
179. Over the last ten years, the efficiency of energy wood use has remained unchanged in Latvia, and potential of timber processing by-products has not been sufficiently exploited.

#### **Opportunities**

180. Availability of land resources unused by agriculture, which can be used for increasing the forest areas through afforestation.



## **Threats**

181. Lack of compensations to private forest owners for business restrictions on protected nature territories, including NATURA 2000 territories, as well as insufficient knowledge of private forest owners about ensuring the ecological functions of the forest in protected nature territories.

## **Assessment of potential development in 2007-2013**

182. Latvia has a potential for promotion of sustainable development and employment in rural areas through improvement of the forest sector and focussing on preservation of the nature values and production of higher value added products, thereby contributing to employment, increase of income and preservation of nature values in rural areas.

### **3.1.2.5 Competitiveness of food industry**

## **Macroeconomic situation**

183. Production of foodstuffs and beverages plays an important role in the processing industry of Latvia. In 2005, it contributed to 30.9% of the total value of the produce by processing industry, representing a 6.6% decline over 2000. Nevertheless, production of foodstuffs and beverages remains the leading branch in the output structure of the processing industry.<sup>60</sup>
184. In 2006, the sectoral GDP value added amounted to 238 million lats or 338.7 million euro, representing an increase on 9.9% over 2005.
185. By 1 January 2006 in total 1772 food production companies were registered in Latvia<sup>61</sup>:
  - 1) number of companies producing products of animal origin – 442, out of which 210 companies meat producer and meat processing, 60 – milk collection and processing, 18 – egg collection, sorting and packing companies, 110 – fishing products processing (companies and vessels);
  - 2) total number of companies producing and packing products of crop origin – 1330, out of which 706 companies specialised in

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<sup>60</sup> Source: CSB “Latvia 2007. Key statistical indicators”

<sup>61</sup> Source: Food and Veterinary Service

cultivating, processing and packing of fruit, vegetables and other products of crop origin, 59 companies – grain treatment and processing, 366 – production of bread and meal products, 58 – production of beverages, 51 – production and packing of mixed products, 44 – production and processing of potable water, 26 – production and packaging of sugar and sugar products and other.

186. Looking and the structure of foodstuffs and beverages production in Latvia, meat processing, milk processing and grain processing, accounting for 27%, 21% and 15% of the total value of food and beverages production volume, are the most significant contributors.
187. In 2004–2006, the overall volume of foodstuffs produced in processing companies increased by 23.5%, whereas the selling value by 29.2%. Meat processing has been the fastest to develop, and its output has expanded by one third, with the selling value growing by even 52.3%, to stand at 182.8 million lats or 260.1 million euro.
188. Outputs have increased by 16.5% in milk processing as well, yet the selling value has only grown by 7.8%. The selling value of flour and products thereof and that of fruit and vegetable processing has increased significantly. With flour production outputs growing by only 12.2%, the selling value has increased by 52%, whereas the selling value of fruit and vegetable products, characterised by the same output growth, has increased by 79.5%.
189. Beverage production displays opposite trends, as its output has increased by 43.1%, while sales have even slightly dropped by 1.4%.
190. Foodstuffs were primarily sold through retail food store chains. The market share of 4 biggest retail food store networks in Latvia continues to grow (in 2005, more than 10% in comparison with 2004).<sup>62</sup> As identified by the Competition Council when doing a status survey, the power possessed by big retail store networks is often used to achieve significantly lower purchase prices from their suppliers: food producers. About 80% of the outputs of the sector are marketed on the internal market, the rest is exported.<sup>63</sup>

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<sup>62</sup> Survey “Competition in Baltic Grocery Retail Markets”

<sup>63</sup> Latvia's Economic Development Report: 2006

191. The largest food industry sectors of Latvia are marked by market concentration in 4 to 10 largest processing companies.<sup>64</sup> In 2006, the market share of the 4 largest dairy processors in terms of turnover was 60%, whereas that of the 10 largest amounted to 90%. The market share of the 4 largest grain and feed mills was 60%, whereas that of the 10 largest was 99%. The market share of the 4 largest meat processing operators was 25%, whereas that of the 10 largest amounted to 52%. The 4 largest fish processing operators had 30% of the market, whereas the 10 largest accounted for 55% of the market. It has to be noted that the concentration ratios have increased by 0.5–3% over 2005, with the exception of grain processing where the share of the 10 largest companies increased for 6% in 2006. This enables the companies to further increase the production efficiency as well as invest in modernization of production technologies and address environmental issues. A proof of this process is the development of non-financial investment in Latvian food sector. Since 2001, investments have increased significantly. For instance, non-financial investments in Latvian food sector increased for 14% in 2005 over 2004. Yet despite of the ongoing company's concentration process in Latvia, the output capacities of those companies are quite small in the context of the European Union; therefore, they find it difficult to compete on the single market.
192. Exports of Latvian agricultural products and food increase every year and amounted to 453 million lats or 644.6 million euro in 2006. The main export markets for food and agricultural products are Lithuania, Estonia and Russia<sup>65</sup>, with the key export products being non-alcoholic and alcoholic beverages and dairy products. Nevertheless, Latvia's overall external trade balance of food industry remains negative. The cooperation of companies in developing export products, development and manufacture of new innovative products could boost the growth of exports of Latvia's agricultural and food products as well as stabilise market positions on both internal and external market.
193. Overall, Latvian food sector is demonstrating some features of vertical and horizontal integration, when a single owner implements several product value formation stages, and cooperation between chain participants at the stage of supplying raw materials has started.

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<sup>64</sup> Source: LVAEI, by the use of unpublished materials of CSB.

<sup>65</sup> Source: CSB Statistics Yearbook 2005.

This process has to be continued, as it is one of the opportunities to promote the development of food companies by relieving the cost burden.

194. With the purchasing power and living standards increasing, consumers are more willing to buy high quality products as well as organic products. Yet despite the constantly increasing volume of organic farming products, the existing volume as well as the development level of processing and marketing systems fails to satisfy the growing consumer demand, which can be expected to continue to expand in the next years. Moreover, organic farming products should be better available to urban population, especially in Riga where the consumers' purchasing power is the highest. This clearly demonstrates that there is an empty market niche in the field of organic products in Latvia.
195. In 2006 total number of companies processing of organic agriculture products – 14, out of which 2 – bakeries, 2 crop-farming product processing companies, 2 fruit and berry processing and packing companies, 1 honey processing company, 3 slaughterhouses, 2 milk processing companies, 2 tea producers.
196. Work is currently ongoing in Latvia on preparation of national quality schemes. Involvement of companies in processing of products included in the scheme would increase the value added of these products and stabilise their positions on the market.
197. Competitiveness of agricultural and food products is also improved by state supported promotional measures, including participation at national scale and international fairs, producer information campaigns and various marketing activities. The leading role in this area is played by the Marketing Council, a voluntary union of public organizations of Latvia's agricultural and food producers. Latvia implements two agricultural and food product promotion programmes approved in 2006 by the European Commission.

## **Employment**

198. In 2006, food producers employed 3.6% of the total number of persons employed in the Latvian economy, representing a 0.5% increase over 2005. Comparing the employment growth in the sector against the output sales increase, one may conclude that the labour productivity in the sector has improved. This trend is also supported by the fact that output per employee has almost doubled in 2005 as

compared to 2000: from 14.9 thousand lats or 21.2 thousand euro to 26.2 thousand lats or 37.3 thousand euro. At the same time, it has to be concluded that in comparison with other processing sectors the growth of output per employee in food and beverages production sector was one of the slowest.<sup>66</sup>

### **3.1.2.6 Summary of Food Industry Status Evaluation**

#### **Strengths**

199. Competitiveness of food industry products on the European market has grown, as suggested by the export growth.
200. Food companies have concentrated capacities in larger companies.
201. The value produced by food industry has increased.
202. Growing demand for higher value added products.
203. Established and operational market promotion system improving the competitiveness of food products.
204. National quality scheme under construction.
205. Processing of by-products for biogas, heat and electric energy adds value, supports autonomy and independence of energy resources, yields quality fertilisers and diminishes (human and animal) disease spreading threats.

#### **Weaknesses**

206. The share of food and beverages production in the structure of output of the processing sector has shrunk.
207. Small food processing volume according to the European standards endangers the future competitiveness of the sector (fragmented processing).
208. Insufficiently developed horizontal (among processing companies) and vertical integration (between processing companies and agricultural producers).

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<sup>66</sup>Source: CSB data base "Industry"

209. Insufficient growth rate of labour productivity in food companies using obsolete technologies in the production process.
210. Dominance of low value added food products in exports and the sector in general.
211. Poorly developed cooperation in production of higher value added and innovative products.
212. Shortage of qualified specialists.

### **Opportunities**

213. Growth of the national economy provides development opportunities.
214. Growing demand for new products with a higher added value.
215. There is an empty niche in Latvia in the area of organic processing products.

### **Threats**

216. With the competitiveness of businesses on both domestic and external market deteriorating and considering the growing pressure on behalf of retail chain stores, it may result in closing companies.

### **Assessment of potential development in 2007–2013**

217. Long-term development prospects of producers of consumer products are good, provided that they will be able to preserve their competitiveness on the European market. At the same time, it would be necessary to improve the added value food products, taking into account that high value added products, including organic products, have high development potential.

### 3.1.3. Environment and land management

#### 3.1.3.1 Biodiversity

##### Species and biotopes

218. Nature of Latvia is rich in protected biotopes of European significance. 18 047 species of animals, 5396 species of plants and about 4000 species of mushrooms have been registered in Latvia. According to scientists, about 907 species (3.3% of all species) are rare and endangered. Species, whose habitat is related to the countryside, constitute a significant share in the total number of species in all groups of organisms. Six species of mammals, five species of birds and two species of fish that are endangered worldwide can be found in Latvia (IUCN Red Data List, 1996). Due to the cool climate conditions, the number of amphibians and reptiles is not high. Almost a half of their species is included in the Red Book of Latvia.
219. The Latvian fauna includes 62 mammalian species. The vast majority of Latvian mammals (63%) inhabit forest biotopes, approximately 24% of the species are mainly related to a cultural landscape – parks, etc. or open watercourses. Only five species are related to open landscape biotopes (e.g., striped field mice *Apodemus agrarius*, brown hares *Lepus europaeus*), and there are three typically sinantropic species - house mice *Mus musculus*, brown and black rats (*Rattus norvegicus* and *Rattus rattus*).
220. Latvian avifauna is rather rich owing to the geographical situation of the territory and to the variety of biotopes suitable for nesting, repose and feeding. There are 223 bird species nesting in Latvia, including many species that are rare worldwide, such as white-tailed eagles *Haliaeetus albicilla*, short-toed eagles *Circaetus gallicus*, black storks *Ciconia nigra*. 152 of the bird species found in Latvia are included in the European Union Birds Directive, and almost all (99%) of the species are included in Annexes to the 1979 Berne Convention On the Conservation of European Wildlife and Natural Habitats.
221. 206 geological and geomorphologic nature preserves, 89 dendrological plantings and 60 alleys are under protection in Latvia. The system of specially protected nature territories consists of 4 natural reserves, 274 nature restricted areas, 42 nature parks, 4

national parks, 9 areas of protected landscape and 1 biosphere reserve. The largest area of these territories is covered with forests (49%) and agricultural land (24%), while waters, marshes and other biotopes occupy 12%, 14% and 1% respectively. About 95% of all specially protected nature territories have been registered as protected territories of European significance: *Natura 2000*.<sup>67</sup>

222. Although there is no legal definition of high nature value agriculture lands, agricultural lands located in *Natura 2000* territories and biologically valuable grasslands have the highest environmental value. The area of *Natura 2000* territories is about 784 000 ha or 11.9% of the total territory of Latvia. Out of these territories, 24% is agricultural land. Grassland biotopes of European Union significance and other grasslands important to sustain the populations of corncrake and lesser spotted eagle requiring management measures that have been included in *Natura 2000* areas take up 63 025 ha, of which 14 146 ha of high value grassland biotopes in *Natura 2000* territories need biotope regeneration measures. These territories contain biotopes and species of national and EU importance (79/409/EEC, 92/43/EEC), and their maintenance and preservation is highly dependent on extensive agriculture. Environment-friendly management on *Natura 2000* agricultural lands is a precondition for the existence of many protected, rare and vanishing species. Preservation of biodiversity requires development of organic and environment-friendly farming, resulting in sustainable use of agri-environment resources. Suspension of all agricultural activities would endanger maintenance of the existent values, whereas changes in the agricultural activities might endanger the preservation of biodiversity.
223. Nature protection plans (signifies “management plans” defined in Article 6 of Habitats Directive) for *Natura 2000* territories are traditionally established for a certain period of time (usually 7–15 years) and they are approved by the Minister of Environment. Nature protection and other essential activities are outlined in nature protection plans, which also feature a division of the territory into zones depending on protection and management requirements. Nature protection plans are mandatory for all levels of spatial planning and its management. As at the end of 2006, there were 336 *Natura 2000* territories in Latvia. For 103 of these territories, nature

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<sup>67</sup> Source: Law “On specially protected nature territories”.



protection plans have been developed and approved. For 30 *Natura 2000* territories, nature protection plans are still in the process of elaboration.

224. The Nature Protection Board ensures implementation of unified nature protection policy in Latvia. The main functions of the Nature Protection Board are coordination of administration and management of specially protected areas; organization of nature protection planning and promotion of the plans; keeping records on scientifically research in specially protected areas; carrying out the functions of supervision; carry out international cooperation in the area of nature protection. Information on restrictions in specially protected areas can get also in State Environmental service, municipalities and administrations of specially protected areas.

### **Agricultural lands**

225. Agricultural lands that have been extensively utilised over the past decades, in extensive territories with naturally varied relieves and hydrologic conditions play an important role in provision of biodiversity. According to the National Programme of Biological Diversity for Latvia, the main priority of the conservation of biological diversity is the protection of natural grasslands. Especially valuable are flood-plain meadows. Grasslands contain about 40% of all the protected plant species. Riparian meadows are significant biotopes for such rare species of birds, like knot (*Calidris alpina*), redshank (*Tringa totanus*), black-tailed godwit (*Limosa limosa*) and ruff (*Philomachus pugnax*). The most important grassland areas are located around the lakes of Pape and Liepaja, in Kalnciems, Daugavgrīva, Lubāna lowland, the river basins of the Daugava, the Venta, the Gauja and other rivers and Randa grasslands.
226. Low intensity of agricultural activity at the countryside lays favourable impact on biological diversity; however there are large, abandoned areas of agricultural land, overgrowing with shrubs and weeds. This results in reduction of prevalence of grassland plant species that need occasional grazing, especially in swampy lands and wetlands where machinery cutting is impossible and the area is not needed for grazing land. Grasslands, alongside with overgrowing or transformation in arable land or perennial grasses, are endangered by potential afforestation because of their low productivity.
227. In 2005, about 13.8% of the agricultural lands or 340.4 thousand ha was land which was not used for agricultural purposes, including

abandoned land (in 1995 – 11%), leading to soil fertility and quality deterioration, overgrowing with shrubs, weeds and invasive plant species. In 2004, 51.9 thousand ha of land were subject to paludification and overgrowing. From the point of view of nature preservation, this is a harmful tendency, because it leads to disappearance of many valuable biotopes.<sup>68</sup>

228. Biologically valuable grasslands are located in the area of 32 521 ha. These areas could expand as a result of the Latvian Nature Fund project *Establishment of New Biologically Valuable Grasslands* which was launched in 2005 and 2006 and invited farmers' applications for survey of grasslands. In 2006, 28 025 ha or 86 % of the total biologically valuable grassland areas were farmed. In 2006, the number of applications for support under agri-environment measures of the Rural Development Plan 2004–2006 increased 8 times in comparison with 2004. 16 136 agri-environment applications or 7.8 % of all applications for area payments were approved for support in 2006.
229. Biologically valuable grasslands are affected by two types of degradation – overgrowing with bushes and intensification of agriculture (fertilizer (organic, non-organic), sowing, often mowing and enlargement number of livestock). Part of meadows are abandoned, because of they low productivity. In the meadow, which is not managed, accumulates dry grass or last year grass, changes microclimate, intensity of light and moisture.
230. Agriculture land is a habitat of international importance for migrating birds, especially cranes and geese. Up to now in the country in total about 150 migrating birds are known from valuable agriculture lands, 15 from them are included in the List of Important Bird Areas in Europe. These areas are protected according to the Bonn Convention that Latvia ratified in 1999. Migrating birds are negatively influenced by the decrease of cropper fields in the areas that are good rest places for birds as well as field interruptions and road margin and ditch overgrowth with shrubs.
231. Within the last ten years, the traditional populations of wild birds in Latvia's rural areas have temporarily stabilised or even increased slightly. In 2003, the rural bird population index was 96.7. The

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<sup>68</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2005

increase of the wild bird population can be explained mainly by large fallow lands and the low use of fertilisers and plant protection chemicals before 2001. Currently, Latvia is one of the richest countries of the European Union in terms of the nature diversity, in particular that of the birds. For example, Latvia is the nesting place of one of the largest populations of the following particularly protected bird species in Europe<sup>69</sup>: corncrake *Crex crex* (26000–38000 couples or 24.5% of the corncrakes nesting in the European Union), white stork *Ciconia ciconia* (9500–10500 couples or 9.2% of the European Union population of this species), lesser eagle *Aquila pomarina* (2848–5180 couples or 46.1% of the EU population), spotted crane *Porzana porzana* (500–1000 couples or 6.3%) and great snipe *Gallinago media* (200–300 couples or 8.5%).<sup>70</sup>

232. Rural Development Programme plays an important role in the field of bird preservation, as large populations of specially protected bird species live outside of specially protected nature territories or the network of *Natura 2000* locations: 90% of corncrake couples, 91% of lesser eagle couples and 93% of white stork couples nest outside *Natura 2000* territories<sup>71</sup>.
233. The European rural bird index<sup>72</sup>, for the period from 1995 to 2005 covering 10 species, shows a stable upward trend up to 2001, over 1.4 in comparison with the index of 1995, yet becomes negative beyond 2001. In the last four years, it has been steadily declining and approaching the reference value of 1.0<sup>73</sup> which is still considered favourable since it is higher than 1.
234. Small wetlands located on agricultural lands are endangered by draining, as the majority of intensive farmers want to make use of all territory of their holdings. Overgrowing of small wetlands with shrubs is also a problem. In most cases, the presence of small shrub clusters is a factor supporting biodiversity, yet on the wetlands with

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<sup>69</sup> Council Directive 79/409/EEC On conservation of wild birds.

<sup>70</sup> Source: Birds in Europe: Population estimates, trends and conservation status, 2004; Atlas of bird's nesting in Latvia (2000-2004) Species distribution maps.

<sup>71</sup> Source: Data of project „Emerald” (2004).

<sup>72</sup> Classification is performed on the basis of methodology proposed by the European Birds' Recording Council, Pannekoek, van Strien 2003, Gregory et al. 2005.

<sup>73</sup> Source: A. Auniņš, J. Priednieks 2006. National and transnational indicators for evaluation of biological diversity in agricultural lands. LU Biology conference, Section of zoology and animal ecology.

an area of open water sufficient for nesting of water birds (usually over 0.5 ha) the presence of shrubs deprives the rare wading birds and other water birds of the nesting opportunities.

235. Natural biodiversity is jeopardized by different invasive species creating important biological pollution. However information on invasive species is accessible only in the form of separate observations (e.g. *Percottus glehnii*, signal crayfish) or studies (Giant Hogweed). In Latvia, Giant Hogweed has spread over 12 000 ha. In Madona district, more than 10 000 ha are invaded with Giant Hogweed which is about 85% of all area covered by them in Latvia. Gradually, a systematic destruction campaign is being implemented: farmers whose farms were invaded by giant hogweed in summer of 2006 could apply for support.
236. By accepting the Rio Convention on Biological Diversity signed in 1995, Latvia has undertaken a commitment to preserve the genetic resources of agriculture. It is important for Latvia to improve the productivity of the existing herd and introduce new modern breeds, yet it is equally important also to preserve the genetic resources of the local varieties of agricultural animals, like Latvian blue cow and Latvian brown cow, Latvian white pig, etc., as well as the genetic resources of the local plant varieties with their characteristic features.

## **Forest**

237. Forest stand of Latvia are mainly formed by three tree species: pine, spruce and birch totally comprising 87% of all forest areas and 92% of the total supply of forest stands. In state forests, the coniferous trees take up 69% of all areas, while in private forests this proportion is 43%, leaving larger space for deciduous trees: birch, grey alder and aspen. Over the last 3-4 years there is definite trend of transformation of agricultural land into forest land, thus increasing forest areas.
238. Biodiversity of the forest is a prerequisite for forest productivity regeneration and viability as well as sustainable forest management. Of all types of organisms on which information is available, 17–84% of the protected species are related with forest. According to the State Forest Register data as at 1 April 2007, various types of protected forests occupied 523.5 thousand ha or 17.7% of the total forest area, of which forests with protective functions take up 142.3 thousand ha or 27.2% of the protected forests.

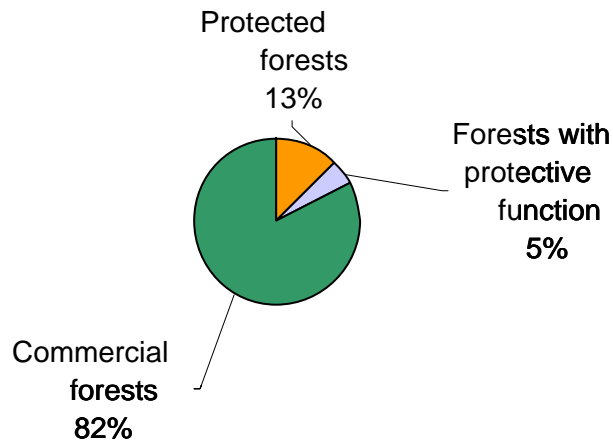
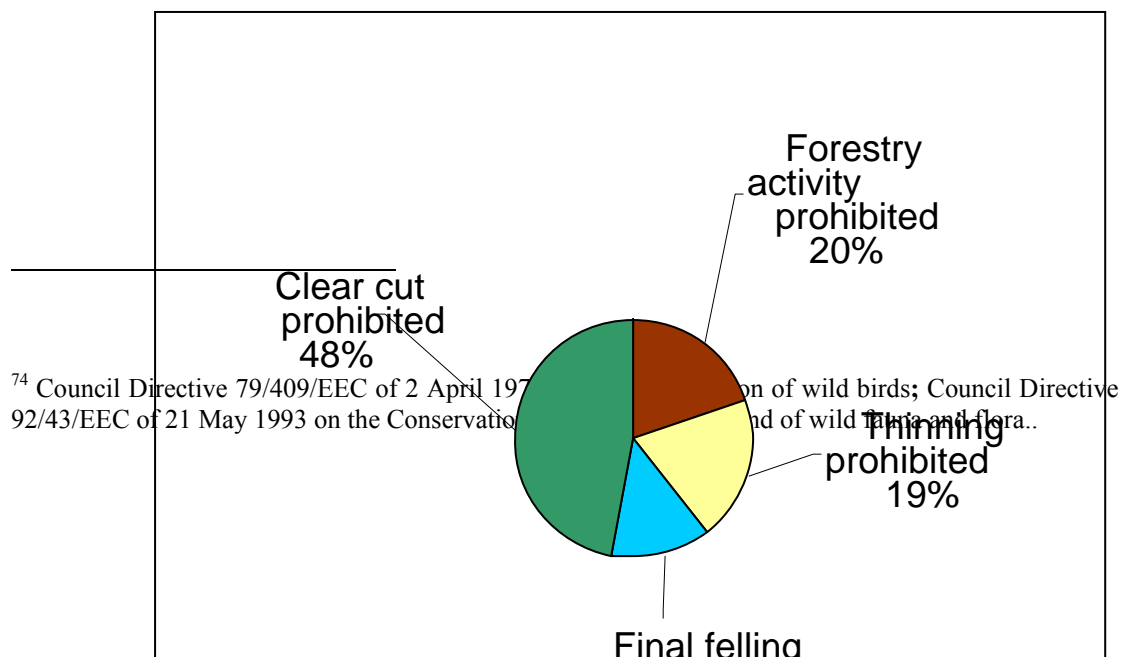


Figure 11 Protected forests; %

239. 336 Natura 2000 territories were established pursuant to European Union directives<sup>74</sup> (see Natura 2000 territory map in Annex 5 and list in Annex 8) with the forest area of 325.5 thousand ha (11.3% of the total forest area), with different protection and management regimes ranging from minimum restrictions in protected landscape areas to total ban on business activity in nature reserves. This creates additional costs which cannot always be covered from business income. There is no compensation system in place that would cover the income foregone due to business restrictions imposed to provide for preservation of biodiversity and economic viability of private forestry. Forestry business restrictions apply to 11.8% of the total forest area there are the following types of restrictions:



<sup>74</sup> Council Directive 79/409/EEC of 2 April 1979 on the Conservation of wild birds; Council Directive 92/43/EEC of 21 May 1993 on the Conservation of natural habitats and of wild fauna and flora.

*Figure 12 Types of business restrictions*

240. Non-agricultural land can be afforested by firstly renewing the forest eco-system in its traditional historical areas and then in the future creating forest ecosystem corridors in open landscapes to improve the preservation of biodiversity. However, afforestation of Natura 2000 territories or territories of high natural and agricultural value and wetlands may only proceed according to management requirements of these territories. The total area of specially protected forest biotopes of the European Union significance to be regenerated is 5 594 ha, and maintenance measures for forest biotopes and habitats of forest species will be required for an area of 10 077 ha. As a result of afforestation and high-quality forest regeneration, carbon sequestration will also increase, contributing to the attainment of the objectives set by the Kyoto protocol and ensuring availability of raw materials for the future needs of the forest industry and energy sector.

**Marshes biodiversity**

241. Marshes are an important component of the Latvian landscape, and they can be found on all territory of Latvia. Marshes occupy only 4.9% of Latvia's territory, yet they play an important role in preserving the diversity of nature. They display a rich variety of plants and animals; one can found many rare species of plants and

animals there as well as European significance biotopes. Marshes are also important as a supply of Latvia's peat resources: peat fields occupy 10.4% of the territory of Latvia; they are covered by marshes and forests. Peatery fields cover 0.4% of the territory of Latvia. The existence of marshes is threatened by peat extraction, drainage and eutrophication and in some instances also fires. The hydro-geological regime of marshes is changed, and it is impossible to restore the initial condition and the marshes and the natural plant vegetation of the marshes.

### **Inland water, Marine and Coastal biodiversity**

242. There are 140 lakes (larger than 1 km<sup>2</sup>) and 12'400 rivers with the total length of 38'000 km in Latvia. 777 rivers are longer than 10 km. The biggest diversity, of water birds in particular, can be found in shallow coastline lagoons, for example, in lakes of Pape, Liepāja, Engure, Kaņieris and Babīte. The Lake of Engure and its surroundings are among the territories that are the richest in species in Latvia. There are 800 species of flower plants and fern plants, 40 of which are protected. At least 30 species of rare birds endangered elsewhere in Europe nest nearby the Lake of Engure. The Lake of Lubāna and its lowland are considered one of the most important inland marshland complexes in the Baltic countries, where great number of birds concentrates especially during the period of migration. Latvia is among the states of the Baltic Sea region, where places of spawning of salmons in rivers have been maintained. The River of Salaca is the biggest area of natural spawning of salmons in the Eastern Baltic. Nearly 26'000 beavers and almost 5'000 otters live in the Latvian rivers.
243. Total length of Latvian seacoast reaches 496 km. The present seacoast is a relatively young formation (two to several thousand years) and has established after the retreat of the Litorina Sea. Of course, to a greater or smaller extent coastal habitats have developed under the influence of human activities (fishery, forestry, animal breeding and agriculture, military activities etc.). About 90 % from the coast are natural habitats; the rest are built up (ports, buildings) or changed in another way. In spite of that the Baltic Sea coast in Latvia characterise high species and natural habitat diversity.
244. The Baltic Sea distinguishes among the other salt water-basins due to its relatively low salinity that determines the number of species occurring there. There is a small number of water organism species

that have adapted to life in slightly salty water. The marine area in Latvia includes two comparatively different ecosystems - the eastern part of the Baltic Sea and the Gulf of Rīga (excluding its northern part). The salinity in the Baltic Sea is higher (about 7 PSU - Practical salinity units)) than in the Gulf of Rīga (about 5 PSU). Therefore, higher species diversity is observed there.

245. The largest threat to the ecosystem is eutrophication - the increase of nutrient concentration in the water inducing ecosystem change. Also the other human activities, like organization of port facilities without preliminary study of the environment, ground and waste dropping into the sea, non-adequate fishery intensity, oil product spills, can cause a threat to the ecosystem.

### **3.1.3.2 Soil**

246. Soil is an important environmental component and one of the most significant renewable resources of Latvia. Soil is also one of the main factors determining land use differentiation by types, as well as crop rotation in agricultural lands. In structure of soil, Latvia is dominated by podzol soils, surface gley soils taking up 54% of agricultural land. According to the data at the disposal of the state joint stock company "Agrochemical research centre", around 20% of these soils have acidity higher than  $pH_{KCl} < 5.6$ , which means that farming is only possible there after liming of these soils. Overall, optimisation of soil acidity would be required for approximately 1.034 million ha.
247. Degradation of soils is one of the main environmental problems caused by agriculture. Certain soil degradation processes are observed in Latvia, promoted by soil acidification, decrease of organic matter, plant nutrients in soil, erosion and other processes. Inobservance of crop rotation, lack of organic manure promotes it on agricultural lands (in the period of 1990-1997 it was decreased by 73%). Inappropriate crop management, relief peculiarities, absence of crop rotation, shortage of green areas promotes erosion on agricultural lands. Establishment of large-sized flat crop fields has enhanced wind and water erosion and depletion of plant feed material in soils. The average level of organic matter in soils is 1.83%. During the last years' observation period, the organic matter in mineral soils has decreased in 25% of all areas. Soil areas with a low content of organic matters require improvement measures, like peating, wider use of organic fertilisers, provided that the restrictions on their use are complied with, growing of organic green fertilisers



and perennial grasslands. Also Good agricultural and environmental conditions include requirement that plants or plant waste and stubble shall be worked into the soil, in order to maintain the fertility of the land utilised for agriculture.

248. 230 thousand ha or 9.3% of arable land are exposed to wind erosion. Taking into account the large areas of hilly land areas and increased rainfall, water erosion is much more important in Latvia: upper layers of soil are partly carried downhill by rainwater, whereas 380 000 ha or 15.4% of arable land in Latvia is affected by water erosion.<sup>75</sup> Intensity of wash-off depends on the steepness, length and shape of the slope, from its segmentation and waviness as well as the mechanical soil content. The main factor is the steepness of the slope: the steeper the slope, the stronger erosion. Distribution of water erosion is very uneven across all Latvia: erosion is very slight in the central part of Latvia, but very strongly pronounced on Vidzeme Central Highland and the eastern part of Latvia. Sandy and organic (peat) soils which are used for agricultural production, and the regions on the coast of the Baltic sea are affected by wind erosion, whereby the wind lifts up the soil and carries it a shorter or a longer distance. In Latvia, wind erosion can be observed mainly in spring, when the soil is still barren. It is evident on big plains exposed to wind at one or several kilometres length and having sandy soils (mainly in Riga, Ventspils and Liepāja districts and in Zemgale where large field parcels were formed in the Soviet times).<sup>76</sup>
249. Negative impact on the soil is exercised by polluted areas. Municipal waste dumpsites and different un-operating and operating industry facilities, places of ecological accidents, places with unexploded ordnance, mineral fertiliser warehouses of former kolhozes and sovhozes, former and existing gas filling stations, un-recultivated quarries of mineral resources, woodworking facilities and sawdust dumping grounds, etc. should be considered sources of the above pollution. Overall, more than 500 household waste dumping sites have been detected across the territory of Latvia, which are to be closed by 2009, as the construction of new regional dumping sites meeting the environmental protection standards and implementation of waste management systems is ongoing.

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<sup>76</sup> Source: Boruks A. Nature conditions and their impact on agri-environment in Latvia, 2004.

250. The issue of protecting the soil from nitrate pollution caused by agricultural activities is equally important. According to Nitrate directive<sup>77</sup>, in May 2004 Action Programme was approved for particularly vulnerable territories to which increased water and soil protection requirements with regard to nitrate pollution caused by agricultural activity are applied. Good Agricultural Practice conditions (hereinafter GAPC) were elaborated in 1998–1999. It is a comprehensive collection of practical advice, recommendations and legislation covering the main fields of agricultural activity and applicable on a voluntary basis on the whole territory of Latvia.

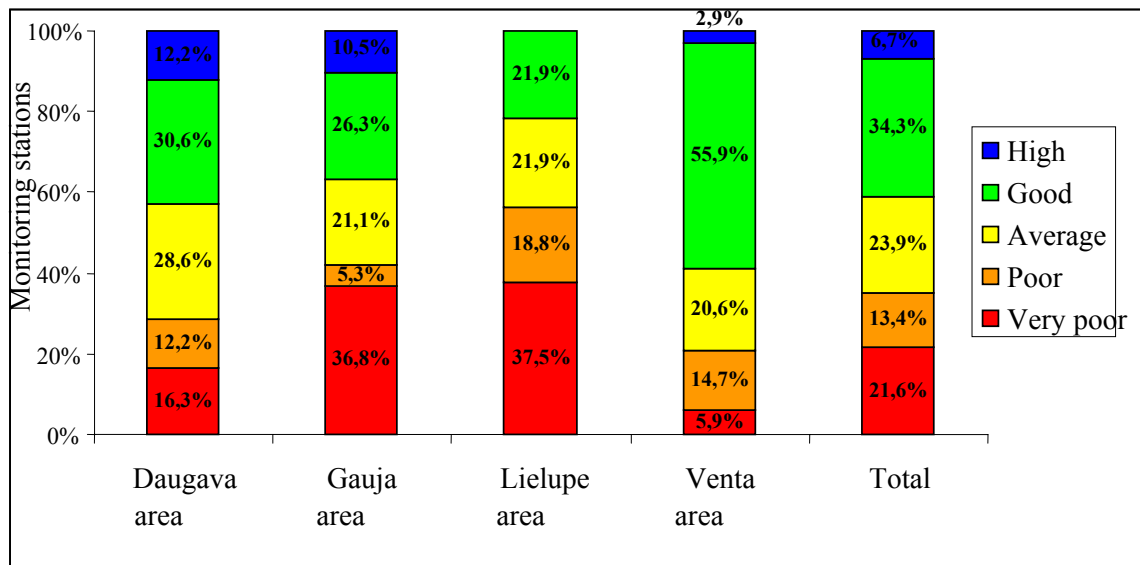
### **3.1.3.3 Water resources and their quality**

251. Surface waters aggregated of more than twelve thousand rivers and springs, (including almost 800 rivers longer than 10 km) more than three thousand lakes and artificial water bodies (including about nine hundred with area larger than 10 ha), occupy 3,7 % of the total territory of Latvia.
252. The underground freshwater natural resources comprise approximately 1.4 million m<sup>3</sup>/per 24 hours, 3 times exceeding the present underground water extraction for water supply purposes. Regeneration of natural freshwater exceeds its consumption; however difficulties are created by the uneven distribution of resources and consumers over the territory of the country. Latvia enjoys sufficient stocks of underground water to ensure high quality water supply. For centralised supply, mainly artesian water is used while farmsteads and small villages widely utilise ground waters.
253. Pollution of underground waters has been detected in several places, where industrial waste was stored in unsuitable conditions, particularly on industrial territories, in Riga and Liepāja ports, on the territories of former airfields and around oil depots. It has a minimum negative effect on the quality of environment in rural territories, yet the polluted spots have to be eliminated or localised.
254. In accordance with the 2006 Latvian surface water monitoring data, 40% of water bodies are of a good and high ecologic quality which is the objective of the EU Water Framework Directive to be attained by 2015. This figure is a bit lower than in 2005 when it was 48% and

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<sup>77</sup> Council Directive 91/676/EEC of 12 December 1991 protection of waters against pollution caused by nitrates from agricultural sources

43% in 2004, as the number of rivers and lakes monitored has increased considerably. Overall, the best ecological quality of surface water in 2006 was in the Venta area, where 59% of the monitoring stations showed high or good quality. By contrast, 56% of the monitoring sites of the Lielupe area showed poor or very poor ecological quality. In Latvia, the highest number of poor and very poor ecological quality water bodies in percentage terms is the result of the impact of agriculture on the Lielupe river basin territory<sup>78</sup>.



*Figure 13 Summary of the ecological quality of surface waters in monitoring stations of Latvian river basin areas in 2006*

255. Based on the monitoring data, particularly vulnerable territories of Latvia have been identified in the river basins of the Lielupe and the Daugava in Bauska, Dobele, Jelgava and Riga districts, with the exception of Jūrmala and Riga city territories. The area of vulnerable territory constitute 8 160,5 km<sup>2</sup>, of which agricultural land is 312 072 hectares (15 % of the total agricultural land of Latvia. In 2004, the average annual nitrate nitrogen (N/NO<sub>3</sub>) concentration in the rivers of particularly vulnerable territories was 0.8–6.4 mg/l, which is below the critical N/NO<sub>3</sub> concentration at 11.3 mg/l. In particularly vulnerable locations with intensive agriculture, the highest detected water pollution level was 38 mg/l, which is also

<sup>78</sup>Source: Latvian surface water report 2006, Latvian Environment, Geology and Metrology Agency.

below the critical limit value for nitrate concentration laid down by the Nitrate Directive, i.e. 50 mg/l. As a result of a gradual transition to more intensive agricultural methods, in the future agriculture may endanger the quality of inland and Riga Gulf waters. In order to reduce nitrate emissions caused by agricultural activities, the Action Programme provides for measures to improve the existing manure storage facilities and construction of new ones compliant with the environmental standards, where the capacity would be sufficient to ensure accumulation of the collected organic fertiliser in bedding manure storage facilities for at least six months, whereas in liquid manure and slurry storage facilities for seven months. The Programme also features measures for closed-type storage of organic fertilisers and mineral fertilisers as well as their correct working into the soil in a manner suitable in light of the specific meteorological conditions and other measures. Expansion opportunities on particularly vulnerable territories will be considered in autumn 2008, upon expiry of the four year period of the current Action Programme, taking into account the results of the “Monitoring Programme for Particularly Vulnerable Territories”.

256. Agriculture is a significant but not the only source of water pollution by nitrates. Water pollution is primarily caused by discharges of household wastewaters into rivers and lakes, particularly in settlements with outdated wastewater treatment facilities. This type of pollution is characteristic of river sections located downstream from settlements.
257. Pollution from point pollution sources imposes a significant load on surface and underground waters in all largest river basins of Latvia. Point pollution poses a risk to securing good water quality in water basins of 54 rivers and 33 lakes by the end of 2015, as required by the Law on Water Management and Directive 2000/60/EC of the European Parliament and the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (hereinafter – Water Framework Directive). Urban waste waters carry a substantial share of industrial waste waters into surface waters. Of the total national volume of waste waters, about 60% consist of household wastewaters generated by cities, towns and settlements. Household wastewater treatment companies find it difficult to comply with the statutory environmental emission limits, as production companies discharge highly polluted wastewaters. The highest loads of organic matter and biogenic elements (nitrogen and

phosphorous) are produced by agricultural processing businesses, sea-ports and industrial businesses of other sectors.

258. The concentration of the active agent in plant protection chemicals used since 1993 has grown considerably in comparison with the chemicals used in the eighties. Therefore, the use of the plant protection chemicals has decreased notably in comparison with 1990. Alongside with the decreased volumes of used plant protection chemicals, the treated areas have also shrunk (see figure 14).

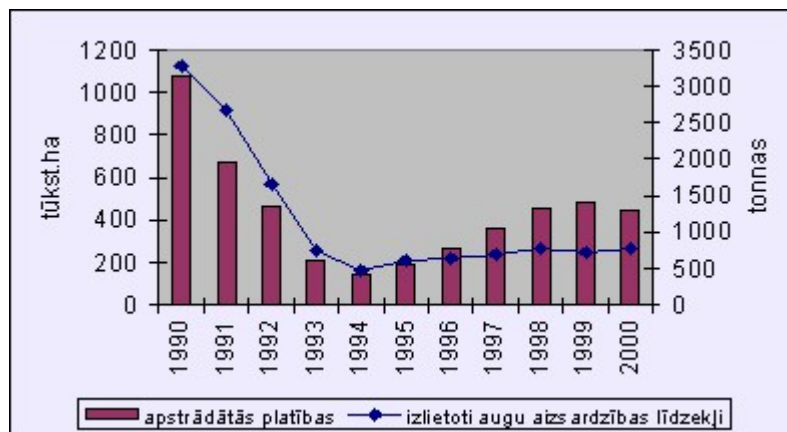


Figure 14 Areas treated with plant protection chemicals and plant protection chemicals used<sup>79</sup>

259. Alongside with stabilisation of the economy and following a significant drop in the mid-1990-ties, from 2002 to 2005, every year the sales volumes of plant protection chemicals have increased by an average of 266 tons in Latvia (see figure 15).

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<sup>79</sup> Latvian Environment Report 2001

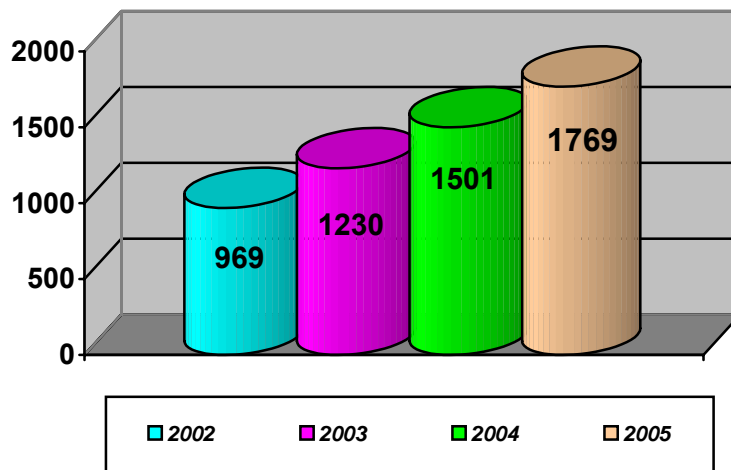


Figure 15 Plant protection chemicals sold in Latvia in 2002–2005, t<sup>80</sup>

260. The increased used of the plant protection chemicals is not a negative tend but can be explained by the changes in the structure of the agricultural crop sowings and crop rotation, as well as the growing areas of cultivated arable land taken up by sowings of cereals and rape. In order to increase productivity and total yield, the use of fertilisers has grown wider, including that of nitrogenous fertilisers. Taking into account the shrinking numbers of bovines, including milkers, the volumes of obtained manure also decrease resulting in a growing necessity to apply mineral fertilisers. In order to protect rape from pests; insecticides are widely used, whereas glyphosphate type substances are used in preparation of spring rape sowings in the autumn period. Moreover herbicides are now applied to sowings of winter crops, which previously were not used: if rape sowings are followed by sowings of winter crops, herbicides are applied to the sowings of winter crops in autumn in order to eradicate rape. Substances against lodging and fungicides are now applied to sowings of spring crops, which were previously used in small amounts or not used at all. In addition to that, one of the ways of weed eradication during the soil preparation stage is the application of glyphosphate type substances.

#### 3.1.3.4 Air quality and climate change

261. Under the impact of climate change, air temperatures in Latvia as in the rest of the world are increasing. In the last 100 years, the average air temperature in Latvia increased by 1°C annually. The steepest

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<sup>80</sup> State Plant Protection Service

rise of the temperatures was witnessed in the second half of the 20<sup>th</sup> century. The last decade of the 20<sup>th</sup> century was the warmest in all history of air temperature measurement observations in Latvia. The most rapid temperature increases are observed in winter and in spring. In summer and autumn the temperature changes are comparatively lower, with the general tendency in summer being for the temperatures to grow slightly, whereas in autumn to become marginally lower. The period of vegetation has increase by 8 days on average in Latvia. The fact that the frequency and intensity of extreme natural phenomena occurrence have grown is one of the signs confirming climate change. Specialists believe that the snow cover period will shrink in the future under the impact of the greenhouse effect, the plant vegetation period will increase, river channels and distribution of precipitation will change.

262. As concerns the air pollution, in 1990–2003 the total sulphur dioxide emissions in Latvia were reduced by 92%, those of carbon dioxide by 60%, methane by 49%, nitrogen monoxide by 61%, nitrogen oxide by 47%, carbon oxide by 44%, whereas those of non-methane volatile organic compounds by 34%. Sulphur dioxide emissions decreased considerably on account of reduced consumption of coal and heavy liquid fuels as a result of replacing them with more environment-friendly resources, like natural gas and biomass, which are used in energy production, as well as implementation of legislative requirements concerning the content of sulphur in liquid fuels.

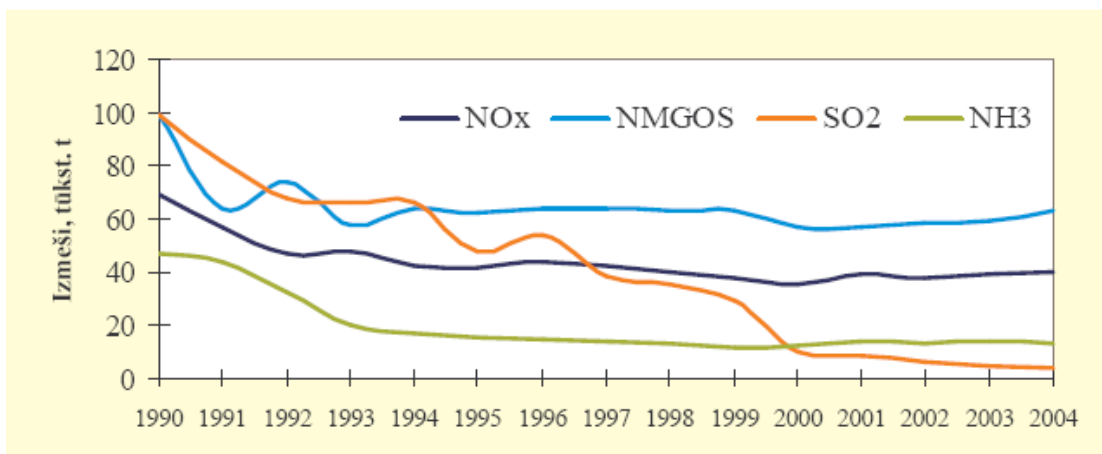


Figure 16 Emissions of sulphur dioxide (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>), non-methane volatile organic compounds (NMVOC) and ammonia(NH<sub>3</sub>), thousands of t<sup>81</sup>

263. Although agriculture is one of the main sources of ammonia emissions in Latvia, the emissions produced by agriculture have a tendency to decrease. In 2001, the annual level was 11.61 NH<sub>3</sub>/kt, representing a 31% decline over 1990. Ammonia emissions decreased mainly on account of the declining number of farm animals. Moreover, the amount of organic fertilisers cultivated in the soil has also been following a constantly downward trend since the beginning of the 1990-ies. In 2001, the amount of organic fertilisers worked into the soil totalled only 3% of the respective amount of 1990. It is estimated that the ammonia emissions could increase; yet they remain below the maximum threshold set for the period beyond 2010 – 44 kt<sup>82</sup>. The expected increase could be caused by such factors as intensification of agricultural activities, particularly in production of livestock products.

<sup>81</sup> Overview of Latvia's sustainable development indicators 2006, Latvian Environment, Geology and Metrology Agency, Riga, 2007.

<sup>82</sup> Ministry of Environment, About measures for Reduction of Total Emissions in the Air.



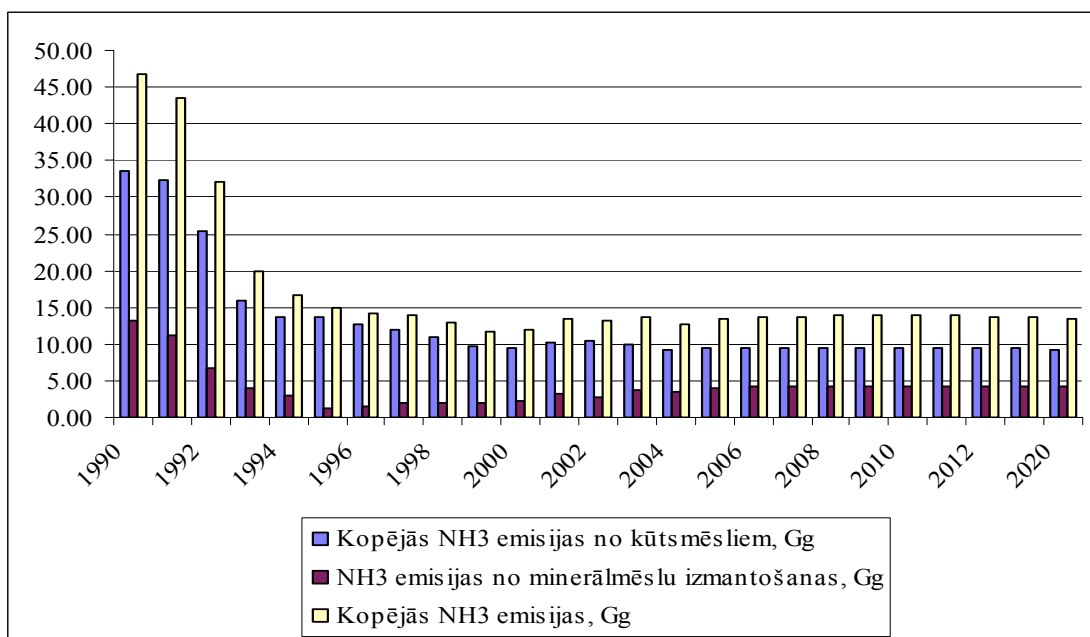


Figure 17 NH3 emissions from the agriculture 1990. – 2020<sup>83</sup>

264. In 1990–2000, GHG emissions have decreased considerably as a result of the transition of the Latvian economy from a centralised planned economy to a market economy, which affected all sectors. Since 2001, the total emissions have been increasing. In 2005, Latvia's GHG emissions, excluding LULUCF<sup>84</sup>, decreased by 59% in comparison with the reference year of 1990. In comparison with 2004, the 2005 emissions have increased by 1.5% under the impact of the national economic growth.<sup>85</sup>

<sup>83</sup> Latvijas Vides, ģeoloģijas un meteoroloģijas aģentūra

<sup>84</sup> Land use, land use change and forestry

<sup>85</sup> Summary of the GHG inventory submitted in 2007, Latvian Environment, Geology and Metrology Agency.

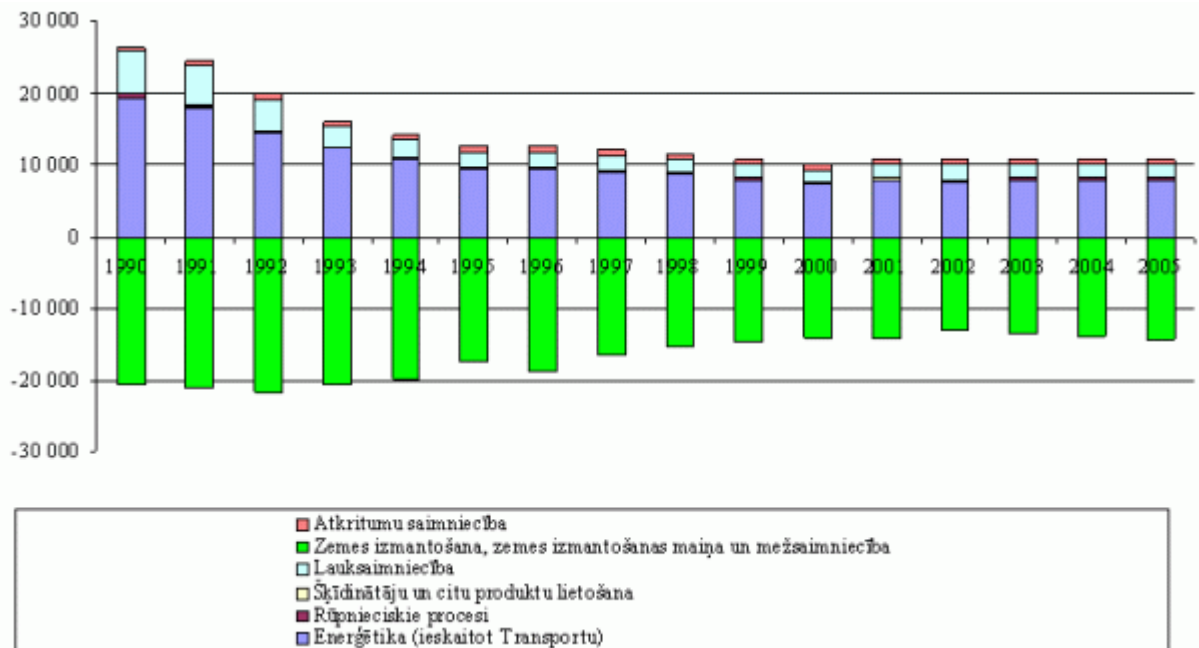


Figure 18 Latvia's GHG emissions by sector in 1990 –2005 (Gg CO<sub>2</sub> equivalents)<sup>86</sup>

265. The largest source of the GHG emissions accounting for 72.3% of the total 2005 emissions is energy except transport. Although during the last years the emissions have stabilised, they have a tendency to grow. The growing emissions can be largely explained by the increasing number of transport vehicles resulting in higher emissions caused by the transport sector. The transport sector produces 27.5% of the total emissions and 37.9% of the total energy sector emissions. Transport sector emissions have grown by 3.2% in comparison with 2004. The source of CO<sub>2</sub> emissions in the energy sector is incineration of the natural gas both in the public and private sector, which can be explained by the growing demand for electricity and thermal energy. Expanding use of the natural gas can be explained also by replacement of the liquid and solid fuels with the natural gas, which has been affected by the price and high availability of the natural gas fuel as well as the involvement of the largest companies into the European Emissions Trade System. Intensive industry development has also impacted on the growth of emissions from the energy sector.<sup>87</sup>

<sup>86</sup> Summary of the GHG inventory submitted in 2007, Latvian Environment, Geology and Metrology Agency.

<sup>87</sup> Summary of the GHG inventory submitted in 2007, Latvian Environment, Geology and Metrology Agency.

266. Agriculture is the second major source of the GHG emissions accounting for about 18% of the total emissions in Latvia. In 2005, the emissions decreased by 68% in comparison with 1990 as a result of restructuring of the Latvian economy and downsizing of production in agricultural holdings as well as the split up of large agricultural holdings. Increase or decrease of emissions is affected by changes in the number of farm animals as well as the amount of mineral fertilisers used.
267. There are large areas of forest and agricultural lands in Latvia ensuring carbon sequestration as a result of plant photosynthesis. In the last years, sequestration has exceeded the emissions. In comparison with 1990, sequestration decreased by 30% in 2005 that is related with increase of felled timber since 1990, furthermore constant increment of growing stock is used in this calculation. Calculation of sequestration is substantially influenced by quality and reliability of data to be used for that, but at this moment precise information on growing stock increment is not available. If data derived within the National Forest Inventory (please see p. 147) including more precise growing stock increment will be used for calculation of CO<sub>2</sub> balance, the respective indicators could differ significantly from the mentioned above.
268. The greenhouse gas emission projections show that implementing the existing policy of climate change mitigation policy in the largest sectors creating greenhouse gas emissions, like energy, transport, agriculture (supporting investment in construction of manure storage facilities) and waste management, Latvia will be able to fulfil the emission reduction commitments under the Kyoto Protocol of the United Nations Framework Convention of Climate Change for 2008– 2012.
269. Within the framework of the Rural Development Plan 2004-2006: before the end of 2006 314 farms have applied for the support under the activity “Meeting of Standards” in the activity “Construction of Manure Depositories in the Specially Sensitive Territories” for the total amount of EUR 10 352 623.

### 3.1.3.5 Renewable energy resources<sup>88</sup>

270. Use of renewable energy resources is one of the core preconditions for sustainable development of rural areas. First, it affects the rural economics – regional development, creates independence from the import of energy resources, facilitate the diversification of rural business. Renewable energy resources favourable affect the social situation in the rural areas – creates new work places and promotes improvement of the life quality of rural population. Yet the most important benefit is mitigation of climate changes, impact on the landscape and on biotopes and species.
271. Figure 19 demonstrates that in Latvia it is possible to obtain the transport fuel both from energy crops and agricultural byproducts. Heat energy and power energy can be obtained from agricultural byproducts, energy crops and wood-pulp.<sup>89</sup>

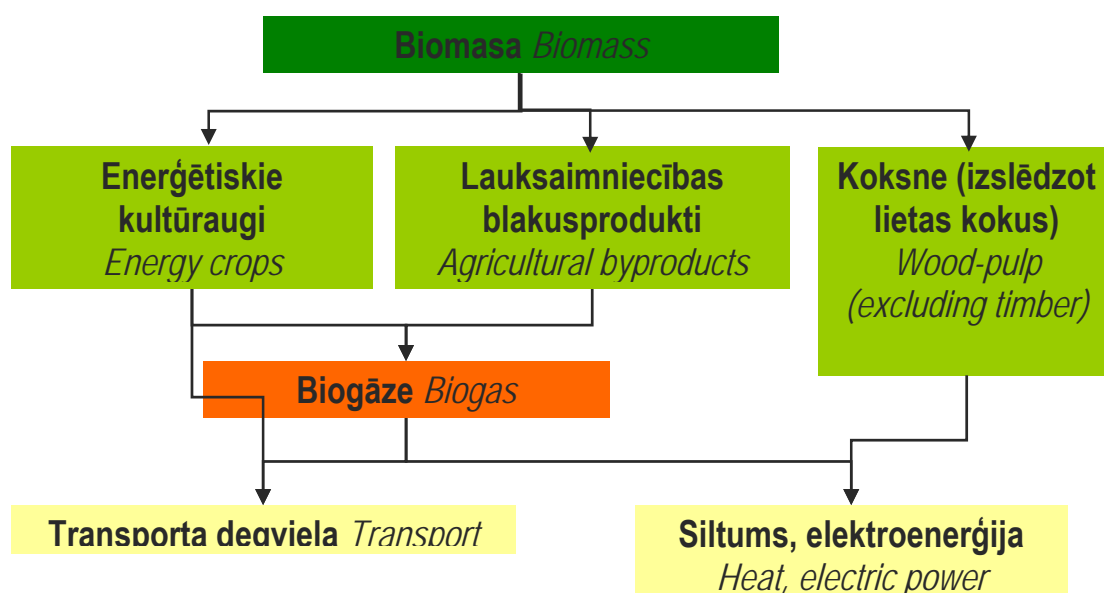


Figure 19 Renewable energy resources

272. Biological fuel has several advantages in comparison with the fossil fuel: it ensures national independence in the field of energy creates additional work places, pollutes the nature is to lesser degree, uses renewable resources for production and with the use of it the gas emissions of green house effect decrease, and thus also the climate

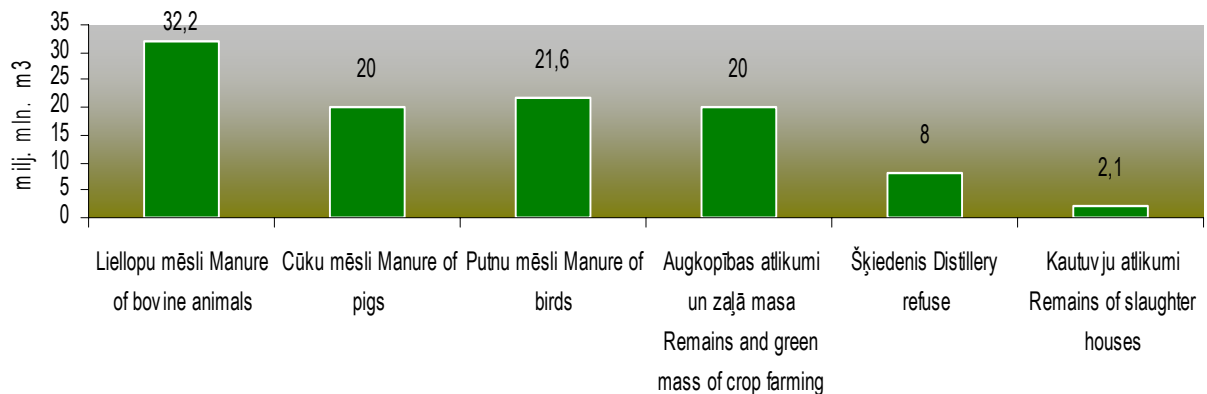
<sup>88</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2006, pp.146-149

<sup>89</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2006, pp.145-146

changes are reduced. The specific weight of biofuel in the market of fossil fuel in 2006 was 1,13 %, but in Latvia only 0,22 % have been realised. It can be explained with the fact that from the biggest share of biofuel exported in the Latvian market only small part of realised. The small amount of realisation can be explained also with the fact that there are only a few fuel stations which sell biofuel.

273. In Latvia 5%, 30% and 100% of biofuel is available on the basis of rape, which is marked as B5, B30 and B100 thus mentioning the addition percentage-wise to fuel. In Latvia biofuel in 2006 was produced from around 62 000 tons of rape seed, which is 51% of all rape grown. In Latvia 3 companies produced biofuel in 2006 , whereas one company produced pure rape oil which is used as biofuel.
274. In Latvia, bioethanol is produced from grain: wheat, tritikale and rye. In 2006, the state financially supported quota of bioethanol was 11 392 000 litres. It is possible to buy fuel in Latvia with 5% and 85% bioethanol addition. In 2006, *Jaunpagasts Plus ltd.*, a producer of bioethanol since 2005, processed 29.2 thousand tons of grain, including 5 400 tons of rye, 17 000 tons of wheat and 6 800 tons of tritikale, and produced 9000 tons of bioethanol.
275. Lately rapid rise of price of energy resources has made biogas as one of the most perspective energy resources from the energy point of view. For further development of biogas production in Latvia the Ministry of Environment has elaborated the Development Programme of Biogas Production and Use for years 2007 - 2011. The aim of the programme is to develop the production and use of biogas as a source of renewable energy in Latvia, simultaneously solving the management issues of side products created due to production and processing processes and decreasing the risk of soil, waters and air pollution. Three cogeneration facilities of biogas are operating currently in Latvia: biological purification plant „Daugavgrīva” of SIA „Rīgas ūdens”, which uses active mud for obtaining biogas, waste site „Getliņi”, as well as the manager of Liepāja district household waste obtain biogas from the waste distributable fraction. In total in Latvia by the use of biogas, around 1 % from the electric power generated from all renewable energy resources. The potential of biogas obtaining in Latvia is depicted in Figure 20. The amount of manure of bovine animals, pigs and birds is the most important factor in obtaining biogas – it forms 74,8 million m<sup>3</sup> per year. It is also possible to use byproducts of

processing – as distillery refuse (in spirit industry) and waste from slaughter houses.



*Figure 20 The potential of biogas production in Latvia (million m<sup>3</sup>/per year)*

276. In Latvia there is also big potential of forest exploitation remains unused up to now, growth of roads and ditches, stumps and peels. In total in Latvia around 5 million cubic metres of fuel timber is not used, from which around 24 PJ or 6,7 GWh of heat power could be produced per year. Although in Latvia there are several timber cogeneration facilities operating both the for electric power generating and heat power generating, the development of biomass cogeneration in our country has a considerable potential. Heating systems of factories, cities and villages can be equipped with cogeneration systems, with several fuel modes to be used in their production facilities as, for instance, natural gas and timber or coal and timber. Such fuel combinations may considerably increase the power economics and environment quality. Heat and electric power in Latvia can be also obtained by burning straw, grain, perennial pastureland hay etc.

### **3.1.3.6 Animal welfare**

277. The European Union has defined the planned measures in the area of protection and welfare of farming animals in The Community Action Plan on the Protection and Welfare of Animals 2006–2010, providing for an improvement of the existing minimum animal protection and welfare standards, introduction of standardised animal welfare indicators and continued support to and initiation of further international initiatives with a view to ensuring a better consensus on the animal welfare issue.

278. Latvia implements state monitoring of the compliance with the general farm animal protection and welfare standards<sup>90</sup> and of the compliance with the specific animal protection and welfare standards<sup>91</sup> (the welfare standards vis-à-vis calves, pigs and layer hens). Moreover, Latvia has set higher animal protection and welfare standards than those requested by the European Convention for the Protection of Animals Kept for Farming Purposes of 10 March 1976, conditions for keeping wild animal species in limited areas as well as conditions for retail selling of live fish.
279. Compliance with the statutory requirements is monitored by the Food and Veterinary Service (FVS). When investigating complaints within the framework of its monitoring operations, the FVS has mostly detected non-compliances with the requirements for keeping animals. Concerning animal stalls, cases have been detected when no proper registers of sick, treated and fallen animals have been kept, stalls and equipment are not sufficiently clean, there is insufficient light. To address the detected non-compliances, deadlines for elimination of those non-compliances have been set and penalties have been applied following the procedure established in laws and regulations. Yet the farmers are overall compliant with the animal welfare standards: in 2006, non-compliance with general welfare standards was detected in 13% of the total number of stalls. Moreover, the detected gaps are usually eliminated within the set timeframe.

### **3.1.3.7 Summary of status evaluation in environmental and land management**

#### **Strengths**

280. Rural nature is rich in protected biotopes.
281. Agricultural activities have a significant role in management and preservation of *Natura 2000* territories.

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<sup>90</sup> National laws and regulations have incorporated the requirements of the Directive 98/58/EC, Decision 2006/778/EC, Directive 93/119/EC, Regulation 1/2005, Regulation 1255/97, Regulation 639/2003, Decision 2001/298/EEC, Regulation 1040/2003.

<sup>91</sup> National laws and regulations have incorporated the requirements of the Directive 91/629/EEC, Directive 91/630/EEC, Directive 2001/88/EC, Directive 2001/93/EC, Directive 1999/74/EC, Directive 2002/4/EC.

282. Biologically valuable grasslands provide an important environment for biodiversity conservation, especially with relation to farming.
283. Renewable energy resources are available (forestry and timber processing by-products, agricultural biomass, etc.).

### **Weaknesses**

284. Intensive agriculture causes soil degradation.
285. Lack of financing for management and protection of specially protected forest biotopes; future preservation of biodiversity is endangered (including *Natura 2000* territories) due to the non-existence of a forestry consultancy system.
286. 13.8% of all agricultural land is not farmed, resulting in reduction of biodiversity and open rural landscape characteristic of Latvia.
287. Insufficient and ineffective use of renewable resources in energy production and heat supply industry.

### **Opportunities**

288. Farmers make active use of agri-environment support programmes and comply with the recommendations for efficient use and protection of water, soil and other resources.

### **Threats**

289. Without promotion of environment-friendly agricultural methods, the future pollution from agriculture could exceed the maximum admissible levels in particularly vulnerable territories.
290. Shrinking proportion of the use of the local varieties, which endangers the gene pool of agricultural plants and animals as well as the agricultural biodiversity.
291. Shrinking of extensive agriculture areas as a result of overgrowing or expansion of intensive farming areas deteriorates the condition of the environment, including the biodiversity.

### **Assessment of Potential Development in 2007–2013**

292. Manufacture of agricultural products and providing agricultural services may support the preservation of the traditional open rural



landscape and ensure a balance between economical, social and environmental interests. Therefore, the potential of an unpolluted environment can be used for rendering high-quality recreational services and manufacture of high value added products.

### **3.1.4. Rural economy and quality of life**

#### **3.1.4.1 Human resource development**

293. At the beginning of 2007, about one third or 32.1% of Latvia's population lived in the rural areas.<sup>92</sup> Overall, 731 183 persons lived in rural area<sup>93</sup>, of which 240 001 or 33 % were aged 18–40 years.<sup>94</sup> Considering the large concentration of population around Riga, population density on rural area amounts to 18.6 persons per km<sup>2</sup> as compared to the national average of 36.1 persons per km<sup>2</sup> in 2003. This is one of the advantages of the rural area as a place of residence, as it provides for more spacious living environment. On the other hand, low density is also a limiting factor as it determines high infrastructure setup and maintenance costs per capita.

#### **3.1.4.2 Quality of living environment**

294. Over the last five years, the proportion of inferior quality road sections in the road network has increased by 10% on average, and the overall road condition continues to deteriorate. In 2004, 44% of tarmac roads and 32% of gravel roads were in the state of dilapidation. This impairs the mobility of the rural population and does not encourage business development.
295. The proportion of service providers in rural areas<sup>95</sup> is just slightly above one quarter or 27% of the country total.
296. Distribution of cultural institutions across rural area is rather even: 72% of cultural centres, 77% of municipal public libraries, 36% of protected national cultural monuments, 60% of museums, 87% of cultural education establishments accommodating 60% of people involved in amateur performances are situated in rural areas. This serves as a basis for providing quality access for rural population to cultural services within the limits of the minimum basket of cultural

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<sup>92</sup> Source: CSB. Statistical Yearbook of Latvia. Riga 2006, p.43

<sup>93</sup> Source: CSB data base. Number of permanent residents at the beginning of the year.

<sup>94</sup> Source: CSB “Demography 2006”

<sup>95</sup> Source: CSB, “Region of Latvia in Figures”, upon evaluating in the NACE G...P sector.

services. More than 50% of Latvia's population consider that specifically the cultural and historical sites and cultural events are a factor influencing the living environment and making it attractive<sup>96</sup>. Yet access to cultural services is difficult due to the out-dated infrastructure of the cultural institutions and poor condition of the cultural and historical heritage: e.g., only in 31% of cases the technical condition of protected cultural monuments can be considered good. Population, particularly young people cannot enjoy appropriate and high quality cultural services.

297. The attractiveness of the rural districts is increased by their abundant cultural and historical heritage, traditions and still present craftsman skills. Investment into cultural infrastructure, including preservation of the cultural and historical heritage and cultural services ensures the availability of the minimum basket of cultural services in rural districts. Skilful use of the cultural resources promotes sustainable development. Underdeveloped cultural environment is one of the factors contributing to migration of the economically active part of the population to more attractive living environment, whereas high quality living environment also serves as a basis for economic and social activity in rural districts and promotes employment, business, education, local capacity and life quality.
298. In comparison with urban areas, rural areas have much worse access to telephone and internet communications: in urban areas, there are on average 22 PCs per 100 households, while in rural areas only 10 PCs; 1.4% of households in rural areas as opposed to 6.9% of households in urban areas have internet access. In 2003, accessibility of the internet in rural areas was 24% in comparison with the urban areas.
299. Latest information technologies provide excellent opportunities for development of rural tourism<sup>97</sup> and other types of non-agricultural business. Poor access to the internet in the rural areas is a discouraging factor. Only 11% of rural population uses the internet as opposed to 29% of urban population, and only 16% of all users reside in rural area. Another factor is insufficient skills of rural business people to use these systems.

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<sup>96</sup> Latvia. Review On State Development 2004/2005: Capacity of Regional Level, Chief auditor Aija Zobena. Riga: UNDP, LU Social and Political Research Institute, 2005.

<sup>97</sup> 1st European Congress on Rural Tourism, organized by EuroGites - European Federation of Farm en Village Tourism from Friday Oct. 3 - Oct 5, 2003 at Jaén (Andalusia/Spain).

### 3.1.4.3 Employment and material welfare

300. Although the overall number of economically active business people and companies in Latvia is increasing, 72% of businesses are located in seven cities of republican importance, where the number of economically active businesses in 2004 was 32.5 in comparison with 12.3 in the rest of the territory. The share of economically inactive population in rural areas is very high at 41.3% as opposed to 35.6% in urban areas.
301. In 2006, the rate of jobseekers in rural areas decreased by 1.6 percentage points in comparison with 2004, yet the decline was steeper in urban areas, where it dropped by 4.4 percentage points.<sup>98</sup>
302. From 2004 to the first quarter of 2007<sup>99</sup>, the number of employed in rural area has grown by 15.7 thousand, including 7.4 thousand women (Table 11).

*Table 11 Rural employment by gender and age group, in thousands of persons*

age	2004			2005			2006			2007 (quarter I)		
	total	men	women	total	men	women	total	men	women	total	men	women
15-24	33.2	22.2	10.9	38.1	24.1	14.0	40.1	27.4	12.8	42.4	26.5	15.9
25-34	73.0	43.0	30.0	71.7	41.9	29.8	67.0	38.5	28.5	73.2	45.9	27.3
35-44	82.3	43.0	39.3	81.2	44.0	37.3	83.6	44.5	39.1	78.9	40.9	38.0
45-54	69.9	36.6	33.3	70.4	37.1	33.3	73.0	37.9	35.1	76.4	40.7	35.7
55-64	36.0	19.9	16.1	35.2	18.6	16.6	39.4	20.8	18.6	36.3	18.5	17.8
65-74	9.8	4.3	5.6	10.4	5.4	5.0	13.0	6.5	6.5	12.8	5.0	7.7
15-74	304.2	169.1	135.1	307.0	171.0	136.0	316.2	175.6	140.6	319.9	177.4	142.5

303. Latvian economy is marked by significant regional differences as concerns business activity and employment. In 1999–2004, the number of economically active business people and companies in Riga region grew by 11 business people per 1000 inhabitants, whereas in Kurzeme and Vidzeme planning regions the respective figure was merely 2, in Zemgale 1.8, and Latgale planning region 1.6. Latgale is characterized by the least favourable set of socio-economic factors in comparison with the regions of other new European Union Member States: the number of population employed in agriculture is 4 times higher, the GDP per capita is 1.8 times

<sup>98</sup> Source: CSB data base. Economic activity, employment, rate of jobseekers in Latvian regions.

<sup>99</sup> Source: CSB Labour Force Survey.

lower and unemployment is 2.2 times higher.<sup>100</sup> 75% of disadvantageous families (13 066 in 2004) live in the rural areas. Therefore, rural businesses find it difficult to get sufficiently qualified and responsible personnel.

304. The employment structure of the rural population is dominated by primary sectors: agriculture, hunting and forestry. In 2004, these sectors employed 36.4% of all employed rural inhabitants. Overall, on average 13% of the total number of employed in Latvia worked in these sectors in 2004. 41% of the employed rural population works in the services sector and 21.7%<sup>101</sup> in industry. The role of agriculture in the overall employment structure is gradually diminishing: since 2001, the proportion of persons primarily employed in agriculture and aged 15–74 years has declined from 12.3% to 9.5%<sup>102</sup>. With productivity in the agricultural sector growing, this tendency will continue. At the same time, the proportion of farm owners employed in agriculture and generating income from additional activities continued to grow from 6.2% in 2003 to 8.34% in 2005.<sup>103</sup>
305. Income disparities, underdeveloped living environment, lack of access to various services, including cultural services<sup>104</sup> and their low quality in combination with better life and personal growth opportunities in urban areas promote the migration of young people to the cities. Rural area has become scarcely populated. At the beginning of 1999, 760 thousand people lived in rural areas, whereas at the beginning of 2004 only 746 thousand<sup>105</sup>. Of those, 566 thousand were of the working age, and 332 thousand or 59% of the working age population were economically active. Latvia's accession to the EU triggered migration of the labour force (also other than young people) to other European Union countries. According to preliminary estimates, about 2% of population or about 50 thousand worked in other EU countries, mainly in Ireland and United Kingdom, at the end of 2005.<sup>106</sup> The return of these people could

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<sup>100</sup> Typology Of Rural Areas in The Central And Eastern European EU New Member States, Institute of Agricultural Development in Central and Eastern Europe, 2004.

<sup>101</sup> Other than mining and quarrying (NACE C).

<sup>102</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2005

<sup>103</sup> MoA estimates based on CSB Structure Survey data of 2003 and 2005.

<sup>104</sup> Source: President of Latvia Strategic Analysis Commission Research "Latvia and free movement of labour: example of Ireland", 2006.

<sup>105</sup> Source: Ministry of Agriculture. Latvia's Agriculture and Rural Area, Riga, 2005

<sup>106</sup> Source: Ministry of Economics and University of Latvia estimates (unpublished)

benefit the development of rural economy by bringing in fresh knowledge and skills as well as financial resources.

#### **3.1.4.4 Tourism**

306. The number of rural tourist accommodations and beds has increased notably: 1.9 and 2.8 times respectively since the 2000.<sup>107</sup> The number of nights spent by foreign tourists in rural areas grew by 30% in 2005.
307. 70% of all tourists stayed in the countryside during the summer months. The average length of stay in rural overnight lodgings was 1.4 days for local tourists and 3.25 days for foreign tourists. Most of respondents or 77% admit that their favourite pastime while staying at the countryside was enjoying nature: walks along nature trails, animal and plant observation, followed by active recreation (63%): bicycle rides, boating, sports games, etc. 20% of respondents state that they like to buy local products (food, articles of craftsmanship etc.) during their rural holidays. 12% of respondents want to learn how the rural people live, see artisans working, see animals at farms and watch manufacturing of food products. Farmsteads also lack inventory for active recreational activities: boats, bikes, angling gear, aquatics, winter sports (cross country skiing, skating) gear, biking tracks, trails, places for swimming etc.<sup>108</sup> Availability of active recreation services and other services in rural overnight lodgings as well as well-facilitated neighbouring areas could prolong the length of stay and the tourist season.
308. The existing tourist infrastructure does not meet the quality demands of tourists. It is increasingly more difficult to let out a room without proper amenities. More than a half of rural tourists prefer overnight lodgings offering catering services and most of them think that the best quality and most reliable products are those directly bought from a farmer. Unfortunately, the old country kitchen facilities no longer meet the new demands; therefore, it is impossible to provide catering services to visitors.<sup>109</sup>

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<sup>107</sup> Source: *Lauku celotajs*

<sup>108</sup> Source: *Lauku celotajs* survey.

<sup>109</sup> Source: *Lauku celotajs*

### 3.1.4.5 Local action groups and LEADER +

309. A range of local initiative and human resource development activities have been implemented in Latvia as a result of national and bilateral cooperation programmes. These have created a basis for better understanding the bottom-up approach and helped to accumulate experience in working in local and regional level partnerships. The key players involved in these activities were the Ministry of Agriculture, Regional Development Agencies, local governments and NGOs.
310. Significant lessons learned and diverse experience was gained under the following programmes and projects:
- 1) Phare project Support to diversification of rural economy (1998–1999) provided technical support, publicity activities, training and investment in diversification of rural economy. As a result, rural development plans were prepared for 5 pilot areas, 20 training courses and workshops on rural economy diversification issues were delivered, creating new business activities and alternative sources of income and employment in non-agricultural sector.
  - 2) Experience gained under the project Rural Partnerships Programme for Sustainable Rural Livelihoods supported by the UK government (2000–2003) was a significant contribution to expand the expertise and raising capacities at various levels by setting up an integrated approach models for local development. Within the framework of the programme, three partnerships were established in Latgale, operating on principles similar to those of local action groups, 40 community facilitators were trained, 82 community initiative projects and programmes were supported and implemented.
  - 3) The knowledge and experience gained was taken over by the project Rural partnerships for local solutions to local problems in the Baltic Sea region (2004–2005), which was financially supported by 2002 Baltic sea cross-border cooperation programme PHARE Small Project Fund. Within the framework of the project, 5 partnerships were formed in Zemgale and an opportunity to train 20 community facilitators was provided. The project helped to start the development of 3 local development strategies based on a

bottom-up approach and develop cooperation and experience sharing with counterparts in Sweden and Finland.

4) Ministry of Agriculture in cooperation with Latvian Rural Advisory and Training Centre supported animation activities on local level to form and activate local initiative groups, providing an opportunity to gain experience with the significant role of local initiatives in rural development (2002–2006). These activities included training on local needs assessment and small scale project implementation. As a result, more than 60 parish initiative groups were trained.

5) In order to support diversification of the rural economy and business initiative development, the Ministry of Agriculture implemented the Non-Agricultural Business Support Programme (NABSP) (2002–2004). Within the framework of the programme, loans and grants to non-agricultural business projects were granted, consultation support was provided and assistance in project development and implementation.

6) A considerable contributor to implementation of the bottom-up approach was the Community Philanthropy Programme financed by the Baltic-American Partnership programme since 2001. The objective of the programme was to strengthen local level cooperation among businesses, local governments and non-governmental organizations on the following pilot territories: Talsi, Lielvārde, Alūksne, Valmiera and Madona. The programme supported community meetings, strategic planning, networking and other training for community groups implementing projects relating to establishment of community funds, voluntary work activation, creation of a business-friendly environment etc.

311. Single Programming Document Objective 1 programme 2004–2006 measure 4.6 *Local action development (initiative LEADER + type measure)* was aimed at supporting sustainable local level rural development by raising the capacities (skills) of the local population and institutions, in order to develop LEADER approach, find new and better ways of addressing lasting and difficult-to-solve problems and use the opportunities, draw conclusion concerning the future rural development policy directions and gain a better understanding of the bottom-up approach.

312. The specific measure objectives were as follows:
- 1) develop capacity and effective administration skills at a local level to ensure the development of the LEADER + type approach in the local development context;
  - 2) encourage rural community involvement in local rural development strategy development and implementation;
  - 3) establish local action groups to implement local rural development strategies and projects.
313. At the end of 2006, the Ministry of Agriculture selected 28 partnerships that met local action group criteria.
314. 11 of the selected LAGs got training and methodology support; as a result, local development strategies 2007–2013 will be developed.
315. 17 of the selected LAGs prepared integrated rural development pilot strategies that meet all the quality criteria and received financing for implementation of those strategies until 30.06.2008.
316. 28 local action groups comprise 83% of the territory of Latvia qualifying for LAG formation. The operational territory of those LAGs envelops 724 243 inhabitants or 71% of those living on territories meeting the LAG formation criteria and 32% of Latvia's population.

#### **3.1.4.6 Summary of status evaluation in rural economy and quality of life**

##### **Strengths**

317. Tidy cultural environment with farmsteads and buildings characteristic of each particular region, rich cultural and historical heritage with manors, taverns, churches, castle mounds, wind mills, granges, drying barns, dragnet boxes, museums, memorial places etc., traditional agricultural branches and artisans, like potters, sculptors, woodwork and metalwork craftsmen, local dialects and folklore, household traditions and artistic creation: all that forms a significant basis for development of rural tourism, diversification of rural economy and economic regeneration.
318. High initiative on behalf of local population in rural area.
319. Even distribution of cultural institutions across the rural area.



320. Local action groups have been established with a view to supporting the development of their home territories.

### **Weaknesses**

321. Low economic activity in rural areas.
322. Shortage of qualified labour.
323. Low population density in rural areas means high infrastructure setup and maintenance costs per capita.
324. Country roads have deteriorated and their quality is very low.
325. Insufficient access to telecommunications and internet services.
326. Under-developed services sector.
327. Income level as one of the main indicators characterising the quality of life is almost one third lower in rural areas than it is for urban households.
328. Migration of labour force away from the rural areas.
329. Strong regional disparities with regard to business activities and employment, and between rural and urban territories.
330. Tourist infrastructure and inventory insufficiently developed for additional activities of sports, nature tourism, culture tourism and active tourism.
331. Service quality in rural lodging facilities, particularly with regard to amenities and catering, does not meet the growing customer requirements.
332. The cultural heritage is mostly in a poor or unsatisfactory condition.

### **Opportunities**

333. With the national welfare increasing, public demand for higher quality of environment as a living and recreation space grows.
334. Services delivered by cultural institutions promote the quality of life and working environment of rural people, develop human resources and their competitiveness, generate new and preserve the existing jobs and stimulate attraction of investment to rural area.

## **Threats**

335. Growing migration of rural population to urban areas.

## **Assessment of potential development in 2007–2013**

336. Areas which would socially and economically benefit from it have a potential to create living conditions for the rural population that would ensure sustainable and adequate welfare and population density in those areas.

### 3.1.5. Overall umbrella SWOT

#### Strengths

337. Large areas of land appropriate for agricultural use. Relatively unpolluted environment as a resource available for manufacture of agricultural products. Rural nature is rich in protected biotopes. Biologically valuable grasslands provide an important environment for biodiversity conservation, especially with relation to extensive farming. Extensive agricultural activities have a significant role in management and preservation of Natura 2000 territories that are also a potential source of economic benefit (e.g. encouraging sustainable tourism).
338. Established and operational market promotion system improving the competitiveness of food products. Rapid development of organic farming and cooperation among agricultural businesses. Growing demand for higher value added products.
339. Large wood supplies and land resources for development of timber industry and business. There are research activities ongoing practically in all main areas of the use of forest and timber. Climate conditions of Latvia and access to the Baltic Sea benefit the development of the forest sector and the exports of forest products.
340. Processing of by-products for biogas, heat and electric energy adds value, supports autonomy and independence of energy resources, yields quality fertilisers and diminishes (human and animal) disease spreading threats. Renewable energy resources are available (forestry and timber processing by-products, agricultural biomass, etc.).
341. The rate of jobseekers is lower in rural areas in comparison with urban areas, and employment in the rural areas has increased in comparison with the previous year. Established consultancy and training support system for farmers.
342. High initiative on behalf of local population in rural area. Local action groups have been established with a view to supporting the development of their local territories.
343. Tidy cultural environment with farmsteads and buildings characteristic of each particular region, rich cultural and historical

heritage with manors, taverns, churches, castle mounds, wind mills, granges, drying barns, dragnet boxes, museums, memorial places etc., traditional agricultural branches and artisans, like potters, sculptors, woodwork and metalwork craftsmen, local dialects and folklore, household traditions and artistic creation: all that forms a significant basis for development of rural tourism, diversification of rural economy and economic regeneration. Even distribution of cultural institutions across the rural area.

## **Weaknesses**

344. Long-term tangible investment has been minimal; also large investments in rural roads are required. Insufficient forest road density and outworn drainage systems. Shortage of special food storage facilities. Outdated fire extinction machinery, fire alert infrastructure and insufficient related preventive measures.
345. Small size of private forest estates; fragmentation and small size of primary wood processing units complicate the chances of linking up with a higher value added production chain and cooperating with large-scale producers and do not motivate investment in preservation of forest quality and securing productivity in the future.
346. Insufficiently developed horizontal (among processing companies) and vertical integration (between processing companies and agricultural producers). Small food processing volume according to the European standards endangers the future competitiveness of the sector (fragmented processing). Insufficient growth rate of labour productivity in food companies using obsolete technologies in the production process. Dominance of low value added food products in exports and the sector in general. Intermediate consumption is growing faster than output value at reference prices.
347. Significantly different agricultural conditions across territories. Intensive agriculture causes soil degradation. 13.8% of all agricultural land are not farmed, resulting in reduction of biodiversity and open rural landscape characteristic of Latvia. Lack of financing for management and protection of specially protected forest biotopes; future preservation of biodiversity is endangered (including Natura 2000 territories) due to the non-existence of a forestry consultancy system.

348. Insufficient and ineffective use of renewable resources in energy production and heat supply industry.
349. Migration of labour force away from the rural areas. Low population density in rural areas means high infrastructure setup and maintenance costs per capita. Income level as one of the main indicators characterising the quality of life is almost one third lower in rural areas than it is for urban households. Strong regional disparities with regard to business activities and employment, and between rural and urban territories.
350. Large share of labour with no university education in agriculture and insufficient knowledge of those employed in the sector how to create competitive and efficient management systems. Shortage of qualified specialists. Large numbers of elderly people employed in agriculture resulting in low business development initiative.
351. Insufficient knowledge of private forest owners about forest management and product marketing. Insufficient cooperation between the forest sector and scientists to support production. Low labour productivity in the forest industry and use of obsolete production technologies.
352. Under-developed services sector. Service quality in rural lodging facilities, particularly with regard to amenities and catering, does not meet the growing customer requirements. Tourist infrastructure and inventory insufficiently developed for additional activities of sports, nature tourism, culture tourism and active tourism. The cultural heritage is mostly in a poor or unsatisfactory condition.

## **Opportunities**

353. The growth of the national economy provides development opportunities.
354. Potentially high demand for agricultural products and for new products with a higher added value. There is an empty niche in Latvia in the area of organic processing products.
355. Farmers make active use of agri-environment support programmes and comply with the recommendations for efficient use and protection of water, soil and other resources.
356. Availability of land resources unused by agriculture, which can be used for increasing the forest areas through afforestation.

357. Increasing demand for renewable energy resources.
358. Services delivered by cultural institutions promote the quality of life and working environment of rural people, develop human resources and their competitiveness, generate new and preserve the existing jobs and stimulate attraction of investment to rural area.

## **Threats**

359. Notable differences in the amount of support on the EU market distorting the competition and depriving Latvia of the possibility to use its competitive advantages.
360. Possible common agricultural policy changes as a result of negotiations with the World Trade Organisation.
361. Large area payments decoupled from production increase the price of land as a production factor.
362. Lack of compensations to private forest owners for business restrictions on protected nature territories, including NATURA 2000 territories, as well as insufficient knowledge of private forest owners about ensuring the ecological functions of the forest in protected nature territories.
363. Without promotion of environment-friendly agricultural methods, the future pollution from agriculture could exceed the maximum admissible levels in particularly vulnerable territories.
364. With the competitiveness of businesses on both domestic and external market deteriorating and considering the growing pressure on behalf of retail chain stores, it may result in closing companies.
365. Shrinking of extensive agriculture areas as a result of overgrowing or expansion of intensive farming areas deteriorates the condition of the environment, including the biodiversity.
366. Growing migration of rural population to urban areas.

### **3.2. THE STRATEGY CHOSEN TO MEET STRENGTHS AND WEAKNESSES**

367. The main ideas concerning the distribution of the strategy financing to satisfy the needs are as follows:

- 1) in order to cater for the need of restructuring of agriculture, 50% of the Axis 1 funding is used on restructuring and modernisation of the agricultural sector. The high rate is also justified by the fact that there is no other public funding available to satisfy these needs, except for this and the first pillar of CAP;
- 2) to ensure policy balance and successive continuity, a gradual transition from income support to activity support, like agri-environment measures is required. This can be ensured by using 30% on Axis 2;
- 3) 20% of the financing have to be used on Axis 3, in order to ensure successful satisfaction of life quality needs of non-agricultural economic and rural area from the EAFRD.
- 4) 2.5% of the total EAFRD funding will be reserved for Axis 4 to support local initiatives.

#### **3.2.1. Axis 1. Promotion of the competitiveness of agricultural and forestry sectors**

368. Technological development of production and processing, increasing the value added and enhancement the role of the farms producing important goods:

- 1) by promoting introduction of the latest research findings in development of new products and technologies, in order to obtain high quality products with high value added from locally produced raw materials;
- 2) taking into account the growing production costs due to the continuously increasing environmental requirements, introduction of resource-saving, multiple-use promoting technologies that reduce environmentally harmful emissions, particularly in the manufacture chains of products of animal origin, and consumption of un-renewable or difficult to renew natural resources, in particular, water and energy;
- 3) by particularly promoting implementation of investment projects that yield return in a longer term;
- 4) by supporting measures to improve competences required to gain new external markets, particularly for products with a higher value added;
- 5) by supporting production of biomass for energy and non-food industry;
- 6) by facilitating restructuring of semi-subsistent farms into market-orientated businesses;

- 7) by supporting new farmers and transfer of farms managed by senior people into management by younger farmers;
- 8) by increasing the economic value of forests and by improving the forest land infrastructure;
369. Development of organic and integrated agricultural systems by developing processing and marketing of organic and integrated products.
370. Investment into improvement of environmental infrastructure of agricultural companies.
371. Significant improvement of the recycling processes for the by-products produced in the agricultural sector, including introduction of recycling of these by-products into biogas and other usable products, particularly taking into account the cases of manure management which are not compliant with the environmental requirements and become a potential source of water pollution with biogenic substances as well as a source of emission of greenhouse gasses under the circumstances of increasing production intensity.
372. Improvement of the knowledge and skills of those working in agriculture and forest sectors, including:
- 1) Training for the staff of agricultural and forestry businesses in the use of modern Technologies, in order to increase the added value;
  - 2) Business management training for managers of agricultural and forestry businesses;
  - 3) Development of agricultural consultancy services;
  - 4) Creation and development of forestry consultancy services;
  - 5) Vocational training and information measures in agriculture and forestry.
373. Development of producer groups (cooperation), in order to improve the competitiveness of individual agricultural businesses with a view to reducing own production costs and increase and stabilisation of income.

### **3.2.2. Axis 2. Improvement of environment and rural landscape**

374. Improvement of environmental and rural landscape must address three priority areas of the European Union level: biological diversity and conservation of ecologically valuable agricultural and forestry systems and traditional rural landscapes, water and climate changes.



### **Improvement of environment and rural landscape**

375. Support to application of environment-friendly production methods with a view to preserving the biodiversity, sustainable management of natural resources (e.g., improvement of soil richness and reduction of soil acidity), higher quality of products and lower pollution with nitrates and diffused phosphorus, in particular:
- a) natural resources and rural landscapes must be protected and improved, implementation of the provisions of Bird and Habitats directives must be supported, help to stop the reduction of biodiversity by 2010 must be extended, biodiversity and ecologically valuable agricultural and forestry systems must be preserved;
  - b) attainment of the Water Framework Directive objectives must be facilitated;
  - c) preservation, protection and propagation of genetic resources of local origin: the most significant variety plants and agricultural breeding animals, supporting from state aid.

### **Support to agricultural activities in less favoured areas**

376. Promote the development of sustainable agriculture alongside with preservation of the environment and rural landscape at the beginning of implementation of this strategy, by continuing the support activities to agriculture in less favoured areas which were started in 2004–2006, in places and amounts that take into account the existing conditions, the available funding and the usefulness of spending.

### **Increasing the value of forest lands and unused agricultural lands**

377. Support afforestation of lands unsuitable or unnecessary for agriculture or other types of use, but appropriate for afforestation, in compliance with the spatial development plans and the prospective zoning under the plans as well as the management plans of protected nature territories, and keeping in mind the necessity to preserve agricultural territories of high natural value. Afforestation does not apply to *Natura 2000* territories, if it is not foreseen in the management plan of the territory, or high-value nature territories, or territories with high agricultural potential as well as to wetlands.
378. Renew the production potential of forestry in the areas damaged by natural disasters and introduce preventive measures for reduction of damages.
379. Provide for forest environment payments.

380. Investment into forests which increases the value of the respective forest and forest land infrastructure and is compliant with the environmental protection requirements, and facilitates attainment of the objectives of the Kyoto Protocol concerning the mitigation of climate changes by increasing the forest value and increasing their area.

### **Management and preservation of *Natura 2000* territories**

381. Provide compensations for business restrictions in *Natura 2000* territories both on agricultural and forest lands.

### **3.2.3. Axis 3. Promotion of rural living quality and diversification of economy**

#### **Diversification and development of rural businesses**

382. Support to non-agricultural business start-ups and development in micro-enterprises, particularly holdings where agricultural activity is replaced by other kind of production, primarily supporting non-agricultural business in rural area.
383. As concerns rural tourism, support to activities by micro-enterprises that are compliant with the local strategies, particularly by investment into development of rural tourist activities aimed at preservation and further development of the agricultural, cultural and historical heritage of the rural area. Improvement of the quality of visitor facilities and service quality in the existing small rural lodgings, promoting diversification of activities.

#### **Improvement of rural infrastructure**

384. Support construction or reconstruction of rural roads, streets and access roads.
385. Establish and improve meeting facilities for local initiative groups and support activities aimed at encouraging business start-ups by local population, preparation of business projects and respective training, availability of basic services.
386. Support to restoration of small cultural and historical sites related to agriculture and forestry in rural areas.
387. Support preparation of management and protection plans in *Natura 2000* territories.

#### **Basic services to rural economy and population**

- 388. Support to basic services to rural economy and population, including cultural and recreation activities in the part of the respective territory, where the local development strategy prepared by the local action group is implemented and the related small-scale infrastructure is established, including new construction and reconstruction.
- 389. Improvement of the service quality and availability to rural population.
- 390. Support to public activities and related small-scale infrastructure that promotes adding value to products manufactured by the local population, maximum protection of nature and/or cultural resources, use of information technologies (IT).

### **3.2.4. Axis 4. LEADER**

#### **Implementation of Local Development Strategies**

- 391. Use the LEADER approach to ensure rural development by promoting the operation of local activity groups, securing better investment of rural development funding to address the needs of the rural population, by mobilising and involving the existing rural development potential.
- 392. Local activity groups prepare local development strategies of their territories and implement the most appropriate measures of Axis 3 planned in the Rural Development Programme of Latvia 2007–2013 based on the critical areas specified in the strategies.
- 393. Within the framework of the LEADER approach, local initiative will facilitate the development of the rural area of Latvia.

#### **Inter-territorial and trans-national cooperation**

- 394. Promotion of cooperation both between the local activity groups in Latvia and on a wider scale will facilitate quality transfer and obtaining of experience across local activity groups, solving of topical problems as well as introduction of new and innovative cooperation ideas.

#### **Ensuring the operation of local activity groups, acquiring of skills, animation of territory and update of Local Development Strategies**

- 395. Activities to build the capacity of local leaders and representatives of local activity groups.
- 396. Quality survey of the respective territory, used as a basis to identify the local rural development priorities, and public awareness measures.

### 3.3. THE EX-ANTE EVALUATION

397. The joint-stock company “Riga International School of Economics and Business Administration” (RISEBA) was appointed by the Ministry of Agriculture to carry out the ex ante of Rural Development Programme. The initial version of the ex ante is attached in a separate annex of RDP.
398. The most important recommendations of the ex ante and the comments of the Ministry of Agriculture are attached in the annex 3.

#### 3.3.1. Strategic environmental impact assessment

399. Strategic environmental impact assessment (SEA) by external specialists and consultants has been completed for the Programme. SEIA was conducted in compliance with the provisions set by the Directives 2001/42/EC and 92/43/EEC, the law "On Environmental Impact Assessment" of the Republic of Latvia and 23 March 2004 Cabinet of Ministers Regulations No 157 "Procedure for implementation of strategic environmental impact assessment".
400. When completing the SEA and taking into account the requirements of the national legislation, the potential impact of implementing certain documents on environmental resources and factors like biodiversity, forest resources, water quality, impact on climate changes, soil, entrails of the earth, landscape and cultural and historical heritage was assessed. Various socio-economic trends impacting on the development of rural territories, particularly on the development of the sectors enveloped by the strategy: agriculture and forestry, and improvement of the quality of life in rural territories were also taken into account.
401. The public discussion meeting of the SEA draft Environmental Report was held on 12 January 2007. The recommendations made during the meeting were taken on board when further elaborating the Environmental Report. Recommendations made by non-governmental organisations at informal consultations with representatives of the Latvian Organic Farming Association and Environmental Consultative Council as well as opinions and comments made by the Latvian Nature Fund, Latvian Ornithological Society, Latvian Entomological Society and Lauku Ceļotājs (Rural Traveller) in the Programme development process were also taken into account in the process of preparing the Environmental Report.
402. In drafting the Programme, the views and proposals from all socio-economic partners as well as environment and nature protection organisations were heard out. The proposals were evaluated and incorporated into the Programme where feasible, considering that they are partly conflicting or their

implementation would result in significant administrative costs, and also taking into account the provisions of Article 48 of the Commission regulation No 1974/2006 of 15 December 2006, which states that all rural development measures implemented by a Member State should be verifiable and controllable.

403. The most important objections raised by non-governmental environment and nature protection organisations concern the financing of axis 2 and the funding granted for implementation of the following measures:
404. *Afforestation of agricultural land and non-agricultural land.* In the next programming period, it is planned to support the measure "First afforestation of non-agricultural land", as growing forests on non-agricultural land would mean putting this land to efficient use and it would help to attain the objectives set in the Latvian Forest Policy (promote afforestation of non-agricultural and other unused land using the incentives at the disposal of the state) and the resolutions of the conference of the European Forest Ministers. The forest plays a significant role in preservation of the biodiversity, ensuring the global carbon cycle balance, water protection, prevention of soil erosion, flooding and other natural disasters. Therefore, it is possible to improve the preservation of the biodiversity by creating forest eco-system corridors in open landscapes and restore the historical values of the forest eco-systems where the purpose of land use has been changed. Afforestation is not supported on non-agricultural lands included in Natura 2000 territory and the management plan of the territory does not foresee it, other defined valuable areas and wetlands.
405. Draining of yet undrained areas of agricultural lands and woodlands; Renovation and improvement of drainage systems (including polders), construction, renovation and reconstruction of forest roads on Natura 2000 territories and other special protection areas. The measure "Infrastructure for development and adaptation of agriculture and forestry" contains restrictions concerning the Natura 2000 territories and special protection areas where construction, reconstruction or renovation of drainage systems is not supported.
406. *Liquidation of consequences caused by natural disasters: wind, fire, massive pest invasion.* Liquidation of consequences caused by natural disasters is supported under the measures "Restoring forestry production potential and introducing preventive actions" on private and local authority woodlands. Damage caused by natural disasters is impossible to predict, yet when they happen, timely assistance to forest owners is required in order to restore the ecological, social and economic value of the forest in as short a period as possible.

407. The main recommendations by the Latvian Ornithological Society, Latvian Nature Fund and Latvian Entomological Society through all document development period were as follows:
408. In the Programme development period, recommendations for management of biologically valuable grasslands were made: to apply three starting dates for grass cutting, not to decrease the amount of support, include a measure to restore biologically valuable grasslands, parcels should include trees or groups of trees with mowing or grazing within their crown projections and allow up to 10% of the parcel to be taken up by shrubs, heaps of stones, wet lowlands. As concerns the measure for restoration of biologically valuable grasslands, within the framework of which the biologically most valuable and currently overgrowing alluvial meadow territories would be rehabilitated, the provision has to be taken into account stating that an area which was not in a good agricultural and environmental condition on 30 June 2003 but has currently been cleaned of shrubs and trees is not eligible for area payments. Areas with the number of trees per hectare exceeding the tree density prescribed by legislation are also not eligible for support, with the exception of perennial plantations. In cases when a parcel contains elements which are not eligible for support (buildings, shrubs, ponds, fens) and their area is equal to or exceeds 0.01 ha, these are measured and deducted from the eligible area.
409. In negotiations with the non-governmental organisations for environment and nature protection, an agreement was reached to differentiate the support payment for management of biologically valuable grasslands and have two groups of payment depending on the degree of complexity of management. In the majority of cases, the biologically valuable grasslands are located on river flood-lands or other areas that are difficult to access, where their management is complicated, thus resulting in higher management costs for the farmers which need to be compensated.
410. Support forest environment measures, such as approximation of the composition and structure of artificial forest stands to natural conditions and prevention of biotope fragmentation. The Programme includes the measure "Forest environment payments", within the framework of which support is planned to be granted to the above activities. Considering the specific nature of the measure and required additional preparation for its implementation, it is planned to implement the measure in 2010.
411. In order to reduce discharge from agricultural lands, all beneficiaries have a compulsory requirement to provide for establishment of buffer belts for surface water bodies and parcels. The majority of statutory eligibility conditions for axis 2 measures have been described in Articles 4 and 5 and Annexes III and IV of the Regulation 1782/2003 (cross compliance

provisions). Moreover, the Member States may set additional requirements as prescribed by the national legislation. Yet none of the national legislative acts feature a mandatory requirement for farmers to establish buffer belts for surface water bodies and fields.

412. *Grant Natura 2000 payments in cases of real restrictions on agricultural activity.* The recommendation has been taken into account, support under the measure "Natura 2000 payments and payments linked to Directive 2000/60/EK" is granted in cases of real restrictions on agricultural activity on the areas of permanent meadows and pastures.
413. Under the measure "Less favoured areas", not to apply the provision on the minimum of livestock abundance to the areas falling on Natura 2000 territories and the areas of biologically valuable grasslands. The proposal was taken into account, the provision on the minimum of livestock abundance is not applied to the areas falling on Natura 2000 territories and the areas of biologically valuable grasslands.
414. Based on the completed assessment, the independent experts have concluded that the Programme is overall compliant with the international and the national environmental policy objectives and does not provide for any direct measures that would conflict with the provisions of international conventions binding on Latvia, EU strategies and the objectives featured in the national environmental policy planning documents.

### **3.4. IMPACT FROM THE PREVIOUS PROGRAMME PLANNING PERIOD AND OTHER INFORMATION**

415. As of today, three planning documents have been prepared and implemented with a view to ensuring the availability of the European Union funds to promote agricultural and rural development in Latvia: SAPARD110 Latvian Agricultural and Rural Development Programme, Single Programming Document and Rural Development Plan 2004–2006 (see also Annex 4).
416. Latvia as a candidate state of the European Union had access to financial support for structural reforms aimed at agricultural and rural development starting from 2000. SAPARD (Special Action Programme for Agriculture and Rural Development) funding was available for the time period of 2000 to 2006. This document was developed under the lead of the Ministry of Agriculture.
417. The Single Programming Document or Latvia's Development Plan 2004–2006 identified the strategy and priorities of Latvian government aimed at socio-economic cohesion by making use of the EU structural funds. The priorities for the development of rural territories, agriculture and forestry featured in the Single Programming Document received support from the Guidance Section of the European Agricultural Guidance and Guarantees Fund.
418. The purpose for implementing the Rural Development Plan 2004–2006 was to raise the income level of agricultural holdings complying with the environmental standards and diversify the rural economic activities and income as well as preserve the population of the rural areas. In order to achieve the above objective, the prepared measures and sub-measures were co-financed from the Guarantees Section of the European Agricultural Guidance and Guarantees Fund.

#### **3.4.1. SAPARD**

##### **3.4.1.1 Results of the SAPARD programme**

419. Sub-programme 1.1 "Modernization of agricultural machinery, equipment and construction of buildings". Through implementation of modernised and energy-efficient production technologies within the framework of this sub-programme, the production costs have decreased in agriculture. These measures have improved the value of agricultural outputs and production efficiency in agriculture by promoting establishment of efficient farming

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<sup>110</sup> Special Action Programme for Agriculture and Rural Development.



structures, they have supported environmental preservation by reducing environmental pollution from farm animals as well as improved the supplies of domestic raw materials to processing plants, thus raising the productivity of processing and the quality of outputs in line with the *acquis communautaire*.

420. The most important achievements are demonstrated by the milk sector. The main explanation is the national production traditions. Production of dairy products has always been very important in Latvia. Dairy products also take up a leading position in the export structure of agricultural products. The above conditions support competitiveness and attracting of investments. Grain sector has also accomplished a lot. The explanation for its growth is similar to that of the milk sector. Grain is one of the best export goods of Latvia's agriculture, promoting competitiveness and attracting of investments. Significant progress has been achieved by fruit and vegetables sector as well. That can be explained by the low base for the growth of production indicators. Although the indicators have increased significantly within the framework of the programme, the volume of output by the fruit and vegetables sector is still insufficient to satisfy domestic demand.
421. The slight improvement of the indicator: "Number of staff with improved work conditions" can be explained by the types of investment made. 93% of investments are made into modernisation of machinery and equipment, which promotes higher productivity, yet at the same time also does not significantly increase the number of staff working with this machinery/equipment. The indicator "Number of animals with improved conditions" is affected by the fact that investments into farm construction and modernisation are a labour-consuming process requiring considerable investments on behalf of the beneficiary farmer as well.
422. Sub-programme 1.2. "Afforestation of agricultural land". 3969 ha of agricultural land transformed into forest lands in holdings of physical persons have been afforested within the framework of the sub-programme, resulting in improvement and diversification of the rural environment and raising the value of abandoned agricultural lands and amount of raw materials available for timber industry. 252 agricultural holdings have gained an alternative source of income from afforestation, thus increasing the job opportunities in rural areas.
423. Sub-programme 2.1 "Improvement of agricultural and fisheries product processing and marketing". Within the framework of the sub-programme, restructuring and concentration of the processing sector has been promoted as well as improvement of outputs of processing companies and increasing the value of the sold outputs by processing products meeting the EU standards. In order to promote improvement and monitoring of hygiene, quality animal

welfare and environmental impact, as a result of the sub-programme a significant number of processing companies meeting the EU standards have formed. Opportunities to sell the produce facilitate rapidly growing investments. Latvia's accession to the EU plays a significant role and is an additional incentive/need to transform businesses so that to comply with the quality and sanitary standards of the EU.

424. Sub-programme 3.1 "Diversification of rural economy providing alternative income". Within the framework of the sub-programme, several significant measures have been implemented to increase and diversify rural employment, increase employment opportunities outside the traditional agriculture and promote the use of renewable energy resources, thus decreasing unemployment, raising the income of rural population and providing more alternative income and employment opportunities. Good results have been achieved in the field of alternative fuel production. This relates to the overall economic restructuring to focus more on environmental requirements, as well as to a rapid growth of residential housing (private houses). As the commonly used infrastructure (gas supply) in the newly-developed villages is often poorly developed, individual heating systems have become increasingly more popular. Demand for alternative fuel is also growing.
425. Sub-programme 4.1 "Improvement of general rural infrastructure". Within the framework of the sub-programme measures, access roads to agricultural holdings and other rural businesses have been improved, supply of rural businesses with running water has been improved, communications centres have been established and electricity supply lines have been installed. Local governments used the offered opportunity very actively, mainly to construct and renovate roads.
426. Implementation of the Rural Development Plan raised the income level of the agricultural holdings and improved production efficiency, compliant with the environmental requirements, diversified the activities and income of the rural economy as well as helped to preserve and increase the rural population.

#### **3.4.1.2 SAPARD programme monitoring and evaluation**

427. Five annual progress reports were prepared in course of implementing the SAPARD programme and currently the final report is under preparation. The annual progress reports contained unbiased evaluation, stating the objectives which had not been fully achieved in the process of implementing the sub-programmes and the previously planned optimistic results that had not been attained in course of sub-programme development.
428. One of the most significant recommendations that we have taken into account when developing further planning documents was to have an accurate and

justified SWOT analysis, which is used as the main basis when selecting support measures.

429. The SAPARD programme is monitored by the SAPARD programme Monitoring Committee established by the Ministry of Agriculture and comprising representatives from the Ministry of Agriculture as well as socio-economic partners from other public administration institutions and organisations.
430. Two evaluations (Ex-ante and Mid-term evaluation) have been prepared for the SAPARD programme, and the Ex-post evaluation is under preparation. Evaluation of the effectiveness of the sub-programmes led to a conclusion that it is necessary to give an opportunity to apply for support within the framework of sub-programmes to a wider range of the potential beneficiaries. This recommendation is based on the assumption that a wider range of applicants would help to ensure more effective drawdown of the funding available under the sub-programmes.

### **3.4.2. Single Programming Document**

431. The Single Programming Document covers five priorities, and priority 4 "Development of Rural Areas and Fisheries" is financed by the European Agricultural Guidance and Guarantee Fund and Financial Instrument for Fisheries Guidance. The objective of this priority is to promote rural development and sustainable development of fisheries.

#### **3.4.2.1 Results of the 4<sup>th</sup> priority of the Single Programming Document**

432. Measure 4.1 "Investments in Agricultural Holdings". Reconstruction or construction of drainage systems was not widely implemented as a result of comparatively small number of applications; therefore, a large part of agricultural lands lack soil humidity regulation. Reconstruction of buildings and facilities requires additional financing, as due to grown costs support can only be extended to a small number of project applicants.
433. Under the impact of the measure 4.2 "Setting Up of Young Farmers", migration of those employed in agriculture to urban areas has decreased slightly, as young farmers were involved in agricultural business and retirement of elderly owners of agricultural holdings was facilitated.
434. Within the measure 4.3 "Improvement of Processing and Marketing of Agricultural Products", support was received by processing companies to introduce internal quality control and quality management systems.

435. As a result of implementing the measure 4.4 "Promotion of Adaption and Development of Rural Areas", overall pre-conditions for further sustainable development of agriculture have been created.
436. Measure 4.5 "Forestry Development" has played a significant role in the development of the forestry sector, as Latvia's forests implement community importance ecological, social and economic functions and contribute to conservation of biodiversity and environment. Sustainable management of private forests and forest lands would be endangered without investments into improvement of the ecological, social and economic value of the forests: the economical potential of the forest will deteriorate, real threat to sustainable availability of forest resources, productiveness and quality of forest stands as well as future development of the forest sector and national economy will appear. Investments into raising the value of forests will further facilitate sustainable rural development. The effectiveness of implementation of the activity 4.5.1 "Afforestation of non-agricultural lands" was adversely affected by the shortage of tree planting material on the market, yet it was the second most popular activity in terms of the project number and all the available funding under this activity was spent. The implementation of the activity 4.5.2 "Investments in forests to improve their economic, ecological or social value" did not yield the expected results, as road construction costs in 2004–2006 programming period increased dramatically; therefore, the planned deliverables were not fully delivered. As a result of the activity 4.5.3 "Establishment of forest owner associations", several associations of forest owners were formed. This facilitated knowledge and experience sharing among the members of associations and indirectly improved the economical value of the forests. An important factor is the fact that forest owner associations are able to represent their common interests on the market. As a result of activity 4.5.4 "Investment into improvement and rationalisation of timber cutting, primary timber processing and sales", quality and highly-productive timber cutting, forest soil preparation and timber pre-processing machinery was introduced. The activity 4.5.5 "Restoring forestry potential in sites of damage caused by fire and/or natural disasters and implementation of adequate preventive fire safety actions" facilitated regeneration of forest areas damaged by fire. As a result of activity 4.5.6 "Support to replacement of low value forest stands or tree species to improve biodiversity and ecological value", several forest stands were improved, yet forest owners very quite inactive under this activity as they lack knowledge.
437. Measure 4.6 "Development of the Local Action (LEADER+Type Measure)" has facilitated consolidation of society in rural areas, with a view to finding alternative solutions to address local issues. Activity 4.6.1 "Acquiring skills" was implemented as a National Programme project, whereas activity 4.6.2 "Integrated rural development pilot strategies" as an open project application

tender. As a result of the above activities, the capacity of the local population in development of projects to receive the EU funding was improved. In addition, the local initiative groups developed integrated rural development pilot strategies which identify the needs of the local population and priorities for successful development of the respective territories.

438. As a result of implementing the measure 4.7 "Training", competencies of farmers and forest managers were improved and retraining provided, which contributed to increasing employment in rural areas. Activity 4.7.1 "Support to vocational education enhancing professional skills and competence of farmers, forest owners and others involved in agricultural and forestry activities" was implemented within the framework of the National Programme. As a result, projects "Vocational training 2004" and "Vocational training 2005-2006" were implemented with an active participation of more than a thousand participants.
439. Overall, the SPD activities are effective, yet, from the point of view of local governments, such topical needs as, e.g. treatment of former military territories, restoration of cultural and historical sites to raise the economical potential of tourism and measures to promote business were neglected.
440. SPD activity funding has positively affected Latvia's, as one of the EU planning region's, competitiveness and contributed to development of highly-developed infrastructure and overall creation of attractive living environment in Latvia, yet, as can be seen looking at the regional breakdown of investment into territorial impact project priorities, socio-economic development disparities between the planning regions have remained broadly unchanged.
441. Orderly public: environmental, transport, ICT, education, social, cultural and historical and tourist infrastructure forms a basis for further development of these areas and Latvia's socio-economic growth. The only pre-condition is the quality of the established infrastructure and ultimately its viability as well as further maintenance and use to the initially planned purposes.
442. Business investments facilitated a short-term improvement of the competitiveness for companies receiving the funding at the European scale, yet the long-term competitiveness will depend on implementation of development strategies in those companies concerning further modernisation of production equipment and search for new market outlets as well as employment of a qualified labour force. Investments into modern production infrastructure did not always create new jobs. On the contrary, it optimised the number of staff to be involved.
443. The return from the human resources who received training was largely determined by the offered employment opportunities and the quality of

available public infrastructure. The lack of those two pre-conditions can promote human resource migration to both the development centres of Latvia and other EU Member States.

### **3.4.2.2 Monitoring and evaluation of the 4<sup>th</sup> priority of the Single Programming Document**

- 444. Three implementation reports were prepared within the framework of the Single Programming Document monitoring.
- 445. One of the recommendations featured in the reports was to develop specific selection criteria for applicants, thus promoting tighter competition among the projects with the best prospects and involving younger people. Although the planned results were achieved in a longer period than initially planned, it was unnecessary to increase the number of activities.
- 446. The implementation of the Single Programming Document was monitored by a dedicated European Union Structural Funds Monitoring Committee.
- 447. In order to ensure effective drawdown from the EU Funds, the Managing Authority conducts thematic evaluation.

### **3.4.3. Rural Development Plan 2004–2006**

- 448. The year 2006 can be considered successful in implementation of the Rural Development Plan, as implementation of Rural Development Plan projects launched in 2004 and 2005 continued as well as a new sub-measure "Reduction of erosion" within the framework of the "Agri-environment" measure started.

#### **3.4.3.1 Results of the Rural Development Plan 2004-2006**

- 449. Measure "Agri-environment": sub-measure "Development of organic farming" supported the producers of organic products and farmers who made a transition to organic production, thereby facilitating and developing manufacturing of organic products. Sub-measure "Preservation of genetic resources of farming animals" promoted breeding and preservation of significant local origin varieties of farming animals. Implementation of the sub-measure "Establishment of buffer belts" in especially vulnerable territories by creating grassland buffer belts for both surface water sites and fields reduced run-off of plant nutrients from agricultural lands. Sub-measure "Maintaining biodiversity in grasslands" provided support to agricultural holdings to maintain biologically valuable grasslands, promoting preservation of biodiversity. Sub-measure "Reduction of erosion" provided support to increasing the proportion of areas covered by vegetation in agricultural lands,

thus promoting mitigation of erosion processes and preservation of plant nutrients in soils.

450. Within the framework of the measure "Less favoured areas and areas with environmental restrictions", farmers received support to compensate the additional expenses incurred by producers of agricultural products and their foregone income, relating to conditions that do not foster agricultural productions on the given territory. Farmers, whose agricultural land was situated on specially protected nature areas, received support for restrictions on business activity in those territories, which promoted the management of those territories.
451. Measure "Early retirement" provided elderly owners of agricultural holdings, who do not wish or due to various reasons are unable to continue and develop their business, an opportunity to transfer their holdings or a part thereof to another owner and receive an early retirement support. At the same time, those owners could keep certain resources, e.g. land for the purposes for producing food for own family needs. Workers also could receive this kind of support. The opportunities provided by the measure stimulated the development of agricultural holdings by replacing and improving their management, elderly farmers received their pensions.
452. Measure "Support to producer groups" promoted the establishment of new producer groups and the development of the existing ones by providing opportunities for members of producer groups to sell their products jointly, to improve the quality of products, to achieve higher selling prices for their manufactured products. Providing support to producer groups addresses the economical and social problems of small and medium-sized farms. As a result of a favourable producer group support policy, farmers have understood that better results can be achieved working together.
453. As a result of the measure "Support for semi-subsistence farms", restructuring of semi-subsistence farms was promoted by developing commercial and competitive business. Support within the measure facilitated a reduction in the rapid depopulation of the rural territories.
454. Measure "Meeting standards" promoted construction of manure storage facilities in farms located in especially vulnerable environmental territories or which had received a permit for category A polluting activity. Within the framework of this measure, purchase of milking and milk cooling equipment was supported, thus facilitating the development of farms producing goat milk. Support under the measure facilitated the achievement of the EU standards in agricultural holdings in the field of environmental protection, human, animal and plant protection and animal welfare.

455. The beneficiaries of the measure "Technical assistance" were the Ministry of Agriculture and the Rural Support Service. Funding was mostly used to hire the required rural development consultants. The consultant experience and work helped to identify regional disparities in the fields of agriculture and forestry, which hinder successful rural development and consequently affect also the state of the national economy. Based on the identified needs and gaps, the previous period measures were modified as well as proposals for the required measures and their activities for the next period were prepared. Taking into account that the rural territories are still insufficiently equipped with telecommunications and IT technologies, several publicity measures were implemented within the framework of the measure to publish all the topical information in newspapers and booklets.

### **3.4.3.2 Monitoring and evaluation of the Rural Development Plan 2004–2006**

456. In order to analyse the actual situation in Latvian rural areas and the expected impact of the evaluated selected priorities, prior to commencing the implementation of the Rural Development Plan 2004–2006, an Ex-ante evaluation was prepared in 2003. Three annual progress reports were prepared in course of the implementation of the plan, where the achievement of its priorities and objectives has been measured by quantitative indicators. The annual progress reports also include information on actions taken by the Managing Authority and Monitoring Committee, whose task was to ensure quality and effective implementation of the plan. Following an agreement with the Monitoring Committee, the required amendments to the Rural Development Plan 2004–2006 were introduced.

### **3.4.4. National support impact**

457. In order to facilitate the agricultural and rural development as well as to improve the living standards of the rural population, in 2002–2007 national support to agriculture in the amount of 2.5% of the annual central government budget was provided in addition to the European Union funding.
458. In 2004, Latvia joined the European Union and as a result of that the national payments system was gradually aligned with the agricultural support payments system of the European Union and community guidelines concerning the state support in the sector of agriculture.
459. The purpose of the subsidy programme "Support to improvement of agricultural and forest land" was to support agro-chemical studies of soil, construction of national and national significance drainage systems, reconstruction of single-owner and common-use drainage systems, which served to facilitate the production of high-quality and competitive crop-



farming outputs as well as improved the productivity and management efficiency of the agricultural land.

460. The subsidy programme “Support to development of cattle-breeding” granted support to the use of highly productive breeding animals aimed at preservation of the gene pool of the farming animals. State support was granted to the development of breeding documents, organisation of international significance animal breeding measures. The subsidies helped to ensure the destruction of animal by-products which could not be used by the food industry, in order to prevent human and animal infections as well as run-off into the environment and spread of pathogenic micro-organisms.
461. The subsidy programme “Support to development of crop-farming” increased the production efficiency of the crop-farming sectors by supporting the preservation and study of the genetic plant resources and improvement of the quality of the local selection varieties of seeds. The support was used to promote the introduction of environment-friendly farming technologies in horticulture and fruit-growing.
462. The subsidy programme “Support to education, science and information dissemination” promoted education and information in the fields of agricultural, forestry, fishery and rural development as well as supported the introduction of the latest scientific methods in agricultural production.
463. The objective of the subsidy programme “Support to mitigating the sectoral risks in agriculture” was to support projects co-financed by Latvia and foreign participants, which are significant for the development of the rural, agricultural, forestry and fishery sectors. It helped to ensure successful integration of Latvia into the European Union.
464. The subsidy programme “Support to promotion of investment in agriculture” supported the development of effective and efficient agricultural production by reducing the production costs and introducing modern production technologies.
465. Within the framework of the subsidy programme “Support to development of rural and farmer associations and foundations and cooperative societies of agricultural services”, rural and farmer associations and foundations were involved into the decision-making process addressing national significance issues, information flows among public administration institutions, European Union institutions and farmers were ensured. As a result of the measure, the establishment of new cooperatives was encouraged as well as the development of the existing ones.

466. The subsidy programme “Support to development of organic farming” supported the production, pre-processing, reprocessing and sales of the organic farming products as well as improved the availability of the organic farming products on the market.
467. Within the framework of the subsidy programme “Support to market promotion”, support was granted to businesses penetrating foreign markets and collective stands of Latvia at many international food fairs were organised.
468. As a result of the subsidy programme “Support to mitigating the sectoral risks in agriculture”, support was granted to preventive measures aimed at prevention of the spread of hazardous plant diseases as well as to procurement of insurance policies.
469. The subsidy programme “Support to implementation of the European Union requirements” included temporary state support to the sectors of pig-breeding, sheep-breeding, seed farming, flax cultivation and apiculture as well as implementation of temporary measures concerning the milk quota. Within the framework of this programme, supplies of free milk to pre-school education establishments and schools were also ensured.

## **4. JUSTIFICATION OF SELECTED PRIORITIES AND EXPECTED INFLUENCE IN ACCORDANCE WITH THE PREVIOUS EVALUATION**

### **4.1. JUSTIFICATION OF SELECTED PRIORITIES**

470. Taking into account the strengths, weaknesses, opportunities and threats described in the situation profile, the Latvian Rural Development National Strategy Plan 2007–2013 (hereinafter referred to as the Strategy) identifies the main needs to be addressed in the light of the strategic goal: prosperous people in sustainably populated rural areas of Latvia.
471. The Latvian Rural Development National Strategy Plan has been developed in compliance with the Latvian National Development Plan 2007–2013 setting the strategic objective for the national development as education and science for economic development and technological excellence and identifying the following priorities to achieve the objective:
- educated and creative individuals;
  - technological excellence and flexibility of businesses;
  - science and research development.
472. The Strategy is implemented through the Latvian Rural Development Programme 2007–2013. The Programme is compliant with the objectives of the Lisbon and Gothenburg strategy and the Council Decision 2006/144/EC on Community strategic guidelines for rural development and promotes the achievement of the objectives set within the Strategy as determined by the actual situation. Programme measures promote the achievement of objectives set within EU Forest Action Plan.
473. The objective of axis 1 is to improve the competitiveness of agricultural and forestry businesses by supporting their restructuring, development and innovation as well as to improve the professional knowledge and qualifications of the population by ensuring the availability of the required advisory services.
474. Taking into account the described analysis of the situation, raising the competitiveness of Latvia's agricultural sector requires: development of market-oriented production units; modernisation of out-dated equipment and buildings, paying particular attention to long-term investment and investment related to environmental protection; encouraging younger farmers to start agricultural business to improve the age profile of farm owners; increasing the added value in the food sectors through development of the marketing and consumer information systems for agricultural products as well as the

promotion of the application of more modern technologies in agricultural products processing, marketing and logistics chains.

475. Support to improvement of the technical support to post-growing processes (harvesting, primary processing, slaughtering, long-term storage, handling, processing) of agricultural, including organic farming products is required to increase the added value and satisfy the demand for healthy food produced using environment-friendly methods, especially in regions with low concentration of significant production capacities.
476. Support provided under the axis will promote the development of producer cooperation systems in all areas of the rural economy to improve the market capacity, introduce more efficient production processes and improve access to production resources.
477. The following measures are implemented within the framework of axis 1 (measure code provided in brackets):
- vocational training and information actions (111)
  - setting up young farmers (112)
  - early retirement (113)
  - use of farm and forestry advisory services (114)
  - setting up of management, relief and advisory services (115) - detailed measure description will be notified for Commission approval prior implementation
  - modernisation of agricultural holdings (121)
  - improving of economic value of forests (122)
  - adding value to agricultural products (123)
  - infrastructure related to the development and adaptation of agriculture and forestry (125)
  - supporting semi-subsistence agricultural holdings undergoing restructuring (141)
  - setting up of producer groups (142)
478. 50% of the EAFRD funding will be used on the axis 1 measures, taking into account that no financing from any public fund, except the EAFRD and the first pillar of the CAP is available for these measures. A significant part of the axis funding will be spent on the measure "Modernisation of agricultural holdings".

479. Axis 2 measures promote improvement of environment and rural landscape by supporting activities aimed at preservation of the nature values of the rural territories, attractive landscapes and biodiversity.
480. Agriculture and forestry have a significant impact on the environment; therefore, support to voluntary agri-environment commitments is required, encouraging the use of environment-friendly farming methods in management of agricultural lands, as well as support to compensate the foregone income resulting from business restrictions imposed on Natura 2000 territories of naturally handicapped territories. Involvement of low-efficiency use agricultural lands in manufacturing of agricultural and forestry products would promote the improvement of the rural landscape and conservation of the nature values.
481. The following measures are implemented within the framework of axis 2 (measure code provided in brackets):
- payments to farmers in areas with handicaps, other than mountain areas (212);
  - Natura 2000 payments and payments linked to Directive 2000/60/EC (213);
  - agri-environment payments (214);
  - first afforestation of non-agricultural land (223);
  - Natura 2000 payments (224);
  - forest environment payments (225) - detailed measure description will be notified for Commission approval prior implementation;
  - restoring forestry potential and introducing prevention actions (226).
482. 30% of the EAFRD funding will be used on the axis 2 measures, to ensure balanced and successive policy continuity, a gradual transition from income support to activity support. 41.5% of the total axis funding will be used on the "Agri-environment payments" measure supporting the application of environment-friendly farming methods in management of agricultural land, thus promoting the attainment of the EU-level objectives in the area of improving the biodiversity and water quality as well as climate change mitigation. 37.7% of the axis funding will be used on the measure "Payments to farmers in areas with handicaps, other than mountain areas" promoting the use of agricultural land preserving an open rural landscape.

483. The objective of axis 3 is to promote improvement of the quality of life in rural areas by supporting the development of the local roads and the infrastructure required by the local initiative groups, to diversify the economic activities as well as to preserve and develop the cultural heritage of the rural territories.
484. Considering the degree of agricultural intensification and production concentration, within the framework of axis 3 support will be granted to population of rural territories to create alternative sources of income, particularly to establishment and development of micro-enterprises; to increasing the economic welfare of the rural population dependent on low-efficiency self-consumption farms by promoting the expansion of their business or change of profile; to more effective use of the labour force available on rural territories by promoting the creation of new jobs in addition to agricultural and forestry sectors, improving the knowledge and skills of the population, thus enhancing their ability to switch to other type of business; to support of rural tourism activities. Support under these measures will promote the infrastructural development of the rural territories in order to improve the business activity and social environment; preservation and development of the rural cultural heritage, particularly in relation to agriculture and forestry sectors
485. The following measures are implemented within the framework of axis 3 (measure code provided in brackets):
- support for the creation and development of micro-enterprises (including diversification into non-agricultural activities) (312(311));
  - encouragement of tourism activities (313);
  - basic services for the economy and rural population (321);
  - village renewal and development (322);
  - conservation and upgrading of the rural heritage (323).
486. About 30% of the EAFRD funding will be used on the axis 3 measures, ensuring that the economic needs which are not related to agriculture and forestry and the life quality needs of the rural territories are satisfied using the support from this fund. The most significant support within the framework of the axis will be extended for the creation and development of micro-enterprises and renewal and development of villages.
487. The objective of axis 4 is to ensure successful implementation of the rural development programme by using the LEADER approach, encouraging the operation of the local action groups, their cooperation and participation in

measure implementation, thus improving the local-needs-based management mechanisms at the local level and improving sustainable development potential of the rural territories.

488. Local action groups will use the axis 3 measures to implement local development strategies. 2.5% of the total EAFRD funding will be set aside for axis 4 to promote local initiatives.

## 4.2. EXPECTED IMPACTS DERIVING FROM THE EX-ANTE EVALUATION

### State and Countryside Economy

489. Taking into account that statistics on GDP particularly about the rural territories is not available the potential influence of the programme measures upon the territory outside the cities of republican importance was calculated applying the indicative method. According to the calculations during the seven years the Programme measures must additionally increase the GDP of the specified territory for approximately 8%, which equals about 1.1% yearly. In turn the national GDP due to the measures to be implemented could in the seven years increase by approximately 4.2% or 0.6% annually.

### Agriculture

490. Programme measures will contribute significantly larger impulse especially to the agricultural sector. Taking into account the planned investment amount, during the seven-year period, the Programme additionally must stimulate the development of agriculture, thus increasing the added value by the sector for approximately 51%, which is on average additional 6.1% yearly. Work productivity per employee in the sector in the seven-year period must additionally increase on average by EUR 1678, which is an increase of approximately 66% if compared to current base rate.

### Forestry

491. Influence of the Programme upon the forestry sector is expected to increase the GDP of the sector on average by 1.2% yearly, which is additional 8.5% in the seven-year period. As a result of the measures to be implemented the productivity could increase for approximately EUR 546, which is additional 13% to the current base rate.

### Employment

492. As a result of the measures to be implemented under the Programme 6.2 thousand new jobs could be created in the countryside. However, in the result of the measures implemented simultaneously (facilitating structural changes in the agriculture) the number of employees in the agricultural sector could decrease by approximately 8.5%. Therefore the number of employees in the countryside under the influence of the Programme measures could decrease by approximately 2.3 thousand.



## **Level of Income**

493. Due to the increase of the productivity rate also the level of remuneration will increase. As a result of the Programme measures to be implemented the average annual income of rural population before 2013 could increase by approximately EUR 600, including for those employed in agriculture and forestry by approximately EUR 1400.

## **Natural Values, Biodiversity, Attractive Landscapes**

494. In the result of planned measures the land areas could additionally increase by 305 thousand hectares in management of which land and environment-preserving against pollution methods are used. In addition by 83 thousand hectares, compared to the base, the attractive (managed), from the point of view of landscapes, land areas will increase (increase by 20 thousand ha and will not decreased by 63 thousand ha). Although at the moment of evaluation concerning the biodiversity there were no reliable data on general tendency available, however after consulting with sector experts it was concluded that by the measures to be implemented the biodiversity (evaluated as the bird population index) could be increased by 6% points, if compared to the base, which lately has the tendency to decrease.

## **From the Point of View of the Strategy Plan Objectives**

495. Analysing the influence of the Programme measures from the point of view of the strategy's overall objectives it must be noted that the Programme is largely oriented toward the increase of the income level of rural people, which is a positive feature. However the Programme pays little attention to the employment issue, which can be evaluated as a great risk from the point of view of sustainable population density of the territory. During the consulting carried out during the *Ex-ante* assessment an opinion was expressed that until 2013 the number of employees in the agricultural and forestry sectors could decrease by 20–40 thousand. Taking into account the fact that in the recent years in the country (particularly in Riga) there is shortage of labour and meanwhile the rural population have greater opportunities to find work outside the country (still 3 years ago both of those issues were not topical) keeping of those people on the countryside may become a great challenge to policy makers. From the point of view of territory sustainable population specified in the strategic plan the employment issues are paid inappropriately small attention by the Programme. Practically, out of the three previously mentioned strategic objectives – increase the income level of rural people, increase the employment level in rural areas and retaining the territory population level – the Programme provides visible effect only upon the first

objective; concerning the employment the opposite effect is being achieved as a result of which contribution to sustainable population is only partial.

## 5. Information on the axes and measures proposed for each axis and their description

### 5.1. GENERAL REQUIREMENTS

496. Information on the measures is given on chapter 5.3. – 5.6.

### 5.2. REQUIREMENTS CONCERNING ALL OR SEVERAL MEASURES

#### Reference to Commitments Continuing from the Previous Period

497. Commitments undertaken within the Rural Development Plan 2004–2006 measures “Agri-environment”, “Early Retirement”, “Support for semi-substance farms”, “Meeting Standards” and “Support to producer groups” will be financed by the European Agricultural Fund for Rural Development.

Measure	Payment amount for commitments continuing from the previous period, EUR
Agri-environment	90 000 000
Early retirement	28 500 000
Support for producer groups	1 200 000
Support for semi – substance farms	14 000 000
Meeting standards	1 000 000
Total	134 700 000

498. According to Article 11 of Commission Regulation No 1320/2006 (any such transformation is of unquestionable benefit to the environment and the existing commitment is significantly reinforced) farmers who made commitments in 2004–2006 may, if they so wish, transfer to the new agri-environment sub-measures under this programme in connection with the 2008 application process. This will not impose any repayment obligation. Farmers may also maintain their original commitments as long as they are valid under the conditions of Rural Development Plan for Latvia 2004 - 2006.

499. The payments relating to the agri-environment support commitments made during the programming period 2004–2006 will continue throughout the programming period 2007–2013.

#### Reference to environmental impact assesment

500. Existing legislation in Latvia on **environmental impact assessment**, IPPC and industrial accident risk assessment and risk reduction is in conformity with relevant EU directives Council Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment, and Council Directive 97/11/EC of amending Directive 85/337/EEC on the

assessment of the effects of certain public and private projects on the environment Council Directive 96/61/EC concerning integrated pollution prevention and control Council Directive 96/82/EC of on the control of major-accident hazards involving dangerous substances.

501. The assessment of the impact on environment is carried out pursuant to the provisions of Law on Assessment of the Impact on Environment adopted on 14 October 1998 and Cabinet Regulations No. 445 Statute of the Environmental Impact Assessment State Bureau dated 24 November 1998. Cabinet Regulations No. 213 Procedures for Environmental Impact Assessment specifying the mechanism of fulfillment of the provisions of the Law on Assessment of the Impact on Environment were adopted on 15 June 1999. Therefore the legislation in Latvia is harmonized with the relevant EU Directives – European Council Directive 85/337/EEC of 27 June 1985 on the Assessment of the Effects of Certain Public and Private Projects on the Environment and Council Directive 97/11/EC of 3 March 1997 amending the Directive 85/337/EEC on the Assessment of the Effects of Certain Public and Private Projects on the Environment.
502. Any intended action likely to have a material effect on the protected nature territory of European importance (*NATURA 2000*) shall be subject to the environmental impact assessment, having due regard to the objectives of protection of the territory and assessing also the overall impact of the intended action. If the intended action may have a negative impact on the respective protected nature territory of European importance (*NATURA 2000*), it shall be allowed exclusively if such action is the only solution for satisfaction of social or economic needs of the society, and it shall provide for compensatory measures for the network of protected nature territories of European importance (*NATURA 2000*).

### **Confirmation of Application of State Support Procedures**

503. By defining conditions for reception of support concerning the implementation of measures specified in articles 25 and 52 of the Regulation (EC) 1698/2005 as well as by performing the measures under the articles 28 and 29 of the mentioned regulation, all procedures of granting the state support, the set criteria and the maximum limit of state total support have been met.

## **Confirmation of Cross-compliance Requirements**

504. Cross-compliance requirements are a set of obligations, which farmers are obliged to comply with in order to be eligible to receive direct payments and to qualify for the following measures under Axis 2 “Improving of environment and country side”: Payments to farmers in areas with handicaps, other than mountain areas, Natura 2000 payments and payments linked to Directive 2000/60/EC, Agri-environment payments, Natura 2000 payments (to forest owners), Forest-environment payments.
505. Cross-compliance involves requirements for good agricultural and environmental condition and the statutory management requirements for environment, animal identification and registration, as well as human, animal and plant health protection and animal welfare.
506. Confirmation that the cross-compliance requirements, which affect the implementation of several rural development measures, are identical to those provided for in articles 4 and 5 and annexes III and IV of Regulation (EC) No 1782/2003. Where beneficiaries do not respect mandatory requirements, the support payment to be granted for the calendar year shall be reduced or cancelled according to Article 51 of Council Regulation (EC) No. 1698/2005.

## **Evidence for Consistency and Reliability of Calculations**

507. In order to justify and approve the consistency and correctness of support payments foreseen under the measures “Natura 2000 Payments and Payments Related to Directive 2000/60/EC”, “Agri-environment payments”, “First Afforestation of Land not Used for Agricultural Production”, “Natura 2000 Payments” and “Forest Environment Payments” according to the provisions of Paragraph 2, Article 48 of Commission Regulation 1874/2006, a corresponding examination must be performed. Examination shall be performed by the Ministry of Agriculture, which is independent from the performer of calculations.
508. The calculations for measures “Natura 2000 Payments and payments linked to Directive 2000/60/EEC” and “Agri-environment payments” were made by Latvijas lauku konsultāciju un izglītības centrs SIA (*Latvian Rural Advisory and Training Centre SIA*). The support payments were calculated on the basis of the gross coverage of the farms calculated by Latvian Rural Advisory and Training Centre SIA and the data of the Central Statistical Bureau.

## **Connection to support instruments under Common Agricultural Policy**

509. Administrative procedures ensure that the aid for diversification measure financed from the restructuring funds under Article 6 of Council Regulation (EC) No 3320/2006 establishing a temporary scheme for the restructuring of the sugar industry in the Community will not receive overlapping funding under this programme. Administrative procedures also ensure that schemes eligible for support from European community common market organisation in fresh fruit and vegetables not will grant overlapping funds to projects that are eligible for support under this programme.

## **Condition prohibiting replacement of fixed assets**

510. No replacement of the existing fixed assets of agricultural holdings is allowed using the support under the rural development measures.

511. The following shall not be considered as replacement of fixed assets:

- 1) in the event of purchasing any tractor machinery and equipment, is the purchased tractor machinery and equipment supplements the existing stock of tractor machinery and equipment held by the farm preserving the existing units of machinery and equipment, or the capacity of the purchased tractor machinery and equipment is at least 25% higher than that of the tractor machinery and equipment disposed of by the farm;
- 2) in the event of purchasing any facilities, if the production capacity of the purchased facilities is at least 25% higher than that of the facilities disposed of by the farm or the purchased facilities is purchased in addition to the existing facilities or it changes the nature of production or technologies significantly;
- 3) construction of new buildings and reconstruction.

## **Revision clause**

512. If the community legislation is adopted or amended during programming period, the measures, commitments and eligibility criteria can be review.

### **5.3. AXIS 1. PROMOTION OF THE COMPETITIVENESS OF AGRICULTURAL AND FORESTRY SECTORS**

513. The objective of axis 1 is to improve the competitiveness of agricultural and forestry businesses by supporting their restructuring, development and innovation as well as to improve the professional knowledge and qualifications of the population by ensuring the availability of the required advisory services.
514. Taking into account the described analysis of the situation, raising the competitiveness of Latvia's agricultural sector requires: development of market-oriented production units; modernisation of out-dated equipment and buildings, paying particular attention to long-term investment and investment related to environmental protection; encouraging younger farmers to start agricultural business to improve the age profile of farm owners; increasing the added value in the food sectors through development of the marketing and consumer information systems for agricultural products as well as the promotion of the application of more modern technologies in agricultural products processing, marketing and logistics chains.
515. Support to improvement of the technical support to post-growing processes (harvesting, primary processing, slaughtering, long-term storage, handling, processing) of agricultural, including organic farming products is required to increase the added value and satisfy the demand for healthy food produced using environment-friendly methods, especially in regions with low concentration of significant production capacities.
516. Support provided under the axis will promote the development of producer cooperation systems in all areas of the rural economy to improve the market capacity, introduce more efficient production processes and improve access to production resources.
517. 50% of the EAFRD funding will be used on the axis 1 measures, taking into account that no financing from any public fund, except the EAFRD and the first pillar of the CAP is available for these measures. A significant part of the axis funding will be spent on the measure "Modernisation of agricultural holdings".

## **Measure 111: Vocational training and information actions**

### **Legal basis**

518. Article 20 (a) i) and Article 21 of Council Regulation (EC) No. 1698/2005 and Point 5.3.1.1.1. of Annex 2 of Commission Regulation (EC) 1974/2006.

### **Background**

519. The agricultural census of 2001 shows that only 21.4% farm managers have higher or vocational education in agriculture. The low educational level of agricultural employees has laid an adverse impact on the competitiveness of the sector. Due to the low remuneration level young people and the agricultural experts with higher education choose to work in other sectors of economy. Insufficient knowledge of leading experts hinders innovation and introduction of modern technologies thus impairing the competitiveness of the sector on international market.
520. To overcome the above problems and enhance competitiveness of agriculture, forestry and food processing industry, it is required to provide learning opportunities. Moreover, access to knowledge must be provided all over the country. Upon providing the training the development opportunities of the sectors or the peculiarities of the respective region must be taken into account as well as production development tendencies and innovations in the world in such way promoting the competitiveness of Latvian farmers among EU and international producers.
521. For development of agriculture, forestry and food processing industry it is vital to increase the level of knowledge on technically competitive and economically effective production of agricultural products, to support the conception of agricultural environment aspects and ensure the improvement of environmentally friendly agricultural positions, application of management methods enhancing sustainable management of natural resources, application of new information and communications technologies, increasing of quality and added value of products and adherence to CAP cross-compliance requirements.
522. The 1<sup>st</sup> area of action defined in Latvian Rural Development National Strategy for 2007–2013 – Development of Capacities of Rural People – points to the need of this measure.

### **Objective**



523. Ensuring access to vocational education and information which would provide an understanding about the environmental aspects of agriculture and ensure the improvement of environment-friendly agricultural positions, application of management methods facilitating sustainable management of the forest resources, as well as access to the latest scientific findings and practices for individuals involved in agriculture, forestry and manufacturing of agricultural products.

### **Activities**

524. Under the specified measure are financed informative measures and implementation of training modules/subjects to improve the professional (both theoretical and practical) skills and competences of the population in the field of competitive and economically efficient agricultural and forestry product manufacture, using of environmental conserving technologies, application of methods stimulating sustainable management of natural resources, use of new information and communication technologies, increase of product quality and added value as well as observing mutual compliance requirements;
525. Training and information activities will be organized in accordance with the needs of particular sectors (agriculture, forestry and food processing), according to the required level of knowledge (general, expertise and training lecturer level). Training and information activities will include study courses, seminars, demo projects, preparation and distribution of study materials and other activities.

### **Target territory of the specified measure**

526. Whole territory of Latvia, because availability and quality of training must be ensured.

### **Beneficiaries**

527. Direct beneficiaries are the persons working in the agricultural, food processing (except fisheries) or forestry sectors and forest owners who are using training and information services. Beneficiaries are legal entities who are entitled the right to render training and information services in the result of tender procedure.

### **Eligibility Criteria**

528. The evaluation of projects related to the implementation of training and informative measures and submitted by legal entities is carried out in line with

the procurement procedure and the specified projects shall meet the following criteria:

- 1) The service comprises provision of training courses, seminars, demonstration projects, preparation and distribution of study materials, implementation of informative measures and exchange of farmers experience according to the conditions specified in the procurement technical specification;
- 2) The scope of the proposed adult education module and informative service subjects comply with those approved by the Ministry of Agriculture for agriculture, entrepreneurship, forestry and food processing areas;
- 3) Availability of quality service is ensured in line with the requirements specified by the Ministry of Agriculture with regard to qualified trainers and resources, and the specified service is adaptable to diverse interests and competences of the farmers.

### **Type and scope of the specified support**

529. The support provided covers 100% of eligible project expenditure. A beneficiary may submit several projects over the respective supporting period. Applicant/beneficiary may simultaneously implement several training modules/subjects and informative measures within the project scope provided that a financial estimate is submitted for each separate project activity.

### **Eligible costs**

530. Eligible expenditure are any expenditure related to the actual implementation of the service provided, i.e. expert remuneration, conclusion of implementation contracts, business trips, taxes and fees, as well as acquisition of required licenses issued by third parties, transport services, subsistence expenses and other related payments indispensable for the quality performance and completion of the relevant service.

### **Restrictions**

531. No support is provided with regard to activities related to the organisation of theoretical or practical training courses forming part of secondary/higher education programmes in agriculture, business management and forestry.

## Relation to other measures

532. Applicants receiving support under other measures of the Rural Development Programme may use the opportunities offered by the "Vocational training and information actions".

EAFRD (European Agricultural Fund for Rural Development) measures	Demarcation and complementarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation
Vocational training and information actions (ESF, EFF) <sup>111</sup>	ESF co- funded operational programme "Human Resources and Employment "	measure 3.1 "Employment", activity 1 "Enhancement of the competitiveness of residents in working age, including retraining and active employment measures"	<b>Activity objective</b> is to ensure upskilling and retraining of enterprise employees, thus, also promoting improved productivity of workforce, enhancement of qualifications and competitiveness of unemployed persons and job seekers, and their involvement in the labour market. <b>Beneficiaries</b> are enterprises, professional associations, institutions responsible for planning and carrying out labour market policies.	There will be no overlapping of the EAFRD measure with the ESF and EFF measures as the beneficiaries and field of education differ.  EAFRD support is available to the professional skills and training in the following sectors: agriculture, forestry and food processing. ESF - education opportunities in different field for all social groups; EFF - professional fishing training for fishermen.
		measure 2.1 "Development of Vocational Education and General Skills", activity 1 "Development of vocational educational system, improvement of quality, conformity and attraction"	<b>Activity objective</b> is to increase proportion of students in vocational educational programmes and promote conformity of vocational qualification with labour market demands, thus improving national qualifications system, standards of profession, educational programmes and examination, improving attractiveness of vocational educational programmes and quality of implementation by competence raise of vocational educators and internship managers involved in vocational education for implementation of modernised curricula, promotion of innovative solutions in vocational education and provision of access to the training correspondent to qualification demands, as well as improve capacity and cooperation between institutions, i.e. social partners, involved in vocational education. <b>Beneficiaries</b> are Ministry of Education and Science; Vocational Education Administration; organizations of social partners eligible to perform at national	

<sup>111</sup> Reference in brackets points to the fund with which demarcation or complementarity has been identified.

			level; higher education institutions ensuring preparation of teachers for vocational education, vocational educational establishments and colleges, organizations of employers and professional organizations.
		measure 2.2 “Development of Lifelong Learning and Cooperation and Capacity Strengthening of Institutions responsible for Education and Lifelong Learning Policy”, activity 2 “Development of professional career guidance and professionally-oriented education”	<p><b>Activity objective</b> is to develop professional career guidance and professionally-oriented education system, establishing professional career guidance and supporting centres in education establishments, ensuring availability of professional orientation services, particularly in regions as well as encouraging youth to participate in professionally oriented education.</p> <p><b>Beneficiaries</b> are state administrative institution performing functions determined by national legislation in the development and support of career related education system; state administrative institution performing functions determined by national legislation in the development of interests education at the national level; state administrative institutions, institutions and enterprises performing national legislative functions in state administration, municipalities, educational establishments, other legal entities registered in the Republic of Latvia.</p>
EFF co-funded “Operational Programme for the implementation of the European Fisheries Fund Support in Latvia”	Priority axis I “Measures for adaptation of the Community fishing fleet” measure 4 “Socio-economic measures”, activity 3 “Professional training”	<p><b>Measure objective</b> is to increase the competitiveness of the fisheries. Each field of the sector needs qualified specialists complying with the requirements of the labour market. The qualified labour force of the branch will be ensured by the opportunities to increase the level of professional skills and increase the level of knowledge for the experts, who will continue working in the fisheries.</p>	
	Priority axis II “Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products” measure 1 “Productive investments in aquaculture”, activity 2 “Professional training”	<p><b>Measure objective</b> is to modernise aquaculture companies and improve their general operation, develop traditional methods of aquaculture, develop production of new and highly demanded species of aquatic animals, introduce aquaculture methods, which significantly reduce the negative impact on the environment.</p>	

		Priority axis II “Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products” measure 5 “Processing and marketing of fishery and aquaculture products” activity 2 “Professional training”	<b>Measure objective</b> is to increase the added value of the fish products, improve the labour safety and productivity, reduce the negative impact on the environment, ensure product quality, including reduction of harmful substances in the fish products, production of new products and the use of by-products and waste.	
		Priority axis III “Measures of common interest” Measure 1 “Collective operation actions” activity 2 „Promotion of acquiring skills, partnership, co-operation and exchange of experience”	<b>Measure objective</b> is to support the activities of common interests in fisheries sector, the implementation result of which is significant and available to wider circle of representatives of fisheries sector comparing to the activities carried out by private companies in order to implement their interests. The implementation of this measure will improve the simultaneous solution of the issues important to the wider circle of representatives of fisheries sector.	

### Financial resources

533. Total funding – 10 154 752 EUR

534. Public funding – 10 154 752 EUR

### Attainable indicators

535. Pursuant to conditions and funding laid down for the measure, the attainable indicators are planned that are summarised in the table below.

### Basic indicators

Type of indicator	Indicator	Target
Output	Number of participants to training	21 000
	- int. al. women	10 500
	Number of training days received	6 570
Result	Number of persons that successfully ended a training activity	16 800
	- int. al. women	8 400

### Additional indicators

Type of indicator	Indicator	Target
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Output	Density of participants for a specific topic, %:	
	Agriculture	60
	Food industry	20
	Forestry	10
	Domestic (economic) provision block	10

## Measure 112: Setting up of Young Farmers

### Legal basis

536. Article 20 (a) ii) and Article 22 of Council Regulation (EC) No. 1698/2005 and Articles 13 and Point 5.3.1.1.2. of Annex 2 of Commission Regulation (EC) 1974/2006.

### Background

537. Although in the country in general the total number of economically active undertakings and commercial companies is increasing, 72% of the undertakings are situated in the seven larger towns of the national importance where the number of economically active undertakings in 2004 was 32.5%, if compared to 12.3% in the remaining territory. The low competitiveness of the sector delays the entrance of young labour and entrepreneurs into the sector, thus increasing the average age of those employed in agriculture. 40.3% of farm owners-managers (except the owners of group farms) employed in agriculture in 2005 were older than 60<sup>[112]</sup>. Additional information on the age profile of the employed is provided in section 3.1.1.4 "Employment".
538. To promote the improvement of the age structure among farmers, motivation of young farmers to take over the farms is required. Attracting people younger than 40 years of age to create new agricultural holdings or take over the existing ones, it would be possible to provide knowledgeable and skilful labour force required in agriculture. Their managerial skills would enhance application of new ideas, increase of effectiveness of farms, sustainable use of natural resources and competitiveness of the whole sector.

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<sup>112</sup> Source: CSB "Structure of Agricultural Holdings in Latvia in June 2005"

## **Objective**

539. Enhance involvement of young people in independent agricultural activities, expediting the formation of viable commercial farms and alongside with that – regeneration of labour force in agricultural sector.

## **Activity**

540. Setting up of an agricultural enterprise with the purpose of manufacturing agricultural products.
541. Setting up means first-time establishment of an agricultural enterprise of a new farm or assignment of an existing farm by the new farmer.

## **Target territory of the specified measure**

542. Measure will be implemented in the rural territory.

## **Beneficiaries**

543. Support under the specified measure is provided to young farmers.
544. A young farmer:
- 1) is a natural person who establishes an agricultural company for the first time;
  - 2) is less than 40 years of age and at least 18 years of age at the moment of lodging the application for support;;
  - 3) will be or is a sole proprietor of the agricultural enterprise or owns at least 51% of the shares;
  - 4) has obtained secondary specialised or higher education in agriculture according to the list of classified professions developed by the Ministry of Agriculture, or has started studies to obtain education in agriculture that will be completed in 36 months, in order to obtain the required professional skills and competences.

## **Eligibility criteria**

545. Applicant submits the enterprise development plan providing the data about:
- a) the initial condition of the farm, reference points and goals for enterprise development;
  - b) required investment (preferential treatment period granted to young farmers investing to ensure compliance with valid Community standards

- shall not exceed 36 months from the date of commencement of economic activities, and the said compliance shall be secured within the specified period);
- c) financial analysis of the planned economic activity.

546. In case of assignment existent farm, it shall be taken over a whole.
547. A separate decision on granting the support to a young farmer shall be taken not later than 18 months after establishment of the agricultural company.
548. Undertakes to perform economic activity in established company at least 5 years and ensures increase of production.
549. Established company is basic work for young farmer, where he/she earns most of income.
550. A young farmer in agricultural activity has to meet the general requirements stipulated by the national legislation of respective field.
551. The measure is implemented based also on LEADER approach; therefore, projects compliant with the local development strategies prepared by local action groups are eligible for support, too.

### **Type and scope of the specified support**

552. Support under the specified measure shall be a compensatory aid provided to cover the expenditure related to setting up of an agricultural enterprise.
553. Eligible costs shall not exceed EUR 50,000 per applicant, depending on the development related expenditure in the newly established enterprise. Aid intensity is 80 %. Total amount of support per applicant shall not exceed EUR 40 000.
554. 40% of the compensation total shall be payable to the applicant, as soon as he/she is approved as eligible beneficiary. The remaining 60% shall be payable upon the completion of the activities provided for in the relevant application.
555. Project implementation term may not be longer than 36 months after the moment of project approval, but not later than 31 August 2015.
556. After 3 years following the approval the compliance to the enterprise development plan shall be examined with regard to the following:
- 1) completion of goals and achievement of reference points set out in the



project application;

2) required professional skills and competence.

557. In case of failure to attain the goals set in the enterprise development plan over the three-year period, the beneficiary is obliged to redeem the received support total.

### **Relation to other measures**

558. Not complimentary with any measures co-financed from the structural funds and the Cohesion Fund.

559. Young farmers may apply for support under other measures of the Rural Development Programme in compliance with their terms and conditions.

560. Under the measure "Setting up of young farmers", beneficiaries have advantages when qualifying for support, if a farm transferred within the framework of the "Early retirement of farmers" measure of the Rural Development Programme is taken over.

### **Financial resources**

561. Total funding – 32 448 045 EUR

562. Public funding – 25 958 436 EUR

### **Attainable indicators**

563. Pursuant to conditions and funding of the specified Measure the following attainable indicators are planned presented in the table below.

#### **Basic indicators**

<b>Type of indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of assisted young farmers	868
	- int. al. women	200
	Total volume of investment, EUR	32 448 045
Result	Increase in agricultural gross value added in supported farms, EUR	6 700 000
Impact	Net additional value added expressed in PPS, EUR	14 900 000
	Change in gross value added per full time equivalent, EUR/empl.	86

#### **Additional indicators**

<b>Type of indicator</b>	<b>Indicator</b>	<b>Target</b>
Result	Number of assisted young farmers engaged in organic farming	200



## **Measure 113: Early Retirement of farmers**

### **Legal basis**

564. Article 20 (a) iii) of Council Regulation (EC) No. 1698/2005 and Article 23 and Point 5.3.1.1.3. of Annex 2 of Commission Regulation (EC) 1974/2006.

### **Background**

565. Agriculture of Latvia features high proportion of aged employed persons. 60.8% of farm owners – managers (except the owners of group farms) in the age structure of 2005 were older than 50<sup>113</sup>. Irrespective of the availability of training possibilities majority of the senior farmers show no interest in acquiring new production technologies, diversification of their economic activities and are not active enough to follow market trends and search for new sales markets. Therefore the production resources existing on the countryside are not fully used and passive management affects also the overall economic and social development of the respective territory.
566. Activity “Early Retirement” provide possibility for elderly farm owners who are not willing to or due to different reasons are unable to continue and develop economic activity to hand over, sell or present their farm or part of it in turn receiving early retirement support and retaining particular resources for food production for self- and family consumption.

### **Objective**

567. Facilitate acquisition and development of farms by replacing and improving their management, involving young and economically people.

### **Activities**

568. Early retirement of farmers (owner of farm).

### **Target territory of the specified activity**

569. Activity will be implemented in the whole territory of Latvia, because individual agricultural companies are located also in cities, for instance, vegetable farms.

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<sup>113</sup> Source: CSB “Structure of Agricultural Holdings in Latvia in June 2005”

## **Beneficiaries**

570. Under this measure the person who hands over the farm could receive early retirement support.

## **Eligibility criteria**

571. Person who hands over the farm must satisfy the following criteria:

- 1) he/she is at least 55 years old and has not yet reached the official retirement age at the moment of transfer of the farm;
- 2) average revenues from the economic activities during the previous 4 closed years (including subsidies – those paid by the State and EU support to agriculture and rural development) are not less than EUR 10,000 (in accordance with corresponding fiscal year entered information in the State Revenue Service) and the majority of revenues from economic activity is generated by agricultural activities;
- 3) has reported during the last 4 years for its economic activities to the State Revenue Service (SRS) taking as the reference point the date of submitting the application;
- 4) fully discontinues the commercial agricultural;
- 5) is allowed to continue non-commercial agricultural activity and use the buildings;
- 6) has performed agricultural activity for 10 years before handing over of the farm.

572. Transferee – other natural person or legal entity that buys or receives the farm as a present from the person who hands over, is:

- 1) young farmer, who replace the transferor and starts managing the farm as a young farmer according to Article 22 of the Council Regulation 1698/2005, or;
- 2) be a farmer of less than 40 years old or a private law body, the owner of which is not the transferor of the farm, and take over the agricultural holding released by the transferor to increase the size of his/her own agricultural holding.

Transferee:

- 1) prepares a business plan, which indicates the further development of the transferred farm and foreseen economic viability of the transferred farm during the next three years after approval of the application;
- 2) has obtained secondary specialized or higher education in agriculture

according to the list of classified professions developed by the Ministry of Agriculture, or has started studies to obtain education in agriculture that will be completed in 36 months, in order to obtain the required professional skills and competences;

3) undertakes to perform economic activity in the transferred farm for at least 5 years.

573. Criterion of the economic viability shall be the ensuring of positive cash flow and increase of the net turnover (revenues for economic activity) of the transferred farm (part of farm) in the three years after approval of the application at least by 10%, if the net turnover (revenues from economic activity) in the previous closed year were under EUR 15 000, 7% - if from EUR 15 000 to 72 000, and 5% - if over EUR 72 000.

### **Type and scope of the specified support**

574. Maximum eligible amount of support to one beneficiary may be up to EUR 6000 yearly.
575. Amount of the support is calculated on the basis of the land area of transferred farm and the cattle units transferred by the farm.
576. Retirement pension can be received for up to 5 years from the day of approval of the decision, but not longer than reaching of the age of 70 by the transferor.
577. If the farm is transferred by several persons, the total amount of support may not exceed the amount of one pension.
578. If the transferor of the farm, the recipient of the early retirement pension, starts to receive the state retirement pension, then the amount of early retirement pension will be reduced by the amount of state retirement pension.
579. Possibility to transfer the land to a structure that undertakes to transfer it later to another user is not provided.

### **Restrictions**

580. Under the Common Agricultural Policy, the support is not granted for the non-agricultural activities continued by the transferor.

## Relation to other measures

581. Farm transferees retain their rights to apply for support under other measures of the Rural Development Programme in compliance with their terms and conditions.
582. Individuals taking over a farm transferred within the framework of the "Early retirement of farmers" measure, have advantages when qualifying for support under the measure "Setting up of young farmers".

EAFRD (European Agricultural Fund for Rural Development) measures	Demarcation and complementarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation
Early Retirement of farmers (EFF)	EFF co-funded "Operational Programme for the implementation of the European Fisheries Fund Support in Latvia"	Priority axis I "Measures for adaptation of the Community fishing fleet" measure 4 "Socio-economic measures", activity 2 "Early retirement"	<b>Measure objective</b> is to provide opportunity for early retirement of aged fishermen, who have worked on fishing vessels that are assigned for scrapping or reassigned for use outside fishing.	There will be no overlapping of the EAFRD measure with the EFF measure as the beneficiaries differ.  Under the EAFRD measure the beneficiaries are farmers, EFF – fishermen's.

## Implementation time

583. The implementation of the measure is 2008., 2009., 2010.

## Financial resources

584. Total funding – 18 859 333 EUR (without transitional amount)
585. Public funding – 18 859 333 EUR

## Transitional provisions

586. The commitments undertaken within the framework of the Rural Development Plan 2004–2006 measure "Early Retirement" will be financed from the European Agricultural Fund for Rural Development.

587. Public financing costs of commitments undertaken in the previous period total 28 500 000 EUR.

### Attainable indicators

#### Basic indicators

Type of indicator	Indicator	Target
Output	Number of farmers early retired	600
	- int. al. women	200
	UAA released, ha	38 000
Result	Increase in agricultural gross value added in supported farms, EUR	4 631 336
Impact	Net additional value expressed in PPS, EUR	10 299 539
	Change in gross value added per full time equivalent, EUR/empl.	59

#### Additional indicators

Type of indicator	Indicator	Target
Result	Number of farms where farming in existing farm continues after it has been handed over	400

## **Measure 114: Use of Farm and Forestry Advisory Services**

### **Legal basis**

588. Article 20 (a) iv) of Council Regulation (EC) No. 1698/2005 and Article 24 and Point 5.3.1.1.4. of Annex 2 of Commission Regulation (EC) 1974/2006.

### **Background**

589. Subsequent to accession of Latvia to the EU the volume of acts regulating agricultural and forestry activities as well as rural development considerably increased, as well as the requirements set forth and support instruments available notably changed. To be able to find way through the ongoing alterations of requirements, rural people need assistance. To assist agriculturists and forest owners with understanding and implementation of requirements related to environment, hygiene, animal welfare and good agricultural and environmental conditions, labour safety and other issues, in the period of 2004-2006, the EU support was channeled for the establishment of system of advisory services.
590. Pervious programming period support has been used to increase the capacity of company SIA Latvian Rural Advisory and Training Centre and to perform training of advisors, study programme for training of advisors on the farm management requirements has been prepared in order to adopt the economic activity of the farms to the standards of the European Community requirements concerning environmental protection, hygiene and animal welfare and good agricultural practice, develop computer software for farm management, planning of agri-environment and forage provision and ensure availability of information to farmers to ensure development of economically viable farms.
591. The underlying objective of consultancy is information of persons involved in agriculture and forestry on requirements prescribed by the Community regulatory enactments and observance of the said requirements in production and management of agricultural and forest land. The minimum aggregate of requirements is prescribed by provisions included in Articles 4 and 5 and Annexes III and IV of Regulation (EC) No. 1782/2003. The expertise of “Latvian Rural Advisory and Training Centre” shows that alongside with increasing the number of the advice seekers, the necessity arises for information on every active farm. Besides, the circles of rural population which have been relatively inactive in the past, at this point are joining the agricultural support schemes – people who up to now have been excluded from receiving consultancy services due to lack of funding.



592. In this period also the advisory system for private forest holders will be established. However, significant share of funding will be allocated to facilitate the use of advisory services. Ultimate purpose of the consulting of forest owners is to promote sustainable management of forests by ensuring the forest holder advisory services of good quality concerning the issues of forest management. In the new programming period by acquiring the EU and national financial support to forest managements it is important that forest holder possess stable knowledge.

### **Objective**

593. The purpose of the Measure specified is to assist with improvement of agricultural and forestry production as well as identify the necessary improvements taking account of the requirements set out in the EU regulatory enactments, and to promote sustainable management of nature resources, including sustainable management of private forests.

### **Activities**

594. Support is provided for the following purposes:

- 1) helping farmers to cover the expenses associated with consultancy services used to ensure compliance with the requirements set forth in Articles 4 and 5 and Annexes III and IV of Regulation (EC) No. 1782/2003;
- 2) improving general operation of relevant forest holders by means of advisory service.

### **Target territory of the specified measure**

595. The measure shall be implemented in the whole territory of Latvia, because advisory services may receive also in cities.

### **Beneficiaries**

596. Any natural person or legal entity involved in agricultural activities that benefit from the consultancy service provided by experts of approved advisory institution. The respective body shall be approved as capable of providing qualified and comprehensive consultancy service to beneficiaries ensuring compliance with the requirements set forth in Articles 4 and 5 and Annexes III and IV of Regulation (EC) No. 1782/2003 with regard to activities implemented over the programming period.

597. Forest owners may receive the advisory services on forest management issues from the consultants of approved organization.

598. In order to provide qualitative advisory services for farmers and forest owner's national legislation on procedure for advisor approval will be prepared.

### **Eligibility criteria**

599. As regards farming activities: A beneficiary has entered into agreement with a duly approved consultancy body regarding the provision of relevant consultancy service package over a single programming period on issues related to compliance with the requirements and work safety clauses set forth in Articles 4 and 5 and Annexes III and IV of Regulation (EC) No. 1782/2003 with regard to economic activities. The agreement shall comprise provisions for the scope and timing of consultancy service, the number of on-site visits performed by expert, schedule of payments for the consultancy service, as well as the contractual obligations assumed by an expert and/or the respective consultancy body with regard to the quality of the consultancy services rendered.
600. Preference is given to farmers receiving over EUR 15 000 EUR in direct payments annually.
601. As regards forestry activities: Beneficiary shall conclude an agreement with approved organization for reception of services within single programming period concerning the issues of forest management.

### **Type and scope of the specified support**

602. Beneficiary is entitled to receive partial compensation for the use of services related to the specified measure. The total compensation per beneficiary over the complete programming period may amount to 60%, but shall not exceed 1000 EUR of the total consultancy expenditure, without reference if advisory service is used only by forest owners or only by farmers or in both sectors in the same time . Number of applications for compensation is not limited.

### **Restrictions**

603. Beneficiary shall not be entitled to receive support from other aid measures for the consultancy services supported under the specified measure. According to the above-mentioned agreement the beneficiary may only receive a lump sum compensation for consultancy expenses incurred in relation to each relevant issue.

## Connection to other measures

EAFRD (European Agricultural Fund for Rural Development) measures	Demarcation and complementarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation
Use of Farm and Forestry Advisory Services (ESF)	ESF co-funded Operational programme "Human Resources and Employment"	measure 3.1 "Employment", activity 1 "Enhancement of the competitiveness of residents in working age, including retraining and active employment measures"	<b>Activity objective</b> is to ensure upskilling and retraining of enterprise employees, thus, also promoting improved productivity of workforce, enhancement of qualifications and competitiveness of unemployed persons and job seekers, and their involvement in the labour market. <b>Beneficiaries</b> are enterprises, professional associations, institutions responsible for planning and carrying out labour market.	EAFRD support is available to the specific sectors: agriculture and forestry. ESF – support for raising the competitiveness of the working age population on the labour market. In contradistinction to ESF activity, the EAFRD measure does not support the unemployed.

## Financial resources

604. Total funding – 21 443 755 EUR

605. Public funding – 12 866 253 EUR

## Attainable indicators

606. Pursuant to conditions and funding of the Measure specified the following attainable indicators are planned presented in the table below.

### Basic indicators

Type of indicator	Indicator	Target
Output	Number of farmers supported	5 768
	Number of forest holders supported	5 768
Result	Increase in agricultural GVA in supported farms, EUR	800 000
Impact	Change in gross value added per full time equivalent, EUR/empl.	19

**Additional indicators**

	<b>Indicator</b>	<b>Target</b>
Output	Number of farmers supported with preliminary education in respective branch.	2000
	Number of forest holders supported with preliminary education in respective branch.	2000

## **Measure 121: Modernisation of Agricultural Holdings**

### **Legal basis**

607. Article 20 (b) i) and Article 26 of Council Regulation (EC) No. 1698/2005 and Article 17 and Point 5.3.1.2.1. of Annex 2 of Commission Regulation (EC) 1974/2006.

### **Background**

608. Lack of investment, low productivity and application of outdated equipment are the usual factors characteristic of agriculture. Insufficient application of new production technologies in practice. In comparison with the previous planning period, this period is marked by intensification of agricultural production; therefore, in order to contribute to achieving a well-balanced Rural Development policy, investments related to environmental protection is required, which would promote the attainment of the objectives set by the Nitrate Directive and Water Framework Directive. In order to avoid damage to the environmental values, all eligible investments will have to comply with the Environmental impact assessment to extent stipulated by national legislation.
609. Evaluating the previous years the investment by farms into fixed assets (production buildings, constructions, equipment and machinery)<sup>114</sup> have significantly increased. In 2004 investments by farms into fixed assets reached LVL 39.1 million, which is 82% of the total investment in the agricultural sector and by 2.3 times more than investment into fixed assets in 2003. Although in general due to the co-funding from the European Union structural funds the technological modernisation of agricultural holdings has increased, still 89% of tractors and 91% of combine harvesters are older than 10 years, which twice exceeds the depreciation period. There has been low long-term investment into buildings and constructions (compared to short-term investment into machinery and equipment) – in 2004 upon applying for financing from the structural funds only 22% of the projects had the purpose to reconstruct or build anew agricultural buildings<sup>115</sup>, but the rest of the projects focused on acquiring machinery and mobile equipment.
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## Objective

610. The aim of the measure is to modernize agricultural holdings, with a view to improving their economic performance indicators, competitiveness, the quality of agricultural products and diversification of farms in the field of agriculture, promoting the implementation of tighter animal welfare, labour safety standards, e.g. by supporting sewerage construction and wastewater treatment projects, mitigating the environmental impact of agricultural businesses by, e.g. modernizing manure collection systems, supporting the purchase of high quality and accurate mineral fertilizer dispersion and plant protection chemical application equipment as well as soil cultivation equipment easy on the soil structure. Within this programming period, long-term investment serving over 5 years (primarily buildings and facilities) will be particularly encouraged.

## Activities

611. The following activities will be supported under the specified measure:

- 1) Investments in supply and installation of new equipment, machinery, accessories, information technologies and software designed for the manufacture of agricultural produce (including packaging of holding's produce, at least 50 %), for example:
    - 1.1) purchase of new production assets (equipment, machinery and facilities, including computer software);
    - 1.2) agricultural tractor machinery;
    - 1.3) soil cultivation equipment and machinery, including stone removal equipment and machinery;
    - 1.4) sowing equipment and machinery;
    - 1.5) harvesting equipment and machinery, including forage harvesting and granulation equipment and machinery;
    - 1.6) sowings, plantations nursing equipment and machinery, including fertilizing, plant protection equipment and machinery;
    - 1.7) cargo lifting, loading and specialized transportation equipment and machinery;
    - 1.8) agricultural produce pre-processing and storage equipment and machinery, including freezing equipment and machinery, storage facilities and freezers;
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- 1.9) seed and planting material treatment equipment and machinery;
  - 1.10) computerized production process management and control equipment and machinery (including computer software), including mobile and fixed weighting equipment;
  - 1.11) equipment and machinery required for keeping animals, including farm and pasture appliances, watering, feeding, animal fixation and nursing equipment and machinery;
  - 1.12) farm mechanization equipment and machinery, including manure storage mechanization equipment and machinery;
  - 1.13) milking and milk cooling equipment and machinery;
  - 1.14) laboratory and quality control testing equipment and machinery;
  - 1.15) technical service and repairs shop equipment and machinery, including washing, disinfection equipment and machinery;
  - 1.16) energy equipment and machinery (also for production of bioenergy, predominantly for farms's self consumption), including heating and ventilation equipment and machinery;
  - 1.17) water supply and sewerage, wastewater treatment equipment and machinery;
  - 1.18) watering equipment and machinery;
  - 1.19) hothouse equipment and machinery;
  - 1.20) specialized technology equipment and machinery required for attainment of the set project objectives;
  - 1.21) other equipment and machinery required for attainment of the set project objectives;
- 2) construction, reconstruction of new agricultural production buildings and purchase of necessary building materials;
612. Submitted projects will be evaluated according to the impartial applicants and project reference criteria such as applicant's education, amount of previously received support and availability of construction plan. Approving projects the supplementary interest will be given to the projects which decrease the impact of environmental conditions and the risks in agriculture, for example, establishment of irrigation and watering systems in the fruit and vegetable growing areas, to prevent the negative impact of the spring frosts and dryness to the harvest.
613. Differentiation of the support intensity depending on the implemented activity will indirectly encourage investment into long-term assets.

614. The measure is implemented based also on LEADER approach; therefore, projects compliant with the local development strategies prepared by local action groups are eligible for support, too.

### **Target territory of the specified measure**

615. The specified measure is implemented on the whole territory of Latvia, because individual agricultural companies are located also in cities, for instance, vegetable farms.

### **Beneficiaries**

616. Beneficiaries under this measure are legal entities or natural persons who manufacture the agricultural products specified in Annex 1 of the European Community Treaty, or are appropriated cooperative companies of agricultural production. Manufacturing of agricultural products do not include breeding of live animals that are outside the scope of the Pedigree Law of the Republic of Latvia.

### **Type and scope of the specified support**

617. Support rate is set up to 40%; additional support rate is increased to investment in less favoured areas up to 45%. Support rate is differentiated depending on the investment type – construction or purchase of machinery and equipment, higher support rate giving to projects that include construction. Support rate is increased up to 40 % and in less favoured areas up to 45 % for investments introducing prevention actions of the unfavourable impact of environmental conditions
618. In the programming period the total sum of eligible costs per beneficiary is under EUR 2 000 000 depending on the size of the agricultural holding and the type of applicant.
619. Eligible costs also comprise general expenses, which are directly related to elaboration and/or implementation of the project and do not exceed 8% of the total eligible project expenditure, including fees payable to architects, engineers and consultancy experts, legal services, feasibility studies, expenses related to the issue of patents and licenses.
620. Government may provide additional funding to investment in agricultural holdings, according to the conditions of this measure for which it shall inform the Commission.



## Eligibility criteria

621. The following general eligibility criteria shall be fulfilled:

- 1) improvement of general operation of the company;
- 2) Investments shall meet the Community standards applied to the relevant type of investments;
- 3) if investment is being made investing to ensure compliance with valid Community standards, support is applicable only to those investments contributed to achieve compliance to the recently introduced Community standards. In such case a preferential treatment period not exceeding 36 months from the date the standard becomes binding to the holding may be granted in order to ensure compliance with the standard;
- 4) Preferential treatment period granted to young farmers investing to ensure compliance with valid Community standards shall not exceed 36 months from the date of commencement of economic activities, and the said compliance shall be secured within the specified period;
- 5) Applicant's actual fixed assets shall not be subject to substitution (definition prohibiting replacement of fixed assets is given in Chapter 5.2.);
- 6) Applicant shall provide proof of economic viability. Indicators of economic viability depending on the amount of project eligible expenditures shall be defined in the implementation regulations of the measure „Modernisation of Agricultural Holdings”;
- 7) Applicant has to provide a business plan.

## Relation to other measures

622. There will be also no overlapping with the measure "Adding value to agricultural products" of the Rural Development Programme, as this measure plans to invest in agricultural holdings processing the agricultural products listed in Annex I to the Treaty on establishment of the European Community. Within the framework of the measure "Modernisation of Agricultural Holdings", support is available also to those who have successfully started business under the measure "Setting up of young farmers".

EAFRD (European Agricultural Fund for Rural Development) measures	Demarcation and complementarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation

Modernisation of Agricultural Holdings (ERDF, EFF)	ERDF co-funded operational programme “Entrepreneurship and Innovation”	Measure 2.3.2. “Business Infrastructure and Improvements to Equipment” activity 2.3.2.2. “Co-financing to the investments in micro and small-sized enterprises operating in the specially assisted areas”	<b>Activity objective</b> is to promote business development in specially assisted areas. <b>Beneficiaries</b> are micro and small-sized enterprises that are registered and operate in specially assisted areas.	Demarcation between EAFRD, ERDF and EFF - mode of the production. EAFRD support for manufacturing the agricultural products listed in Annex 1 of the Treaty establishing European Community, except fishery products. EFF - processing of fishery and aquaculture products, processing of by-products. ERDF – other sectors, except agriculture and fisheries.
	EFF co-funded “Operational Programme for the implementation of the European Fisheries Fund Support in Latvia”	Priority axis II “Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products” measure 5 „ Processing and marketing of fishery and aquaculture products”	<b>Measure objective</b> is to increase the added value of the fish products, to improve the labour safety and productivity, to reduce the negative impact on the environment, to ensure product quality, including reduction of harmful substances in the fish products and production of new products and the use of by-products and waste.	

### Financial resources

623. Total funding – 796 458 068 EUR  
624. Public funding – 318 583 227 EUR  
625. Additional national financing – 63 716 644 EUR

### Attainable indicators

626. Pursuant to conditions and funding of the specified measure the following attainable indicators are planned presented in the table below.

### Basic indicators

Type of indicator	Indicator	Target
Output	Number of farm holdings supported	1 929
	Total volume of investment. EUR	910 237 792
Result	Number of holdings introducing new products or techniques	2 800
Impact	Net additional value expressed in PPS, EUR	268 200 000
	Change in gross value added per full time equivalent, EUR/empl.	1 412

### Additional indicators

Type of indicator	Indicator	Target
Outcome	Number of supported farm holdings where the total sum of eligible costs per beneficiary exceeds EUR 600 000 in the programming period	100
Result	Floor space made available in newly built or reconstructed buildings, m <sup>2</sup>	500 000

## **Measure 122: Improving the economic value of forests**

### **Legal basis**

627. Article 20 (b) ii) and Article 27 of Council Regulation (EC) No. 1698/2005 and Article 18 and Point 5.3.1.2.2. of Annex 2 of Commission Regulation (EC) 1974/2006..

### **Background**

628. Securing of increased economic value of forest is closely linked with precommercial thinning, which actually is a type of long-term investment in forest. In precommercial thinning, the number of trees and composition of tree species should be achieved securing high value forest stands in conformity with forest site type and management goals of the forest. Quite often the owner or the legal possessor of forest is not interested or financially capable to invest funds required for precommercial thinning, moreover the pay-back of the invested assets will come after 20 years, while the returns from the final felling – only after 60 – 80 years. Although the areas of thinned young forest stands annually grow, in 2004 in private and municipal forest precommercial thinning was accomplished on only 4805.2 ha forest stands, in 2005 – 6000 ha, which is about 10% of the required area.
629. The forest ownership is as follows: state-owned forests 50.2% (1,472,054 ha) and other ownership forests (private, community, etc.). Support is not provided for state-owned forests.
630. Activities of the measure have minimal impact upon the forests in protected territories, because in the protected territories there are strict tree-felling restrictions set, which exclude formation of forest areas qualifying for support. One of the objectives concerning the forestry of the UN General convention on climate change is attraction of CO<sub>2</sub>. One of the policy objectives of the National Environment Policy Plan for 2004-2008 in the chapter “Environment and Forestry” is increasing of the attraction of carbon dioxide by supporting afforestation of lands not used for agricultural production and facilitating well-considered measures in increasing the productivity of forest stands.
631. In addition to precommercial thinning it is also useful to support replacement of forests stands of low value and productivity with purposefully formed forest stands thus reducing the area of forest stands of low value and productivity. In such way the productivity and quality of forests will be increased simultaneously increasing also the economic value of forests. The definition

of unproductive stands is given in national legal acts, as well as the procedure is prescribed to declare a specific forest stand as unproductive. As well as the national legal act which regulate this issue states that in certain territories, for example in protective zones of water bodies and specially protected nature territories, forest stands shall not be declared as unproductive. The support will secure formation of higher quality and more productive forest stands, increasing in future the acquisition of aggregate amount of wood – renewable natural resource. In order to facilitate improvement of the economic value of forests it is necessary to stimulate investment into acquiring of machinery, instruments, equipment and devices. Forest regeneration following the final felling is not supported within the framework of the measure.

632. In Latvia forest management requirements were incorporated in the national legislation considering the resolution "Pan-European criteria, indicators and operational level guidelines for sustainable forest management" passed at the 3rd (Lisbon) ministerial conference on forest protection in Europe. Moreover, a compulsory requirement for forest owners is inventory of forest, which is the main source of information on the forest and a pre-condition for engaging in any business activity in the forest. Therefore, the above-mentioned requirements are to be considered equivalent to a forest management plan. One of support eligibility criteria within the framework of this measure is a developed management plan for the forest areas supported under the measure.

## **Objective**

633. Increase of economic value of forests by maintaining sustainable management and multi-functional role of forests.

## **Activities**

634. The following activities are envisaged for the specified measure:
- 1) Investments in forests for improving economic value of the forest:
    - precommercial thinning (in both naturally and artificially established forest stands);
    - replacement of low value forest stands (replacement of low value forest stands and replacement of unproductive forest stands with productive stands);
  - 2) New machinery, instruments, accessories and/or equipment designed for precommercial thinning and replacement of low value forest stands and substitution with productive stands.

### **Target territory of the specified measure**

635. The measure shall be implemented in the rural territory.

### **Beneficiaries**

636. Within the framework of this measure, support can be received by a physical or legal person with at least 50% private capital shares. Beneficiaries under the specified measure are owners of private and municipal forests and their associations.

### **Eligibility criteria**

637. The applicants should own young forest stands, low value forest stands or unproductive forest stands pursuant to the specified criteria.

638. Investments are granted basing on the management plans for the forest areas to be supported.

639. An low value forest stand is considered:

1) forest area overgrown with shrubs where the tree species comprise less than 30% (young stands);

2) unproductive forest stand. An unproductive forest stand is defined in national legislation. It is a stand which is not useful to cultivate due to insufficient increase of growing stock, composition of tree species or wood quality, or the basal area of which is lower than the critical basal area.

640. Support for appropriate machinery, accessories equipment and devices designed for precommercial thinning and replacement of low value forest stands and substitution with productive stands will be provided to applicants owning respective forests in the area of at least 3 ha.

### **Type and scope of the specified support**

641. The measure will support the projects, who are foreseeing the investments in the precommercial thinning of young forest stands and/or replacement of forest stands of low value.

642. Total eligible costs related to supply of machinery, accessories, devices and/or equipment appropriate for the activities under the measure shall not exceed EUR 10,000 per applicant over a single programming period. Minimum project amount – EUR 1000. Support intensity – 50%.

643. Support for appropriate machinery, accessories equipment and devices designed for precommercial thinning and replacement of low value forest stands and substitution with productive stands contains, for example, trimmers, instruments for a filing saw disc, saw discs, coveralls, fuel containers, traffic motorcycles etc.

### Restrictions

644. Each applicant is entitled to support for the activities under this measure in the respective areas in total not exceeding 50 ha a year.

### Relation to other measures

EAFRD (European Agricultural Fund for Rural Development) measures	Demarcation and complementarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation
Improving the economic value of forests (ERDF)	ERDF co-funded operational programme "Entrepreneurship and Innovation"	Measure 2.3.2. "Business Infrastructure and Improvements to Equipment" activity 2.3.2.2. "Co-financing to the investments in micro and small-sized enterprises operating in the specially assisted areas"	<b>Activity objective</b> is to promote business development in specially assisted areas. <b>Beneficiaries</b> are micro and small-sized enterprises that are registered and operate in specially assisted areas.	Demarcation between EAFRD, ERDF - mode of the beneficiaries. EAFRD beneficiaries under the specified measure are owners of private and municipal forests and their associations. ERDF – other sectors.

### Financial resources

645. Total funding – 90 843 334 EUR

646. Public funding – 45 421 667 EUR

### Attainable indicators

647. Pursuant to conditions and funding of the specified measure the following attainable indicators are planned presented in the table below.

#### Basic indicators

Type of indicator	Indicator	Target
Output	Number of forest holdings receiving investment support	7 966
	Total volume of investment, EUR	90 843 334
Result	Number of holdings introducing new products or techniques	5 000
Impact	Net additional value expressed in PPS, EUR	13 000 000
	Change in gross value added per full time equivalent, EUR/empl.	200

#### Additional indicators

Type of indicator	Indicator	Target
Outcome	Total area of forests belonging to supported forest holders, ha	80 000
Result	Forest precommercial thinning as a result of support, ha	20 000
	Replaced low value forest stands as a result of support, ha	20 000



## **Measure 123: Adding Value to Agricultural Products**

### **Legal Basis of the Measure**

648. Article 20 (b) (iii) and Article 28 of Council Regulation (EC) No. 1698/2005 and Article 19 and Point 5.3.1.2.3 of Annex 2 of Commission Regulation (EC) No. 1974/2006.

### **Background**

649. Food production was the principal industry of Latvian manufacturing industry in 2006 with a high development potential.
650. Meat processing, milk processing and grain processing are the most important elements of the food and beverage production industry constituting 27%, 21% and 15% of the total amount of food and beverage produce respectively. Dairy products are the second most important export commodity in the framework of agricultural and food products constituting 10% of the value of agricultural and food products.
651. The trend of company concentration is underway in Latvia, yet the power of each individual Latvian processing company within the framework of the EU single market is insignificant. Thus the product processing industry can be characterized as fragmented with a comparatively small volume of the produced commodities and high cost burden (compared to net turnover). Consequently, it is necessary to implement long-term efforts in order to enhance efficiency of the existing processing (by investing in equipment, machines and construction) and to increase business competitiveness and consolidate its position, simultaneously facilitating horizontal and vertical business integration.
652. The export of Latvian agricultural and food products tends to grow on a year by year basis, while foreign trade balance of the entire food sector remains negative for Latvia mainly due to the prevalence of products with low added value in the food sector. Business partnerships in expansion of export production, development of new and innovative products, as well as enhancing production efficiency could facilitate a more rapid increase of the export value of Latvian agricultural and food products and stabilize their market position both in the local and foreign markets.

## Objective

653. Enhancing the processing efficiency of agricultural products and facilitation of production of products with a high added value, increasing the export value. Increasing the availability of organic products, products produced from integrated agricultural products and the range of processed products characteristic of Latvian agroclimatic conditions and the traditional production methods.

## Eligible Activities

654. This measure involves the following activities:
- 1) Investments for purchase and installation of new equipment, machinery, technical supply, hardware and software intended for processing of agricultural products (incl. packaging and pre-processing);
  - 2) New development and reconstruction of processing facilities of agricultural products (including packing and pre-processing);
  - 3) Investments in environmental protection, which improves the enterprise's general performance.
655. The aid is allocated for processing of products enumerated in Annex I of the Treaty establishing the European Community (except for fisheries products). Both raw material and end product shall be Annex I product.
656. The priority processing sectors of agricultural products include meat processing, milk processing, grain processing and fruit and vegetables taking into account their proportion in the total sales and significance for the national economy. The projects costs of priority sectors subject to aid could be increased if compliance with individual requirements below is ensured (see section Scope of support). Besides, the maximum level of the relevant project costs in this sector is higher than in other sectors.
657. The submitted projects will be evaluated according to impartial criteria characterizing aid beneficiaries and projects, such as implementation venue of the project (priority will be given to projects implemented outside the territory of Riga), whether any innovative products will be produced as a result of this project, or whether the implementation of the project will include processing of organic products, etc.
658. The measure is implemented based also on LEADER approach; therefore, projects compliant with the local development strategies prepared by local action groups are eligible for support, too.

### Target territory of the specified measure

659. The measure will be implemented in the whole territory of Latvia as enterprises, which are involved in processing described in Annex I of the Treaty establishing the European Community, are located in the entire territory of Latvia.

### Beneficiaries

660. Legal entities, which are engaged or during the implementation of the project will be engaged in processing of products enumerated in Annex I of the Treaty, except for fisheries products, and which are not firms in difficulty within the meaning of the Community guidelines on State aid for rescuing and restructuring firms in difficulty (OV C 244. 1.10.2004. p. 2).

### Eligibility criteria

661. In order to receive the aid, the applicants for aid must comply with the following requirements:

- 1) Applicants must prove economic viability, thereby improving the overall performance of the business. Economic viability indicators will be set in the regulations governing "Adding Value to Agricultural Products". ;
- 2) the investments planned by the applicant after implementation of project must correspond to the respective Community standards.
- 3) Project implementation has to result in higher production capacity of the business or significant change in the nature of production or technology used by the business;
- 4) the replacement of the applicant's existing fixed assets is not permissible.

### Scope of support

662. The aid intensity is differentiated depending on the size of the enterprise:

The size of the enterprise	Size determination criteria	Maximum aid intensity, %
Micro enterprises	<ul style="list-style-type: none"> <li>• Less than 10 employees; and</li> <li>• Net turnover EUR 2 million and/or total assets do not exceed EUR 2 million.</li> </ul>	up to 50%
Small enterprises	<ul style="list-style-type: none"> <li>• Less than 50 employees; and</li> <li>• Net turnover and/or total assets do</li> </ul>	up to 50%

	not exceed EUR 10 million.	
Medium enterprises	<ul style="list-style-type: none"> <li>• Less than 250 employees; and</li> <li>• Net turnover does not exceed EUR 50 million and/or total balance (assets) do not exceed EUR 43 million.</li> </ul>	up to 50%
Other enterprises	<ul style="list-style-type: none"> <li>• More than 250 employees; and</li> <li>• Net turnover exceeds EUR 50 million.</li> </ul>	up to 25%

663. The aid is not granted to enterprises, which employ over 750 employees and whose net turnover exceeds EUR 200 million.
664. The maximum number of projects per one project applicant is not limited, but the total amount of the relevant costs per one beneficiary from 2007 until 2013 shall not exceed:
- 1) up to EUR 3,000,000 (base) – for enhancing the efficiency of processing enterprises working in the priority sectors without possible increase and up to 7 000 000 EUR with increases defined in the 665. point;
  - 2) EUR 3,000,000 – in milk and meat sectors for establishment of new processing enterprises;
  - 3) EUR 1,000,000 in other sectors for enhancing the efficiency of the existing processing enterprises.
665. The eligible project costs for improvement of the efficiency of the existing enterprises within priority sectors will be calculated considering the volume of the basic raw materials processed in the company. Additionally, the amount of the eligible costs for such projects may be increased depending on the import proportion in the enterprise's realized production. Similarly, it will be possible to increase the amount of the aid for enterprises, which have engaged in the process of horizontal and vertical integration.
666. The eligible costs are also general costs, including architects', engineers' and advisers' fees, legal services, feasibility studies, patent and license costs directly related to the preparation or implementation of the project and which do not exceed 8 % of the relevant investment costs of the project.
667. Support within this measure will be not granted for forestry sector.

## Relation to other measures

668. There will be no overlapping with the Rural Development Programme measure "Modernisation of Agricultural Holdings", as this measure plans to invest in agricultural holdings manufacturing agricultural products listed in Annex 1 to the Treaty on establishment of the European Community.
669. Administrative procedures ensure that schemes eligible for support from European community common market organisation in fresh fruit and vegetables not will grant overlapping funds to projects that are eligible for support under this programme.

EAFRD (European Agricultural Fund for Rural Development) measures	Demarcation and complementarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation
Adding Value to Agricultural Products (ERDF, EFF)	ERDF co- funded operational programme "Entrepreneu rship and Innovation"	Measure 2.3.2. "Business Infrastructure and Improvements to Equipment" activity 2.3.2.2. "Co-financing to the investments in micro and small- sized enterprises operating in the specially assisted areas"	<b>Activity objective</b> is to promote business development in specially assisted areas. <b>Beneficiaries</b> are micro and small-sized enterprises that are registered and operate in specially assisted areas.	Demarcation between EAFRD, ERDF and EFF - mode of the production. EAFRD support for processing the agricultural products listed in Annex 1 of the Treaty establishing European Community, except fishery products. EFF - processing of fishery and aquaculture products, processing of by-products. ERDF – other sectors, except agriculture and fishery.
	EFF co- funded "Operational Programme for the implementati on of the European Fisheries Fund Support in Latvia"	Priority axis II "Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products" Measure V "Processing and marketing of fishery and aquaculture products"	<b>Measure objective</b> is to increase the added value of the fish products.	

## Financial resources

670. Total funding – 198 666 668 EUR.
671. Public funding – 79 466 667 EUR.

### Attainable indicators

672. According to the provisions and financing of the measure the following attainable indicators should be achieved (see the table below).

#### Basic indicators

Type of indicator	Indicator	Target
Output	Number of enterprises supported	73
	Total volume of investment, EUR	198 666 668
Result	Number of enterprises introducing new products or techniques	50
Impact	Net additional value expressed in PPS (processing industry), EUR	61 500 000
	Change in gross value added per full time equivalent, EUR/empl.	925

#### Additional indicators

Type of indicator	Indicator	Target
Result	Percentage of supported enterprises launching export of their production, %	30
	Percentage of supported enterprises taking part in vertical and horizontal integration, %	25

## **Measure 125: Infrastructure related to the development and adaptation of agriculture and forestry**

### **Legal basis**

673. Article 20 (b) v) and Article 30 of Council Regulation (EC) No 1698/2005 and Point 5.3.1.2.5 of Annex 2 of Commission Regulation (EC) No. 1974/2006.

### **Background**

674. Insufficient regulation of soil humidity interferes with effective use of land as the main production factor applying new Technologies and reducing production costs. This is most impairing for grain and livestock production. However, forest infrastructure (forest roads, culverts, ditches, forest protection and security installations, etc.) secure the preservation and multiplication of the value of forest.
675. Under the natural and climatic conditions of Latvia, the precipitation exceeds the total evaporation by 250 mm on the average, yet in rain abundant years – by 500 mm and more. In Latvia, about 90% of lands are suffering from excess moisture. Draining systems are provided for about 60 % of total territory (1.49 million ha), for agricultural land (2.47 million ha) including 53 polders for the regulation of moisture level on the flood land with total acreage 50 thousand ha. Since 1993, new draining systems have not been constructed. Most of draining systems have been built 20-30 years ago and are in need of reconstruction. Polder territories are under the highest risk for most of hydro technical constructions (dykes, pumping stations and sluices) have exceeded their operational period and are in need of repairs, renovation or installation of new equipment. To prevent possible negative impact on environment no construction, upgrading or reconstruction of drainage systems shall be allowed in NATURA 2000 territories and specially protected territories. As all environmentally significant wetlands are included in NATURA 2000 territories and specially protected territories possible negative impact is prevented on the wetlands. In order to avoid damage to the environmental values, all eligible investments will have to comply with the Environmental impact assessment to the extent stipulated by national legislation.
676. Forest roads and draining systems are the main elements of forest infrastructure. The investment into forest infrastructure at this point is provided only in the large forest properties, mainly those of Stock Company “Latvijas valsts meži” (Latvian State Forest, hereinafter – AS “LVM”). Renovation of draining systems should be considered a priority, therefore on

forest land only reconstruction and renovation of drainage system will be supported. Providing investments in forest drainage the support applicant will have advantages to receive funding. Nature protection laws and regulations provide restrictions to drainage works in specially protected territories. In accordance with the national legal acts, if drainage system covering more than 50 hectares are planned for reconstruction on forest land, an initial Environment Impact Assessment is required .

677. Reconstruction or renovation of forest drainage systems will be supported which will be registered in Amelioration cadastre. In order to support improvement of the Amelioration cadastre, it is foreseen that costs related with inclusion of drainage system in the cadastre will be covered.

### **Objective**

678. The objectives of the specified measure are as follows:

- 1) Improve and set up infrastructure in relation to development and adaptation of agriculture enhancing restructuring of physical capital and increase of competitiveness of the sector;
- 2) Improve infrastructure in relation to increase of forest productivity, improvement of the stand health and quality of timber as well as increase of competitiveness of the sector.

### **Activities**

679. Under the specified measure the following activities will be supported on agricultural land:

- 1) Construction, reconstruction and upgrading of draining systems;
- 2) Construction or rehabilitation of access roads to agricultural production facilities;
- 3) Construction or rehabilitation of service areas next to agricultural production facilities;
- 4) Construction/rehabilitation of water and power supply systems.

680. Supported activity in forest lands:

Reconstruction and renovation of drainage systems.

### **Target territory of the specified measure**

681. The measure shall be implemented in the rural territory.



## **Beneficiaries**

682. With regard to activities on agricultural land – natural and legal persons (including businesses, commercial societies, farms, cooperatives). With regard to construction, reconstruction and renovation of drainage systems legal persons and local governments.
683. In respect of reconstruction and renovation of drainage systems in forest lands:
- 1) private forest owners;
  - 2) municipalities or municipality forest land managers;
  - 3) A/S “Latvijas valsts meži” providing the project is implemented in co-operation with one or several owners of private forests and municipalities.

## **Type and scope of support**

684. In respect of activities in agricultural land:
- 1) The support intensity for all beneficiaries for restoration and upgrading of private and public drainage systems registered in Amelioration cadastre is 75 % of eligible costs, for local governments, the support rate is set at 75%, state-owned commercial societies at 100% and for other activity applicants at 40% of the total eligible costs.
  - 2) No restrictions as to maximum number of projects per applicant are applied, yet total eligible project expenditure shall not exceed 100 000 EUR per beneficiary over the period 2007–2013 (except reconstruction and renovation of state and state importance drainage systems).
685. In respect of reconstruction and renovation of drainage systems in forest lands:
- 1) Public co-funding for private and municipality forest land drainage systems registered in Amelioration cadastre is up to 75% of eligible costs;
  - 2) No restrictions as to maximum number of projects per applicant are applied, yet total eligible project expenditure shall not exceed 100 000 EUR per beneficiary over the period 2007–2013;
  - 3) In case, the project foresees the reconstruction or renovation of public drainage system in co-operation with A/S “Latvijas valsts meži” and/or municipality, the amount of eligible costs shall not exceed 200 000 EUR.

## **Eligibility criteria**

686. In respect of activities in agricultural land the following eligibility criteria apply:

- 1) Investments shall meet the Community standards applied to the relevant type of investments.
- 2) Beneficiaries shall provide proof of net annual turnover of at least 10 000 LVL originating from agricultural production (does not refer to municipalities and state commercial societies);
- 3) Project concerning public drainage systems may be submitted/implemented by one of the owners (users) of the specified system, subject to written co-ordination with other owners (users) of the specified public use drainage system.

687. In respect of activities in forest land the following eligibility criteria apply:

- 1) Project concerning public drainage systems may be submitted/implemented by one of the owners (users) of the specified system, subject to written co-ordination with other owners (users) of the specified public use drainage system;
- 2) Technical design shall be prepared not later than within the period of one year after signing the agreement with the Rural Support Service;
- 3) In conformity with the technical design of the reconstruction or renovation project, the construction, reconstruction or renovation of adjacent forest roads is eligible;
- 4) In case the project is realized in co-operation with a/s "Latvijas valsts meži" and/or municipality, the investment in private forest land drainage system must be no less than 30% of the eligible costs.

688. The measure is implemented based also on LEADER approach; therefore, projects compliant with the local development strategies prepared by local action groups are eligible for support, too.

## **Restrictions**

689. In respect of works to be performed the beneficiary may not apply for support in other projects co-financed by the EU or national support programs.

690. Renovation of natural water courses (dredging) for renovation of drainage systems shall not be supported.
691. In case of construction, reconstruction or renovation of forest road, the asphalt or concrete roads shall no receive support.
692. The construction, reconstruction or renovation shall not be performed in Natura 2000 territories and specially protected territories, except, if it is foreseen in the nature management plans for specially protected territories.

### Relation with other measures

693. To avoid possible overlapping with measure „Modernisation of agricultural holdings” regarding construction/rehabilitation of service areas and water/power supply systems these activities are foreseen as separate action on existing agricultural objects where within the framework of project are not foreseen another construction/rehabilitation works.

EAFRD (European Agricultural Fund for Rural Development) measures	Demarcation and complimentarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation
Infrastructure related to the development and adaptation of agriculture and forestry (ERDF and CF)	ERDF co-funded operational programme “Entrepreneurship and Innovation”	Measure 2.3.2. “Business Infrastructure and Improvements to Equipment” activity 2.3.2.2. “Co-financing to the investments in micro and small-sized enterprises operating in the specially assisted areas”	<b>Activity objective</b> is to promote business development in specially assisted areas. <b>Beneficiaries</b> are micro and small-sized enterprises that are registered and operate in specially assisted areas.	In contradistinction to ERDF and CF measures target territories, EAFRD measure support activities will be implemented on agricultural and forest lands. EAFRD support is available to the specific sectors: agriculture and forestry.
	ERDF and CF co-funded Operational programme “Infrastructure and Services”	Measure 3.2.1 “Promotion of Accessibility and Transport System”.	<b>Within the framework of the measure, support will be provided</b> to improvement of the 1 <sup>st</sup> category national road routes, transit streets in cities and towns, traffic safety in populated territories and infrastructure of small ports.	

### Financial resources

694. Total funding – 85 051 060 EUR

695. Public funding – 34 020 424 EUR

### Attainable Indicators

696. In correspondence with the measure conditions and funding the following attainable indicators are scheduled.

#### Basic indicators

Type of indicator	Indicator	Target
Output	Number of operations supported	847
	Total volume of investment, EUR	85 051 060
Result	Increase in gross value added in supported holdings (agriculture), EUR	3 000 000
	Increase in gross value added in supported holdings (forestry), EUR	2 000 000
Impact	Change in gross value added per full time equivalent in agriculture, EUR/empl.	61
	Change in gross value added per full time equivalent in forestry, EUR/empl.	60

#### Additional indicators

Type of indicator	Indicator	Target
Output	Area of access roads constructed, m <sup>2</sup>	500 000
	Area of constructed or reconstructed service areas next to agricultural production facilities, m <sup>2</sup>	60 000
	Area of created polders, ha	50 000
	Length of constructed or reconstructed external water supply systems, km	3 000
	Length of constructed or reconstructed power supply systems, km	2 000
Impact	Net additional added value by PPS (agriculture), EUR	5 900 000
	Net additional added value by PPS (forestry), EUR	3 900 000

## **Measure 141: Supporting semi-subsistence agricultural holdings undergoing restructuring**

### **Legal basis**

697. Article 20 (b) v) Article 24 and Article 34 of Council Regulation (EC) No 1698/2005 and Point 5.3.1.4.1 of Annex 2 of Commission Regulation (EC) No. 1974/2006.

### **Background**

698. Latvian agriculture production structure is fragmented. Looking at the economic size of farms, 83.9% of the total number of farms fall into category of very small farms (<2 Europe size units), which are actually engaged in production for the own consumption. To increase the proportion of market-oriented farms the farm restructuring should be promoted.

699. 2003, 58.4 % of the total number of farms produced just for own consumption. Every third farm sells less than half of the produced products. Just 13.4 % of the total farms sell more than a half of the produced volume. Support opportunities under this measure will allow increasing the capacity of semi-subsistence farms.

### **Objective**

700. Enhance the restructuring of semi-subsistence farms; facilitate development of commercial, competitive commercial activity.

### **Activities**

701. Support is provided for the following activities:

- 1) supply of equipment and machinery;
- 2) construction and rehabilitation of buildings;
- 3) supply of required construction materials;
- 4) investments in permanent plantations.

### **Target territory of the specified measure**

702. Target territory of measure is rural territory.

**Beneficiaries**

703. Support under the specified measure shall be provided to a natural person or legal entity which manufactures products mainly for consumption, yet also sells certain share of them, and:
- 1) carries out economic activities providing relevant reports to the State Revenue Service (SRS);
  - 2) whose turnover from economic activities, excluding subsidies paid as state or EU aid for agriculture and rural development, in the recently closed financial year has been at least 3 000 EUR, yet has not exceeded 10,000 EUR;
  - 3) whose residence or in case of legal entity – legal address is declared in rural area – at the project implementation area;
  - 4) who owns agriculture land property; from this requirement are exempt industries with specific features allowing perform agricultural production not owning a land;
  - 5) whose income from agricultural production constitutes at least 50% of total operating turnover.

**Eligibility criteria**

704. In order to qualify for the specified support, a farm development plan (standard application) for five years shall be prepared, and it shall comprise the following information:
- 1) proof by applicant with regard to economic viability of the farm providing a positive cash flow estimate for the period of five years and minimum estimated increase in net turnover by 30% over the first three years;
  - 2) information on required investments;
  - 3) description of implementation phases and goals to be attained.
705. After three years the compliance with the farm development plan shall be estimated. In case that a beneficiary has failed to attain the goals set in the development plan over three years, no further support shall be provided, yet beneficiary has no obligation to redeem the received support total.

## Type and scope of the specified support

706. Support under the specified measure shall be a flat-rate payment. Maximum support total per single farm shall be 1500 EUR per year, and it shall be payable only for 5 successive years.

## Restrictions

707. Applicant shall not be entitled to support if it has received support for restructuring of semi-subsistence farms in the programming period between 2004 and 2006.

## Relation with other measures

708. Through improvement of the economic indicators of the farm under the measure "Supporting semi-subsistence agricultural holdings undergoing restructuring", the beneficiary gains an opportunity to apply for support within the framework of the Rural Development Programme measure "Modernisation of agricultural holdings".

EAFRD (European Agricultural Fund for Rural Development) measures	Demarcation and complementarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation
Support semi-subsistence agricultural holdings undergoing restructuring (ERDF)	ERDF co-funded operational programme "Entrepreneurship and Innovation"	Measure 2.3.2 "Business Infrastructure and Improvements to Equipment".	Under the measure, support will be granted to set-up of business incubators, investment into small and medium-sized business development in specially supported areas, implementation of a cluster programme and development of areas usable in business.	Demarcation between EAFRD, ERDF - mode of the beneficiaries. Under the EAFRD measure the beneficiaries are producers of agricultural products. ERDF - other sectors, except agriculture.

## Implementation time

709. The measure will be implemented in 2008, 2009.

### Financial resources

710. Total funding – 51 480 333 EUR (without transitional amount);
711. Public funding – 51 480 333 EUR

### Transitional provisions

712. The commitments undertaken within the framework of the Rural Development Plan 2004–2006 measure "Support to Restructuring of Semi-Subsistence Farms" will be financed from the European Agricultural Fund for Rural Development.
713. Public financing costs of commitments undertaken in the previous period total 14 000 000 EUR.

### Attainable Indicators

714. In correspondence with the measure conditions and funding the following attainable indicators are scheduled.

#### Basic indicators

Type of indicator	Indicator	Target
Output	Number of semi-subsistence farms supported	2 667
Result	Number of farms entering the market	2 000
Impact	Net additional value expressed in PPS, EUR	3000000
	Change in gross value added per full time equivalent, EUR/empl.	21

#### Additional indicators

Type of indicator	Indicator	Target
Output	Floor space made available in newly built or reconstructed buildings, m <sup>2</sup>	5 000
	Total UAA of supported holdings, ha	40 000
	Area of created permanent plantations, m <sup>2</sup>	150 000
	Number of acquired items of machinery and equipment	5 000



## Measure 142: Setting up of producer groups

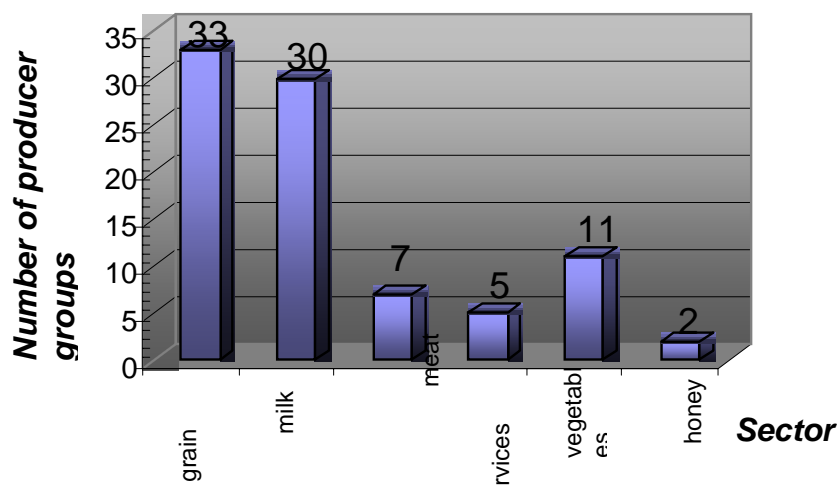
### Legal Basis

715. Article 20 (d) ii) and Article 35 of Council Regulation (EC) No.1698/2005 and Article 23 and Point 5.3.1.4.2. of Annex 2 of Commission Regulation (EC) No. 1974/2006.

### Background

716. According to the national legislation, producer groups in Latvia are cooperative societies providing agricultural services. This condition does not refer to producer groups of fruits and vegetables achieving preliminary recognition according to regulations of recognition criteria of producer groups of fruits and vegetables, recognition order, activity conditions and control of activity, accordingly requirements of the Corrigendum to Council Regulation (EC) No 2200/96 of 28 October 1996 on the common organization of the market in fruit and vegetables.
717. The operational objectives of producer groups are to provide their members with an opportunity to sell the products of their farms based on the principles of cooperation, support their members in ensuring an effective production process, preparation for sales of their products (pre-processing, packing, processing etc.) and in the sales process, thus reducing the production costs of the goods and the costs associated with marketing of the goods and getting them to the consumer. This requirement is stipulated by the national legislation.
718. As a result of a favourable EU and national cooperation support policy, according to the data by Latvian Agricultural Cooperative Association by the end of 2006 77 societies were operational and engaged in business on the territory of Latvia. The number of recognized cooperatives by sector and the growth of their turnover is shown in the figures below.

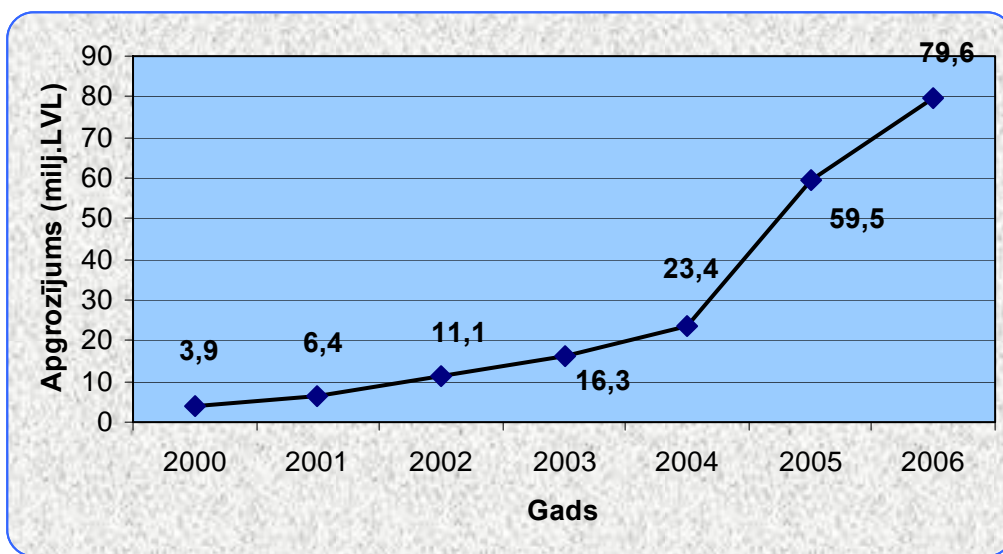
**Producer groups by sector**



Number of producer groups by sector

Source: Data collected by Latvian Agricultural Cooperatives Association

*Turnover growth of the producer groups*



Turnover growth of the producer groups

Source: Data collected by Latvian Agricultural Cooperatives Association

719. Collected information on financial support to producer groups suggests indicates that in 2004–2006 support to producer groups under the RDP measure "Support to producer groups" totaled almost 1 472 708 lats. Of those, 266725 lats were disbursed to 24 producer groups in 2004, 521688 lats were disbursed to 39 producer groups in 2005, and 684294 lats were disbursed to 41 producer groups in 2006. 468 188 lats were disbursed from the national support funding to producer groups for the purpose of developing their business in 2006 .
720. Although the number of producer group members has grown considerably from 2380 members in 2000 to 7430 members in 2006, only 5.3% of farms

active in 2006 (138900) were involved in producer groups. This demonstrates the necessity to support further development of producer groups.

### **Objective**

721. The objective of this measure is to promote the formation of producer groups and effective operation thereof for the purpose of securing centralized primary processing and marketing, including finding new market outlets, for selling the manufactured product on the market based on a single quality standard.

### **Supported activity**

722. As concerns producer groups, eligible activity for the purposes of this measure is the administrative and business operation of producer groups providing for adaptation of the manufacturing process and products to market requirements, joint marketing of merchandise, including preparation for sale, centralised sales, supply to wholesalers and elaboration of standard provisions with regard to production information. Support is extended based on a single rate depending on the volume of products manufactured by the group members that have been sold by the specific producer group.

### **Target territory of the specified measure**

723. The whole territory of Latvia qualifies as a target territory for this measure, because, although the operation of producer groups envelops mainly the rural areas, many of those groups have been legally registered in urban areas.

### **Beneficiaries**

724. Support under the specified measure is available to legal persons, who on the basis of the national law are complying with criteria's for receiving the support. Support will be available to both sectoral producer groups (e.g., milk and meat producer groups) and specific agricultural production groups (e.g., producer groups producing organic farming products).

### **Recognition of producer groups**

725. Conformity of producer groups to the criteria's for receiving the support is evaluated on an annual basis.
726. Conformity of producer groups to the criteria's for receiving the support is evaluated in accordance with Regulations of the Cabinet of Ministers of the Republic of Latvia by a commission set up by the responsible state authority,

based on the business results of the previous year and using, for example, the following criteria:

- producer group members market only the agricultural products produced by their farms through producer groups;
- a minimum turnover in sales between the producer group and producer group members;
- a minimum turnover between the producer group and producer group members, which is at least a set percentage of the total turnover by the producer group that has been established in the Regulations;
- surplus must be divided among members of producer group in proportion to the amount of services provided by the particular member of the producer group;
- a certain part of the surplus must be invested in development of the producer group.
- maximal turnover between producer group and one member from the total turnover of the producer group.
- a minimum number of the members of producer group, with who the producer group has a turnover.

### **Eligibility criteria**

727. Support is provided with the purpose of facilitating administrative and business operation of such producer groups whose objectives are:

- 1) adaptation of the production process and products of the members of the particular group to market requirements;
- 2) joint marketing of merchandise, including preparation for sale, centralised sales and supply to wholesalers;
- 3) elaboration of standard provisions with regard to production information by focusing on harvesting and accessibility.

728. Records of the volume of goods produced and marketed by members through the producer group and price of types of products receiving support under the Rural Development Programme are kept.

### **Type and scope of support**

729. Support to producer groups is calculated based on the previous year sales volume by the specific producer group for agricultural produce manufactured

by the group members, without exceeding the pre-set maximum limit. In cases when the annual sales volume by a specific producer group for agricultural produce manufactured by the group members is below 1 000 000 EUR, the annual support payment is calculated regressively from 5% onwards (see column 1 of the table below). In cases when the annual sales volume by a specific producer group for agricultural produce manufactured by the group members is above 1 000 000 EUR, an annual regressive rate from 2.5% onwards is applied to the part exceeding 1 000 000 EUR (see column 2 of the table below). Total support per producer group may not exceed the maximum of 100 000 EUR set for the 1<sup>st</sup> year and 50 000 EUR set for the 5<sup>th</sup> year.

730. Calculation of support to producer groups

Year	Annual amount < EUR 1 000 000	Annual amount > EUR 1 000 000	Maximum amount of support EUR
	1.	2.	3.
Year 1	5%	2.5%	100 000
Year 2	5%	2.5%	100 000
Year 3	4%	2.0%	80 000
Year 4	3%	1.5%	60 000
Year 5	2%	1.5%	50 000

731. Support is disbursed once a year upon the receipt and approval of the relevant reporting documentation by the RSS. In case of exceeding the total allocated funds, the support may be proportionally decreased for all applicants.

### Restrictions

732. Support does not refer to producer groups of fruits and vegetables achieving preliminary recognition according to regulations of recognition criteria of producer groups of fruits and vegetables, recognition order, activity conditions and control of activity, are funded from the EAGGF Guarantee Section (Commission Regulation (EC) No 1943/2003 of 3 November 2003 laying down rules for the application of Council Regulation (EC) No 2200/96 as regards aid to producer groups granted preliminary recognition).

733. A producer group is eligible for specified support only for the first 5 years since the first year of the evaluation of its conformity for receiving the support.

734. Decision on granting support is taken on an annual basis.

### Relation with other measures

735. Not complimentary with any measures co-financed from the structural funds and the Cohesion Fund or any measures of the Action Programme for introduction of the support from the European Fisheries Fund in Latvia.
736. Fruit and vegetable producer groups, having been granted preliminary recognition in compliance with the regulations on the criteria for recognition of fruit and vegetable producer groups, recognition procedure, operational provisions and operational control, are funded from the Guarantee Section of the EAGGF (Commission Regulation (EC) No 1943/2003 of 3 November 2003 laying down rules for the application of Council Regulation (EC) No 2200/96 as regards aid to producer groups granted preliminary recognition).
737. Administrative procedures ensure that schemes eligible for support from European community common market organisation in fresh fruit and vegetables not will grant overlapping funds to projects that are eligible for support under this programme.

### Financial resources

738. Total funding – 7 449 685 EUR (without transitional amount)
739. Public funding - 7 449 685 EUR

### Transitional provisions

740. The commitments undertaken within the framework of the Rural Development Plan 2004–2006 measure "Support to Producer Groups" will be financed from the European Agricultural Fund for Rural Development.
741. Public financing costs of commitments undertaken in the previous period total 1 200 000 EUR.

### Attainable Indicators

742. In compliance with the provisions and funding of the measure, the following deliverables summarised in the Table below have been planned.

### Basic indicators

Type of indicator	Indicator	Target
Output	Number of supported producer groups	50
	Turnover of supported producer groups, EUR	31 466 511
Result	Gross value added by supported producer groups, EUR	3 400 000

Impact	Net additional value expressed in PPS, EUR	6 700 000
	Change in gross value added per full time equivalent, EUR/empl.	36

## **5.4. 2. AXIS. IMPROVING THE ENVIRONMENT AND THE COUNTRY SIDE**

### **5.4.1. Measures targeting the sustainable use of agricultural land**

#### **Common to certain measures**

743. Axis 2 measures are aimed at sustainable use of the agricultural lands through supporting environment-friendly production methods, protecting, enriching and using the natural resources and landscapes of the rural areas in a sustainable manner.
744. By promoting environment-friendly agricultural methods, the pollution caused by agriculture would decrease in the future and would not exceed the allowable limits in especially sensitive areas. Expansion of extensive agriculture areas by promoting extensive management of the agricultural lands would improve the condition of the environment and biodiversity, preserve the open rural landscape characteristic of Latvia as well as reduce degradation of soils caused by agriculture. Support to local varieties of agricultural animals would preserve the national gene pool of agricultural animals and the biodiversity of agriculture.
745. Support to the use of environment-friendly agricultural methods in management of agricultural lands addresses the EU-level priorities, such as improvement of biodiversity and water quality as well as mitigation of climate changes.
746. Axis 2 measures promote the management of a European-importance protection territory: Natura 2000 network, which facilitates the implementation of the Gothenburg commitments, i.e. to halt biodiversity decline by 2010, helps to attain the objectives of Water Framework Directive and the objectives of the Kyoto protocol concerning the mitigation of climate changes.
747. The measure of "Agri-environment payments" is a priority of axis 2, and more than 40 % of the total financing under the axis has been granted to this measure to support the development of organic farming and integrated horticulture, which significantly reduce the chemical stress to the environment compared to intensive farming methods; to continue extensive management of biologically valuable grasslands; to increase the content of plant nutrients in soil and reduce the impact of soil erosion; as well as provide state aid to maintenance of local varieties of agricultural animals and promote reduction of pollution caused by intensive agriculture in especially sensitive territories



by establishing grassland belts along rivers, ditches and fields, thus promoting the preservation of biodiversity, mitigation of climate changes and improvement of water quality.

748. 37 % of the axis financing has been granted to the measure "Payments to farmers in areas with handicaps, other than mountain areas" as a continuation to the support extended in the previous programming period to agricultural activity in less favoured areas, where this activity is more complicated because of the agro-climatic and socio-economic conditions, as well as promotion of the management of agricultural land, preservation of an open rural landscape.

### **Revision clause**

749. In case of any changes to the cross compliance provisions established in Articles 4 and 5 and Annexes III and IV of the Regulation (EC) No 1782/2003, the minimum statutory requirements set in the national legislation concerning the use of fertilizer and plant protection products and other mandatory requirements, the beneficiary shall implement all the required measures to ensure the compliance of the agricultural holding with these requirements. In the event of a beneficiary failing to ensure the compliance of the holding with the above-mentioned requirements that is mentioned submitting annual application for support, the commitments undertaken under the measure "Agri-environment payments" shall be terminated without reimbursing the previously received support in compliance with the provisions of Article 46 of the Commission Regulation (EC) No 1974/2006.

### **Minimum Requirements for Fertilizer and Plant Protection Products Use and Other Mandatory Requirements**

750. All farmers who have undertaken a voluntary commitment under measure "Agri-environment" shall comply with the minimum requirements for fertilizer and plant protection products use and other mandatory requirements.

#### *Minimum Requirements for Fertiliser Use*

751. The requirements of Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources have been introduced in the Cabinet Regulations No. 531 "On water and soil protection against pollution caused by nitrates from agricultural sources" of December 18, 2001, which have been legislated in accordance with "Law on Pollution".
752. In Latvia the borders of the highly sensitive areas match the borders of the administrative territory of Riga, Jelgava, Bauska and Dobeles districts, except for the border of the administrative territory of Riga city and Jurmala town.

753. These territories are subject to stricter requirements in respect of water and soil protection against nitrate pollution caused by agricultural activities:

- 1) Prohibition of scattering organic fertilisers from November 15 to March 1;
- 2) Restrictions on applying any type of fertilisers (organic and chemical):
  - a) fertilisers shall not be scattered on frozen, over-moist and snow-covered soil;
  - b) in case of alluvial and flood endangered areas, fertilisers shall be scattered only after the end of the potential flood season; in the aforementioned areas chemical fertilisers shall be scattered only during vegetation period of cultivated plants;
  - c) on slopes fertilisers shall be scattered not closer than 50m from the coastline of a water course or water body provided that the slant of the slope towards the water course or water body exceeds 10 degrees;
  - d) fertilisers may be scattered on slopes if the field is covered in vegetation or fertilisers are immediately dug into the soil;
  - e) after scattering over the arable land, bedding manure shall be dug into the soil within 24 hours, liquid manure and manure water - within 12 hours;
- 3) The storage capacity of manure reservoir shall enable accumulation of the collected manure in bedding manure reservoirs for at least six months, but in liquid manure and manure water reservoirs – for seven months;
- 4) The bottom and walls of the reservoirs are built of waterproof material, which is resistant to equipment impacts;
- 5) Manure water shall be collected from solid manure reservoirs into a separate reservoir with the storage capacity sufficient for the volume accumulated in seven months;
- 6) Liquid manure reservoirs may be of closed type or covered with a permanent natural or artificially formed covering layer, which reduces evaporation of ammonia and other volatile substances; The floating covering layer or cover ensures a continuous coverage of the surface and is replenished, if necessary;
- 7) Land owners and users shall register and document the amounts of all types of obtained, purchased or sold organic fertilisers and preserve the accounting documents at least for three years;
- 8) In each farm, the annual amount of organic fertilisers used in farmland areas shall not exceed 170 kg nitrogen/ha, which equals 1.7 livestock units (LUs) per

hectare (during the first four implementation years of action programme it is permitted to apply the amount of organic fertilisers containing 210 kg nitrogen/hectare, which equals 2.1 livestock units (LUs) per hectare);

9) Fertilisers shall not be scattered in places, where this activity is prohibited in accordance with laws and regulations on protective zones and special areas of conservation;

10) In autumn and winter vegetation shall be maintained on at least 30 % of farmland in the first two implementation years of the action programme and at least on 50 % of farmland in the following implementation years of the action programme.

#### Minimum Requirements for Plant Protection Products Use

754. The requirements of Council Directive 91/414/EEC of 15 July 1991 concerning the placing of plant protection products on the market have been transposed into Plant Protection Law.
755. In compliance with Plant Protection Law, in Latvia it is permitted to distribute or use only plant protection products registered in the Republic of Latvia. The registration of a plant protection product is certified by a plant protection product registration card issued by the Service. After the expiry of the registration card the plant protection product may be re-entered in the register if required by the owner of the registration card.
756. Fields may be treated with plant protection products only by a person who has acquired the minimum knowledge on plant protection, which is acknowledged by a certificate regarding the acquisition of minimum knowledge on plant protection.
757. The storage place of plant protection products must be locked at all times to prevent admittance by unauthorised persons, children and animals, located separately from foodstuffs and livestock feed. The requirements indicated on the labels of plant protection products must be complied with (prior to opening of the packaging or container of a plant protection product, the user must always read the instructions and follow them accurately). The information about the purchased preparation and the dose applied must be immediately registered in the plant protection product register.

#### **Definition of a farmer**

758. A beneficiary is a farmer (a physical or a legal person), engaged in an agricultural activity in compliance with the provisions of Paragraph (c) of Article 2 of the Council Regulation No 1782/2003 of 29 September 2003.

## **Agri-environment commitments**

759. Farmers may undertake voluntary commitments under the measure "Agri-environment payments", thus promoting sustainable development of the rural landscape, creating and preserving a healthy and harmonious living environment for the community, nature and cultural landscape.
760. The commitment period is five years, and each year support payment is received to cover the expenditure and the foregone income incurred due to the undertaken commitments.
761. In order to avoid overcompensation to the farmers, commitments with regard to the specific area may be undertaken only under one of the sub-measures of the "Agri-environment payment" measure (except sub-measures "Organic farming" and "Stubble field in winter period" that can overlap).

### Commitment area, its increase

762. When first applying for support, the farmer undertakes a voluntary five year commitment under the "Agri-environment payment" measure to manage the area entered for support in compliance with the eligibility criteria under the specific sub-measure. When submitting application for support in the years to follow, the farmer confirms that the undertaken commitments under the measure "Agri-environment" continue to be met.
763. A farmer may increase the committed area by up to 20% of the initial commitment (the area approved in the first year of commitment) during a commitment period.
764. In the event of a committed area being increased by more than 20% of the initial commitments, a new five year commitment period starts.

### Change of land parcels during the commitment period

765. In compliance with Paragraph 6 of Article 10 of the Commission Regulation No 1975/2006, during the period covered by a commitment, parcels for which support is being granted may not be exchanged except in cases specifically provided for in the Rural Development Programme, i.e. implementation of eligibility criteria under the sub-measures "Stubble field in winter period" and „Introducing and promoting integrated horticulture” (under these sub-measures, commitments are undertaken for the total commitment area).

### Termination of commitments

766. A farmer may terminate the commitments undertaken under the "Agri-environment payments" measure prior to the expiry of the commitment period, reimbursing the entire amount of previously received assistance.
767. According to cases defined in Article 44 of Commission Regulation No. 1974/2006 the amount of previously received assistance does not have to be reimbursed, if the commitments are terminated in the fourth or fifth year.

Transfer and taking over of commitments

768. Where all or part of a holding of the beneficiary is transferred to another person during the period for which a commitment given as a condition for the grant of assistance runs, that other person may take over the commitment for the remainder of the period. If the commitment is not taken over, the beneficiary shall reimburse the assistance granted (Paragraph 1 of Article 44 of the Commission Regulation No 1974/2006).
769. If the person taking over the commitments has no other commitments under the given sub-measure, this person continues to implement the commitments of the person who transferred the commitments for the remainder of the period.
770. If the person taking over the commitments already has commitments under the given sub-measure, a new commitment period begins for both the old as well as the new commitments of that person.
771. Transfer and taking over of commitments proceeds individually under each sub-measure, without affecting the periods of commitments under other sub-measures.
772. If a person having taking over commitments terminates the commitments, that person has to reimburse all assistance granted during the commitment period to both the person who transferred the commitment and the person who took over the commitment.

**Summary for EU common indicators for the measures of Axis 2**

Type of indicator	Indicator	Target
<b>Output</b>	For detailed list of indicators see respective measure	
<b>Additional output</b>	Number of farms which comply with demands of use of organic fertilizer.	19423
	Average land area of farms which comply with demands of use of organic fertilizer, ha	23
	Average UAA area of farms which comply with demands of use of organic fertilizer, ha	18
<b>Result</b>	For detailed list of indicators see respective measure	

<b>Impact</b>	Changes in environmentally valuable farmland, ha	63 000
	Changes in environmentally valuable forestry land, ha	830
	Changes in the tendency of biodiversity reduction (rural bird population index), %	3
<b>Additional impact</b>	The average level of organic matter in soil, %	2

## **Measure 212: Payments to farmers in areas with handicaps, other than mountain areas**

### **Legal basis**

773. Articles 36 (a) (ii), 37 and 93 of Council Regulation (EC) No. 1698/2005 of 20 September 2005 and Point 5.3.2.1.2 of Annex II of Commission Regulation (EC) No. 1974/2006.

### **Background**

774. In compliance with provisions of Article 93 of Council Regulation No. 1698/2005, Latvia continues providing support to the territories of less favoured areas, which have been specified under Article 19 of Regulation (EC) No. 1257/1999. Having regard of the criteria defined in Article 19 of the regulation above, the status of less favoured area has been granted to 74.4% of the total state territory, which contains 1.81 mil. ha of utilised agricultural area. There are no changes between the previous period and current period in less favoured areas.
775. The territories of less favoured areas have been established taking into consideration the weather conditions characteristic of Latvia, especially richness of the soil, acidity and moisture of the soil, hilly terrain, as well as the short vegetation period influenced by the climate. Soil is one of the most crucial natural resources. Latvian soils by their origin lack mineral plant nutrients, and the major soil quality problems are caused by both unreasoned economic activity and natural processes resulting in soil erosion, acidification and depletion of organic matter, which determines quality and productivity of agricultural produce. Furthermore, weather conditions characteristic of Latvia require keeping the cattle in sheds during autumn, winter and spring periods, which increases production costs. In its turn, the short vegetation period imposes time restrictions and raises the costs of feed preparation and preservation in warehouses and storages for the period, when cattle is kept in sheds.
776. The low profit or even losses in agriculture, which is influenced by agro-climatic conditions, leads to a halt of agricultural activity in less favoured areas, increase of the non-utilised agricultural area, degradation of the general rural landscape and depopulation – departure of economically active inhabitants to the central part of the state, district centres or other countries. In order to facilitate maintenance of rural landscape and maintenance and development of sustainable agricultural systems in the process of utilisation of

agricultural land, we must provide support to farmers, who manage a land in the territories of less favoured areas.

777. Depending on the richness of the soil, LFAs in Latvia are classified as follows (see map in Annex 5):

1st category LFA containing 253,252 ha UAA;

2nd category LFA containing 812,304 ha UAA;

3rd category LFA containing 743,847 ha UAA.

778. The measure seeks to provide additional support to farmers, who perform agricultural activities in territories with unfavourable natural conditions.

779. The support under this measure regarding permanent meadows and permanent grasslands on arable land is granted if the minimum livestock density is ensured in these areas, which ensures that permanent meadows and permanent grasslands on arable land are cultivated and the support is granted to the farmers, who conduct agricultural production.

### **Objective**

780. The objective of the measure is to ensure and facilitate maintenance of a more open rural landscape and to promote sustainable agricultural activities by means of environmentally-friendly agricultural methods in territories with burdensome conditions for agricultural activity.

### **Eligible Activities**

781. Agricultural activity on utilised agricultural land in less favoured areas.

### **Target territory of the specified measure**

782. Target territory of measure is less favoured areas in compliance with Article 19 of EC Regulation No. 1257/99 (See the list of territories in Annex 7).

### **Beneficiaries**

783. Support may be granted to farmer (natural person or legal entity), whose utilised agricultural land is located in the territory of less favoured area.

### **Eligibility criteria**

784. A beneficiary is eligible to receive aid if:

- 1) performs agricultural activity on eligible UAA of at least 1 ha consisting of



plots not smaller than 0.3 ha;

2) cross compliance of Articles 4 and 5 and Annexes III and IV of Regulation (EC) No. 1782/2003, the minimum requirements for fertiliser and plant protection product use and other mandatory requirements specified in Annex 9 of the Programme are enforced on the whole territory of the agricultural holding;<sup>116</sup>;

3) undertakes to pursue agricultural activity on the utilised agricultural land in less favoured area for the next five years from the first payment of compensatory allowance;

4) the minimum livestock density of at least 0.2 livestock units per eligible hectare shall be ensured in the area of permanent meadows and pastures or perennial grasses sown into the arable land, except in Natura 2000 territories and biologically valuable grasslands.

785. The eligibility criteria for receiving the aid are in force until the end of 2009 and can be changed after revision of the delimitation of the less favourable areas.

### **Type and scope of the specified support**

786. The payment shall compensate additional expenses and foregone income suffered by agricultural producers due to unfavourable conditions for agricultural activity in the respective territory.

<b>Payment EUR/ha</b>			
<b>Category</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>1<sup>st</sup> category</b>	33	25	25
<b>2<sup>nd</sup> category</b>	46	40	40
<b>3<sup>rd</sup> category</b>	64	58	58

### **Restrictions**

787. Until 2010 support payments may be granted only for the areas eligible to single area payment (SAP). Considering that SAP has a clearly defined and conclusively effective administration system in place and following safe financial management principles, these requirements, which do not restrict the

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<sup>116</sup> The mandatory requirements established in Article 4 and Appendix III of Regulation (EC) No. 1782/2003 will be applied in accordance with the European Union and national legislation. If requirement is established according to Article 4 and Appendix III of Regulation (EC) No. 1782/2003, then it isn't applied according Annex 9 of this programme.

circle of the beneficiaries, but ensure effective control, are also applied to environment and rural landscape improvement measures.

### Implementation time

788. The implementation of the measure will be started in 2007.

### Financial resources

789. Total funding – 137 476 000 EUR

790. Public funding –137 476 000 EUR

### Control

791. Where beneficiaries do not respect mandatory requirements, the support payment to be granted for the calendar year shall be reduced or cancelled according to Article 51 of Council Regulation (EC) No. 1698/2005.

### Quantified targets for EU common indicators

#### Basic indicators

Type of indicator	Indicator	Target 2010
Output	The total number of supported holdings	69700
	LFA in the 1 <sup>st</sup> category territory	6 700
	LFA in the 2nd category territory	29 500
	LFA in the 3rd category territory	33 500
	The area of the supported agricultural land, ha	1 212 000
	LFA in the 1 <sup>st</sup> category territory	192 000
	LFA in the 2nd category territory	576 000
	LFA in the 3rd category territory	444 000
Result	Land, where compliance is ensured (avoidance of marginalisation and land abandonment), ha	1 055 000
	Total area of abandoned agricultural land, ha	320 000

## **Measure 213: NATURA 2000 payments and Payments linked to Directive 2000/60/ECC**

### **Legal basis**

792. Article 36 (a) (iii) and Article 38 of Council Regulation (EC) No. 1698/2005 and Article 26 and Point 5.3.2.1.5 of Annex 2 of Commission Regulation (EC) No. 1974/2006.

### **Background**

793. The area of Natura 2000 territories in the Republic of Latvia constitutes about 784,000 ha or 11.9% of the total territory of Latvia (see map in Annex 5). Utilised agricultural area occupies 24% of NATURA 2000 territory. Grassland biotopes and other grasslands of European Union importance, which require management and which are significant for maintaining the population of corncrakes and lesser spotted eagles, occupy the total of 63,025 ha in NATURA 2000 locations, of which 14,146 ha of the valuable grassland biotopes in NATURA 2000 territories require biotope regeneration measures. These territories contain biotopes and species of the EU and national importance, the preservation and conservation of which to a large extent depends on extensive agricultural activity. The preservation of this heritage is endangered if agricultural activity is suspended, while changes in agricultural activity may jeopardize conservation of biodiversity. NATURA 2000 territories play an important role in recreation industry and tourism development as the demand for rural tourism services is increasing on a yearly basis.
794. Those farmers whose agricultural lands are located in protected natural territories must meet the requirements stipulated by the national legislation, in particular the Species and Biotopes' Protection Law, the Law on Protected Natural Areas, the Cabinet of Ministers regulations No. 415 of 22<sup>nd</sup> July 2003 „General rules for protection and use of the protected natural areas”, as well as requirements stipulated by individual plans for protection and use of protected natural areas and by the natural management plans. According to these legislative acts real restrictions have been set for permanent meadows and pastures – it is forbidden to destroy them (also by plowing or cultivating). For the use of other agricultural lands (arable land) there are no agricultural restrictions. Therefore it is necessary to provide support to the farmers whose permanent meadows are in the NATURA 2000 territories by compensating the costs and lost profit caused by unfavorable aspects related to implementation of the Directives 79/409/EEC and 92/43/EEC..

795. Water is one of the key environmental elements, which sustains life of living organisms. The implementation objectives defined in Water Framework Directive 2000/60/EC ensure a legal basis and set of measures for maintenance or improvement of the quality of all surface and groundwater in the European Union until 2015.
796. Whole territory of Latvia is divided in four river basin areas – Daugava, Gauja, Lielupe and Venta. By 2009 Latvia will develop management plans and action programmes for those basin areas. The territories, eligible activities and payment, which would compensate farmers' expenses and foregone income with regard to implementation of Water Framework Directive in the respective territories, will be established pursuant to development and introduction of management plans of river basin areas. The implementation of the measure is scheduled for 2009.

### **Objective**

797. The objective of the measure is to ensure environmentally-friendly agricultural activity in territories, which are subject to restrictions of economic activity with regard to implementation of Directives 79/409/EEC and 92/43/EEC.

### **Eligible Activities**

798. An annual compensation payment to offset restrictions of economic activity in utilized agricultural areas, which are subject to restrictions of economic activity with regard to implementation of Directives 79/409/EEC and 92/43/EEC.

### **Target territory of the specified measure**

799. The target territory of the specified measure refers to specially protected nature territories – permanent meadows and pastures<sup>117</sup> which are included in the list of protected areas of European significance – NATURA 2000 sites<sup>118</sup> (Annex 8).

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<sup>117</sup> Land used to grow grasses or other herbaceous forage naturally (self-seeded) or through cultivation (sown) and that has not been included in the crop rotation of the holding for five years or longer. Grasses or other herbaceous forage are all herbaceous plants traditionally found in natural pastures or normally included in mixtures of seeds for pastures or meadows (whether or not used for grazing animals).

<sup>118</sup> Approved by Law "On Specially Protected Nature Territories" (adopted on 02.03.1993)

## **Beneficiaries**

800. Support may be granted to farmer (natural person or legal entity) managing an area on the target territory.

## **Eligibility criteria**

801. A beneficiary is eligible to receive aid if:
- 1) performs agricultural activity on eligible UAA of at least 1 ha consisting of plots not smaller than 0.3 ha;
  - 2) cross compliance of Articles 4 and 5 and Annexes III and IV of Regulation (EC) No. 1782/2003, the minimum requirements for fertiliser and plant protection product use and other mandatory requirements specified in Annex 9 of the Programme are complied with in the entire holding;<sup>119</sup>.

## **The areas designated to implement Directives 79/409/EEC and 92/43/EEC and obligations for farmers resulting from the corresponding national/regional management provisions**

802. The list of protected territories of European significance (Natura 2000) is provided in the Law of the Republic of Latvia “On Specially Protected Nature Territories”. This area network will be expanded during the planning period for 2007 – 2013.
803. Farmers, whose holdings are situated in Natura 2000 territories, have to comply with requirements stipulated in the national laws and regulations, nature protection plans of specially protected territories and regulations of individual protection and utilisation (see Annex 16).
804. The economic activity in special conservation areas is more or less restricted depending on the purpose of the respective area. For instance, it is forbidden to extract peat in marshes situated in protected restricted marsh areas for the purpose of protection of the marsh ecosystem, while it is allowed to pick berries, hunt, establish nature trails and observe birds. In numerous nature restricted areas it is permitted to pursue the previous economic activity – field cultivation, grass cutting in meadows, cattle grazing and considerate forest

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<sup>119</sup> The mandatory requirements established in Article 4 and Appendix III of Regulation (EC) No. 1782/2003 will be applied in accordance with the European Union and national legislation. If requirement is established according to Article 4 and Appendix III of Regulation (EC) No. 1782/2003, then it isn't applied according Annex 9 of this programme.

management. In respect of agricultural activity in Natura 2000 territories, the only restriction is the restriction to change the purpose of land use and transform, damage or destroy meadows (including by ploughing or cultivating).

**Description of the methodology and the agronomic assumptions used as reference point for the calculations justifying additional costs and income foregone resulting from the disadvantages in the area concerned to implementation of Directive 79/409/EEC and Directive 92/43/EEC**

805. The support payment has been calculated by comparing common agricultural practice in the territory, which is not subject to restrictions of economic activity on utilised agricultural land, with agricultural practice in NATURA 2000 territory, which is subject to restrictions of economic activity under the national legislation. Pursuant to the Cabinet Regulations of July 22 2003 No. 415 “General Protection and Usage Regulations of Specially Protected Nature Territories” restrictions on agricultural activity in specially protected nature territories have been imposed on permanent meadows and pastures – it is forbidden to destroy them (including ploughing or cultivation), which means that a farmer cannot include this land in the system of crop rotation.
806. See Annex 11 for detailed validity of the calculations.

**Type and scope of the specified support**

807. The support payment compensates foregone income and expenses with regard to restrictions and limitations caused by natural conditions to agricultural activity as provided by the national legislation.

<b>Scope of support</b>	<b>EUR/ha</b>
Permanent meadows and pastures	44

**Restrictions**

808. Until 2010 support payments may be granted only for the areas eligible to single area payment (SAP). Considering that SAP has a clearly defined and conclusively effective administration system in place and following safe financial management principles, these requirements, which do not restrict the circle of the beneficiaries, but ensure effective control, are also applied to environment and rural landscape improvement measures.

## Implementation time

809. The implementation of the measure regarding Natura 2000 payments is launched in 2007. The implementation of the measure in respect of the payments related to Directive 2000/60/EC is scheduled for 2009.

## Financial resources

810. Total funding – 12 878 250 EUR

811. Public funding – 12 878 250 EUR

## Transitional provisions

812. This measure does not require transitional provisions.

## Control

813. Where beneficiaries do not respect mandatory requirements, the support payment to be granted for the calendar year shall be reduced or cancelled according to Article 51 of Council Regulation (EC) No. 1698/2005.

## Relation with other measures

EAFRD (European Agricultural Fund for Rural Development) measures	Demarcation and complementarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation
NATURA 2000 payments and payments linked to Directive 2000/60/ECC (ERDF and CF)	ERDF and CF co-funded Operational programme “Infrastructure and Services”	measure 3.4.1 “Environment”, activity 3.4.1.2 “Developing Infrastructure in the Areas of Natura 2000”	<b>Activity objective</b> is to preserve environmental quality of Latvian nature in compliance with the requirements of the EU Directives, international obligations of the country and local needs, to withdraw existing and future threats to the values of nature, at the same time providing maximum effective usage of resources for preserving and renewing values of nature.  <b>Beneficiaries are</b> the Nature Protection Board, administrations of specially protected areas, local governments, associations of local governments (cooperation associations), state institutions, commercial companies. When the applicant and beneficiary is a local government, its administrative territory must include a Natura 2000 area on which infrastructure will be set up. If the	There will be no overlapping between the EAFRD measure and the CF and the ERDF measure as the supported activities differ.

			beneficiary is a union of local governments (cooperative union), it must include all local governments, on the territory of which Natura 2000 area infrastructure will be set up. If the beneficiary is a state institution or a commercial company, their competence should cover protection and management of specially protected territories.	
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## Quantified targets for EU common indicators

### Basic indicators

Type of indicator	Indicator	Target
Output	The number of supported holdings in NATURA 2000 territories	5 929
	The supported agricultural land in NATURA 2000 territories, ha	68 700
Result	UAA in Natura 2000 territories with effective land use, ha	65 300



## **Measure 214: Agri-Environment payments**

### **Legal basis**

814. Article 36 (a) (iv) and Article 39 of Council Regulation (EC) No. 1698/2005 and Article 27 and Point 5.3.2.1.4 of Annex 2 of Commission Regulation (EC) No. 1974/2006.

### **Background**

815. Rural development measure “Agri-environment” is implemented on the basis of the objectives and solutions defined in the “National Biodiversity Programme” for protection of biodiversity of agricultural ecosystems, Community Biodiversity Strategy, legislation related to development, surveillance and control of organic farming, European Action Plan regarding ecologically clean food and organic farming, and objectives set forth in the Preservation Programmes of National Genetic Resources.
816. Agri-environmental payments facilitate development of rural territory and provide the environment and rural landscape, which is available for the society. They encourage farmers to choose and to apply environmentally-friendly management methods, thus preserving the unique rural landscape and biodiversity.
817. The measure specified was implemented already in the first programming period of 2004 – 2006, and the implemented activities are carried out also in this programming period: they have been restructured in order to increase the support efficiency in attaining the objectives of the environmental policy. At the beginning of the planning period implementation of four Agri-environment measures in the framework of rural development programme has been started, but two sub-measures „Establishment of Buffer Zones” and „Preservation of genetic resources of farming animals” will be continued using the state aid. Considering of the significance the Agri-environment measures and the interest of farmers in the use of environment-friendly farming methods, in preservation of the biological diversity and rural landscape, the work on elaboration and implementation of new Agri-environmental activities (sub-measures) targeted at least partly at biodiversity protection of agricultural land outside grassland areas, will be carried on and the new sub-measures will be become part of this rural development programme 2007 – 2013.

818. Every country is responsible for the preservation of biodiversity in its own territory including the level of genetic diversity. Among the EU member states, Latvia stands out with unique ecological quality of its environment and diverse wildlife, therefore it is politically recognized that one of the rural development prospects of Latvian countryside is closely linked to preservation and refinement of environmental quality.
819. Agri-environment ensures a suitable environment for the existence of wildlife populations, which together with human activity shapes and characterizes rural landscape. The present landscape quality and wildlife biodiversity is a result of existing economic activity, and it is susceptible to potential changes in the economic activity.
820. The aim of Agri-environment payments is to facilitate development of organic and environmentally-friendly agriculture, which ensures a considerably lower chemical pollution load on the environment compared to the conventional agriculture: it facilitates preservation of biodiversity and prevents degradation of rural landscape ensuring a sustainable use of agri-environment resources. Farming with environmentally-friendly agricultural methods by restricting or eliminating the use of plant protection products and chemical fertilisers ensures production of sustainable high-quality and healthy foodstuffs (instead of maximum yield), at the same time reducing pollution in the surface and underground waters and air, preserving plant nutrients in the soil and reducing erosion processes in farmland.
821. In order to reduce use of pesticides and fertilizers thereby reduce such pollution of surface and groundwaters are implemented sub-measures „Introducing and promoting integrated horticulture”, „Organic farming” and “Stubble field in winter period”. To preserve organic substances in the soil and prevent soil erosion are implemented sub-measures „Stubble field in winter period”, „Organic farming”. To maintain biodiversity as well as to provide food for wild species in winter period are implemented sub-measures „Maintaining biodiversity in grasslands” and “Stubble field in winter period”. In order to maintain (Latvia has one of lowest amounts among EU countries) and to reduce the amount of green house emission it is foreseen sub-measure „Maintaining biodiversity in grasslands”, „Organic farming”.
822. The description of each sub-measure includes the background of the measure, the definition of its aims, the explanation of its environmental impacts, the payment eligibility criteria, the justification of support payment calculation and indicators.

## Objective

823. The objective of the measure specified is as follows:

- 1) To facilitate organic agricultural production by promoting application of organic farming methods in the utilised agricultural area;
- 2) To eliminate the use of plant protection products and fertilizers and to promote the preservation of biological diversity by promoting application of the integrated growth methods in horticulture;
- 3) To encourage conservation of biodiversity grasslands and maintenance of wild plants, wild animals, bird population and landscapes in the area of biodiversity grassland of the utilised agricultural land;
- 4) To facilitate soil cover protection against soil degradation processes, to preserve organic matter in soils and reduce run-off plant nutrients.

## Sub-measures

824. The measure involves four sub-measures:

- 1) Developing of organic farming;
- 2) Introducing and promoting integrated horticulture;
- 3) Maintaining biodiversity in grasslands;
- 4) Stubble field in winter period.

## Other measures

825. From state aid will be implemented Agri-environment sub-measures “Establishment of Buffer Zones” and „Preservation of genetic resources of farming animals”.

826. Within the framework of sub-measure “Establishment of Buffer Zones” support is given to activities related to establishment, conservation and management of the grassland buffer zones, to facilitate adherence to environmentally-friendly management methods and economic activity compliant with nature protection requirements in places with high risk of soil and water contamination and to provide places for protection of wild plant and animal habitats in territories with high utilisation intensity of arable land. The state aid will be provided throughout the programming period 2007 – 2013.

827. Within the framework of sub-measure „Preservation of genetic resources of farming animals” support is given to preserve, protect and multiply significant

breeding animals of local origin, which have been recognized as endangered populations on a national and international scale.

### Confirmation of cross-compliance obligations

828. The cross-compliance obligations, which influence implementation of several rural development measures, are identical to those stipulated in Articles 4 and 5 and Annexes III and IV of Commission Regulation No. 1782/2003.

### Financial resources

829. Total funding – 70 063 209 EUR (without transitional amount)

830. Public funding – 70 063 209 EUR

### Transitional provisions

831. The commitments undertaken within the framework of the Rural Development Plan 2004–2006 measure "Agri-environment" will be financed from the European Agricultural Fund for Rural Development.

832. Public financing costs of commitments undertaken in the previous period total 90 000 000 EUR.

### Control

833. Where beneficiaries do not respect mandatory requirements, the support payment to be granted for the calendar year shall be reduced or cancelled according to Article 51 of Council Regulation (EC) No. 1698/2005.

### Relation with other measures

EAFRD (European Agricultural Fund for Rural Development) measures	Demarcation and complementarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation
Agri- Environment payments (EFF)	EFF co- funded "Operational Programme for the implementati on of the	Priority axis II "Aquaculture, inland fishing, processing and marketing of fishery and aquaculture	<b>Measure objective</b> is to promote and introduce new aquaculture methods preserving and strengthening the biological and genetic diversity, environmental and natural recourses as well as maintaining the traditional characteristic of landscapes and	Demarcation between EAFRD and EFF - mode of use of agricultural land.

	European Fisheries Fund Support in Latvia”	products” measure 2 “Aquaculture environmental protection”	aquaculture zones.	Under the EAFRD the support will be granted to the agricultural land, but under the EFF support is granted to land of aquaculture companies under waters, which is used for growing aquaculture animals and agricultural land not used for agricultural activities.
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### Quantified targets for EU common indicators

834. According to the provisions and financing of the measure the following indicators should be achieved (See the table below).

#### Basic indicators

Type of indicator	Indicator	Target
Output	The number of the supported holdings	
	Development of organic farming	5738
	Introducing and promoting integrated horticulture	2 000
	Maintaining biodiversity in grassland	5828
	Stubble field in winter period	4000
	The supported area, ha	
	Development of organic farming	207728
	Introducing and promoting integrated horticulture	12 000
	Maintaining biodiversity in grasslands	56000
	Stubble field in winter period	100 000
Result	Area, where obligations are complied with, ha	
	Improvement of biodiversity	365 728
	Improvement of soil quality	365 728
	Improvement of water quality	365 728

## **Sub-measure 214/1: Development of Organic Farming**

### **Background**

835. In 1998, there were only 39 organic farming agricultural holdings with total area of 1,426 ha. In 2006 the number of certified farms had already reached 4105, but the certified area had increased from 0.2 % to 6 % of the total agricultural land areas. After the accession to the EU, the state and European Union rural development measures promoted the development of organic farming production. The number of organic farms and organic agricultural production area rapidly increased: in 2005 2,367 farmers with 99,270 ha agricultural land area received organic farming development support.
836. Organic farming comprises all sub-sectors of agriculture – cultivation of grain, vegetable gardening, dairy farming and apiculture. There was especially rapid growth in the scope of beef farming and sheep-breeding.
837. All stages of organic farming are subject to control and surveillance. Implementation of control measures enhances production costs of organic farming. In order to facilitate competitiveness of organic farmers and compensate the revenue foregone, it is required to provide support for the producers of organic products.
838. Agricultural land cultivated with organic farming methods causes less chemical stress to the environment compared to intensive farming methods. Introduction of land management consistent with organic management, including vegetation change, the number of livestock adequate to land area and usage of organic fertilisers compliant to non-pollution standards, reduces discharge from agricultural area and, consequently, erosion and penetration of biogenic elements into watercourses and water bodies. By not using chemically synthesised plant protection products we reduce the amount of pesticide traces in the environment. Furthermore, soil quality indices improve. A satisfactory content of organic matter, soil reaction (pH level) and an optimum proportion of the key nutrients (biogenic agents) K, N and P enable the soil to provide good nutritional conditions for the entire flora and fauna.

### **Objective**

839. The purpose of the sub-measure is to facilitate organic agricultural production by promoting application of organic agriculture methods in the utilised agricultural land.

## **Eligible Activities**

840. This sub-measure ensures support for holdings, which in the process of managing the utilised agricultural land:

- 1) produce organic farming products;
- 2) in transition period to organic farming production.

## **Target territory of the specified measure**

841. The target territory of the measure is entire territory of Latvia, because agricultural lands of individual agricultural companies are located also in cities, for instance, vegetable farms. .

## **Beneficiaries**

842. The support may be granted to farmer (a natural person or legal entity,) which is engaged in organic product producing, or which is in transition period to organic product producing.

## **Eligibility criteria**

843. A beneficiary is eligible to receive aid if:

- 1) performs agricultural activity by means of organic farming methods on eligible UAA at least 1 ha, consisting of plots not smaller than 0.3 ha;
- 2) cross compliance of Articles 4 and 5 and Annexes III and IV of Regulation (EC) No. 1782/2003, the minimum requirements for fertiliser and plant protection product use and other mandatory requirements specified in Annex 9 of the Programme are enforced on the whole territory of the agricultural holding;<sup>120</sup>;
- 3) undertakes voluntary agri-environmental commitments to manage the declared area in line with the aid eligibility criteria and to apply for the aid for five years from the first year of payment;
- 4) produces organic production in accordance with Council Regulation (EEC) No 2092/91 of 24 June 1991 on organic production of agricultural

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<sup>120</sup> The mandatory requirements established in Article 4 and Appendix III of Regulation (EC) No. 1782/2003 will be applied in accordance with the European Union and national legislation. If requirement is established according to Article 4 and Appendix III of Regulation (EC) No. 1782/2003, then it isn't applied according Annex 9 of this programme.

products and indications referring thereto on agricultural products and foodstuffs and the requirements of the amendments thereof confirming by the authority accredited in Latvia issued certificate.

### **Type and scope of the specified support**

844. The area support payment shall be allocated with respect to the cultivated plant areas registered by the beneficiary. The cultivated plants are divided as follows:

<b>No.</b>	<b>Groups of crops</b>	<b>Payment EUR/ha</b>
1.	Permanent meadows and pastures, nectar plants	138
2.	Field crops (int. al. industrial crops), other crops in arable land, perennial grassland and grassland in arable land for seed production, fallow	108
3.	Vegetables (incl. herbs) and household gardens	357
4.	Potatoes, starch potatoes	318
5.	Fruit crops and bush fruits	419

### **Description of the methodology and of the agronomic assumptions and parameters used as reference point for the calculations**

845. Payment of the aid calculation in sub-measures is made comparing gross margin of traditional agriculture practice and the organic farming methods. In traditional (conventional) practice farmers have to meet cross-compliance requirements and minimum requirements laid down in the national law. In the organic farming farmer supplementary cross-compliance requirements and minimum requirements laid down in the national law have to meet the requirements defined by Regulation (EEC) No 2092/91 that creates additional costs and foregone income. For instance, for plant protection and fertilising merely the substances listed in Annex II of Regulation (EEC) No 2092/91 shall be used. Besides applying organic agriculture methods crop yield is reduced. Support payment includes expenditure for certification

846. Payment of the aid goes beyond the cross-compliance requirements and minimum requirements set in Annex 10.

847. See Annex 12 for detailed validity of the calculations.

### **Restrictions**

848. Regarding the specified land, the beneficiary may not claim support under the sub-measures “Introducing and promoting integrated horticulture” and



“Maintaining biodiversity in grasslands” of the measure “Agri-Environment payments”.

849. Until 2010 support may be granted only for the areas eligible to single area payment (SAP). Considering that SAP has a clearly defined and conclusively effective administration system in place and following safe financial management principles, these requirements, which do not restrict the circle of the beneficiaries, but ensure effective control, are also applied to environment and rural landscape improvement measures.

### Implementation time

850. The implementation of the sub-measure will be started in 2008.

### Quantified targets for EU common indicators

#### Basic indicators

Type of indicator	Indicator	Target
Output	Number of agricultural holdings supported	5738
	Agricultural land supported, ha	207728
Result	Share of agricultural land successfully farmed with organic farming methods, %	10
	Areas under successful land management, ha:	
	Improvement of soil quality	207728
	Improvement of water quality	207728
	Improvement of biodiversity	207728

## **Sub-measure 214/2: Introducing and Promoting Integrated Horticulture**

### **Background**

851. Integrated production methods inter alia are based on organic plant protection methods, pest and disease control and optimum doses of fertilisers. Application of integrated production methods in horticulture helps to minimise chemical use and undesirable side-effects thereof ensuring environmental and human health protection.
852. Integrated production methods have a favourable impact on the environment as they require considerably less pesticides and fertilisers, which compared to the conventional agriculture reduces the chemical load on the environment.
853. The use of pesticides in the integrated horticulture is based on pest and disease control or monitoring reducing environmental and health risks, which may result from the use of plant protection products. The monitoring data are used to identify spraying intervals and to reduce the amount of the sprayable plant protection products. Anti-pest and anti-disease spraying must be performed only with regards to their predicted development and using only the products intended for integrated horticulture. If possible, pests must be destroyed by means of organic methods, e.g. pheromone traps.
854. In order to preserve and even increase biodiversity favourable conditions for the natural enemies of the harmful organisms should be established. Bird cages, perches or naturally suitable places for bird nesting should be established in the garden area and its vicinity.
855. Furthermore, the use of mulch in horticulture reduces the need for herbicides and fungicides as a means for protection against diseases caused by weeds and fungi. Besides, run-off of plant nutrients into surface and underground waters is reduced.
856. Increased use of integrated production methods in gardening facilitates and preserves biodiversity both in the garden and its surroundings decreasing soil, water and air pollution, improving and maintaining the soil fertility and increasing the prevalence of natural factors in plant and soil process control.
857. In recent years the area of fruit tree and berry bush plantations has gradually increased in Latvia reaching 13,745 ha in 2006; integrated production methods were used on 1,537 ha (19.2 % of the productive areas). In 2006 vegetables were grown on the area of 13,436 ha, out of which integrated

production methods were applied on 1,915 ha (14.3 %). By the end of the planning period, it is planned to use the integrated production methods on approximately 80 % of the perennial plantation area and on 25 % of the total vegetable area.

### **Objective**

858. To eliminate the use of plant protection products and fertilizers and to promote the preservation of biological diversity by promoting application of the integrated growth methods in horticulture.

### **Eligible Activities**

859. Under this sub-measure the support will be provided to the farmers who use integrated production methods in horticultural production.

### **Target territory of the specified measure**

860. The target territory of the measure is entire territory of Latvia, because agricultural lands of individual agricultural companies are located also in cities, for instance, vegetable farms.

### **Beneficiaries**

861. The support may be granted to a farmer (a natural person or legal entity), who cultivates horticultural products by means of the integrated production methods.

### **Eligibility criteria**

862. A beneficiary is eligible to receive aid if:

- 1) performs agricultural activity by means of the integrated production methods on eligible UAA at least 1 ha, consisting of plots not smaller than 0.3 ha;
- 2) cross compliance of Articles 4 and 5 and Annexes III and IV of Regulation (EC) No. 1782/2003, the minimum requirements for fertiliser and plant protection product use and other mandatory requirements specified in Annex 9 of the Programme are complied with in the entire holding<sup>121</sup>;

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<sup>121</sup> The mandatory requirements established in Article 4 and Appendix III of Regulation (EC) No. 1782/2003 will be applied in accordance with the European Union and national legislation. If requirement is established according to Article 4 and Appendix III of Regulation (EC) No. 1782/2003, then it isn't applied according Annex 9 of this programme.

- 3) undertakes voluntary agri-environmental commitments to manage the specified area in line with the aid eligibility criteria and to submit an application for the aid for five years from the first year of payment.
- 4) conducts agricultural activity using integrated production methods which is confirmed by record in the Register of Integrated growing agricultural products of the State Plant Protection Service.

### **Type and scope of the specified support**

863. Payment calculation is based on the share of foregone income and extra expenses related to compliance with the integrated production methods, which exceed the mandatory standards defined by Articles 4 and 5 and Annexes III and IV of Regulation No. 1782/2003.
864. The area support payment shall be allocated with respect to the cultivated plant areas registered by the beneficiary. The cultivated plants are divided as follows:

<b>No</b>	<b>Groups of crops</b>	<b>Payment EUR/ha</b>
1.	Apple, pear	<b>390</b>
2.	Cherry, plum, raspberry, Black and red currants, gooseberries, cranberry, strawberry, gooseberry, Japanese guince	<b>278</b>
3.	Cabbages	<b>24</b>
3.	Field cucumbers, carrots, red beets, root vegetables, cauliflower, onions, garlic	<b>70</b>

### **Description of the methodology and of the agronomic assumptions and parameters used as reference point for the calculations**

865. The support payment is calculated by comparing the gross coverage in traditional agricultural practice and the integrated horticultural production. In traditional (conventional) practice a farmer must comply with the cross-compliance obligations and other mandatory requirements defined in the national laws and regulations. In integrated horticulture additional expenses and unearned income are generated by complying with the integrated production methods, i.e. in the process of growing fruit trees, berry bushes and vegetables a reduced amount of plant protection products and chemical fertilisers is used with the emphasis on mechanical elimination of the sources of infection and pest, disease and weed control (monitoring). In perennial plantations mulch, trichogrammas and pheromone traps are used. The data regarding all works and measures carried out on the farm, including pest and disease monitoring are registered. In order to preserve biodiversity the opportunities of attracting the natural enemies of the harmful organisms have

to be used by providing them a favourable environment, e.g. placing bird cages and nesting boxes in the garden.

866. Payment of the aid is goes beyond the obligations above the cross-compliance requirements and minimum requirements set in Annex 10.
867. See Annex 12 for detailed validity of the calculations.

### **Restrictions**

868. Regarding the specified land, the beneficiary may not claim support under the sub-measures “Maintaining biodiversity in grasslands”, “Stubble field in winter period” and “Developing of organic farming” of the measure “Agri-Environment payments”.
869. Untill 2010 support may be granted only for the areas eligible to receive single area payment. Considering that SAP has a clearly defined and conclusively effective administration system in place and following safe financial management principles, these requirements, which do not restrict the circle of the beneficiaries, but ensure effective control, are also applied to environment and rural landscape improvement measures.

### **Implementation time**

870. The implementation of the sub-measure will be started in 2008.

### **Quantified targets for EU common indicators**

#### **Basic indicators**

<b>Type of indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of agricultural holdings supported	2000
	Agricultural land supported, ha	12 000
Result	Areas under successful land management, ha	
	Improvement of soil quality	12 000
	Improvement of water quality	12 000
	Improvement of biodiversity	12 000

### **Sub-measure 214/3: Maintaining Biodiversity in Grasslands**

#### **Background**

871. In the utilised agricultural areas, grasslands are the eco-systems, which are richest in species. The traditional agricultural methods throughout several centuries facilitated adaptation of plant and animal species to regular scything and grazing. The significance of grasslands is characterised by the fact that one third of the species included in the list of specially protected plants are those whose spread depends on grassland management.
872. The natural meadows rich in flowering plants, which are mainly managed by the traditional extensive methods, form a very important living environment for rural birds. They provide adequate and safe nesting spots for birds nesting on the ground, e.g., pewit *Vanellus vanellus*, curlew *Numenius arquata*, yellow wagtail *Motacilla flava flava*, skylark *Alauda arvensis*, meadow pipit *Anthus pratensis*, corncrake *Crex crex* and quail *Coturnix coturnix*. Humid, periodically flooded meadows are a habitat of common snipe *Gallinago gallinago*, great snipe *Gallinago media* and common redshank *Tringa tetanus*.
873. The wide range of plant species in natural meadows ensures seed feed for birds all year round. A sward of natural origin is a safe habitat for invertebrates and small rodents, which are a part of the menu for birds of various ages. The most important pre-requisite in meadow management is late mowing. The optimum mowing time is after July 15, when the bird nesting season is over and the seeds of the most flowering plants have ripened. However, until August there is a risk of scything birds therefore it is recommended to use bird-friendly scything methods, namely, scything from the centre of the field towards its edges, or from one edge of the field. Besides, scything machinery has to be equipped with devices, which scare away animals and birds from the land to be processed.<sup>122 123</sup>
874. The management measures of natural grasslands that promote preservation of biodiversity are late mowing and extensive grazing. In case of late mowing it is to carry out mowing after August 1. Optimum extensive grazing which preserves biodiversity is 0.4 – 0.9 livestock units per hectare whereas traditional agricultural grazing intensity is 1.5.

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<sup>122</sup> Januška I., How to Help Birds in the Countryside, Latvian Ornithology Association, 2004

<sup>123</sup> Keiðs O., Birds in Floodplains, LIFE-Nature project „Restoration of Latvian floodplains for EU priority species and habitats”

## **Objective**

875. The objective of the sub-measure is to encourage conservation of biodiversity grasslands and maintenance of wild plants, wild animals, bird population and landscapes in the area of biodiversity grassland of the utilised agricultural land.

## **Eligible Activities**

876. Maintenance of grasslands cultivated on the utilised agricultural land in an environmentally-friendly manner by extensive grazing or late mowing of grassland.

## **Target territory of the specified measure**

877. The target territory of the sub-measure is biologically valuable grasslands specified by the foundation “Latvian Nature Fund” (see map in Annex 5).

## **Beneficiaries**

878. The aid may be granted to farmer (a natural person or legal entity), which performs agricultural activity on the land that has been granted the status of biologically valuable grassland.

## **Eligibility criteria**

879. A beneficiary is eligible to receive aid if:

- 1) performs agricultural activity on eligible UAA of at least 1 ha consisting of plots not smaller than 0.3 ha;
- 2) cross compliance of Articles 4 and 5 and Annexes III and IV of Regulation (EC) No. 1782/2003, the minimum requirements for fertiliser and plant protection product use and other mandatory requirements specified in Annex 9 of the Programme are enforced on the whole territory of the agricultural holding;<sup>124</sup>;
- 3) undertakes voluntary agri-environmental commitments to manage the

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<sup>124</sup> The mandatory requirements established in Article 4 and Appendix III of Regulation (EC) No. 1782/2003 will be applied in accordance with the European Union and national legislation. If requirement is established according to Article 4 and Appendix III of Regulation (EC) No. 1782/2003, then it isn't applied according Annex 9 of this programme.

declared area in line with the aid eligibility criteria and to apply for the aid for five years from the first year of payment;

4) mow the biologically valuable grassland or graze on them annually respecting the following requirements:

- graze with 0.4 to 0.9 livestock units per 1 ha. Grazing intensity must be chosen within the permitted interval and according to grassland type, location, climate and other conditions to prevent grassland overgrazing;
- mow within the period after August 1 until September 15, and the mowed grass shall be collected and removed from the field, or chopped;
- if mowing is done using machinery, it cannot damage soil surface.

### **Type and scope of the specified support**

880. The amount of the payment is determined as follows:

	<b>EUR/ha</b>
Biologically valuable grassland	123

### **Description of the methodology and of the agronomic assumptions and parameters used as reference point for the calculations**

881. In traditional agriculture practice meadows and grassland shall be cut by August 1 as provided by the conditions of good agricultural and environment state. The payment of the aid covers additional costs and foregone income occurred in the case of delayed cut of biologically valuable grassland (after August 1 and September 15) and/or extensive pasture compared to the traditional practice. In the traditional practice meadows are cut earlier (from end of May or beginning of June) due to providing the most valuable food – field unit gives the most digestible nutrients. Natural meadows or biologically valuable grasslands give poor yield and in the stand low nutrient plant species are dominant, thus they are of little value from the agronomical point of view. Unfortunately those are meadows of the widest range of plant species and of the most botanic value, at the same time of the most difficult access and location of complicated managing, like river flood-lands, thus causing major additional managing costs, bigger request for petrol and more time for cutting the area. The foregone income occurs due to the solidity of the cut grass, very low sustenance leading to limited use for feed.



882. Payment of the aid goes beyond the obligations above the cross-compliance requirements and minimum requirements set in Annex 10.
883. See Annex 12 for detailed validity of the calculations.

### Restrictions

884. Regarding the specified land, the beneficiary may not claim support under the sub-measures “Developing of organic farming”, “Introducing and promoting integrated horticulture” and “Stubble field in winter period” of the measure “Agri-Environment payments”.
885. Until 2010 support may be granted only for the areas eligible to single area payment (SAP). Considering that SAP has a clearly defined and conclusively effective administration system in place and following safe financial management principles, these requirements, which do not restrict the circle of the beneficiaries, but ensure effective control, are also applied to environment and rural landscape improvement measures.

### Implementation time

886. The implementation of the sub-measure will be started in 2008.

### Quantified targets of EU common indicators

#### Basic indicators

Type of indicator	Indicator	Target
Output	Number of agricultural holdings supported	5828
	Agricultural land supported, ha	56 000
Result	Areas under successful land management, ha:	
	Improvement of soil quality	56 000
	Improvement of water quality	56 000
	Improvement of biodiversity	56 000
	Share of successfully managed biologically valuable grasslands, %	80

### **Sub-measure 214/4: Stubble field in winter period**

#### **Background**

887. Soil is an important component of the environment and one of the most significant renewable nature resources of Latvia. Soil is one of the main factors determining the differentiation of the type of use of the land as well as the crop rotation on agricultural lands. The basic indicators of the agrochemical features of the soil are: soil reaction, organic matter content, content of plant nutrients and soil adsorption capacity. Significant deterioration of those indicators by far outweighs the improvements. Wash-out of plant nutrients by agricultural run-offs is a natural phenomenon which is most intensive from October to April. This results in pollution of surface water ecosystems with plant nutrients. Loss of plant nutrients is partly dependent on natural processes ongoing in the soil and on run-offs. The extent of plant nutrient losses is primarily determined by fertilising activities, cultivation system, time and scope of fertilising. The organic matter of the soil is a source of plant nutrients but also a source of a significant impact on the physical indicators and adsorption capacity of the soil. The average organic matter content in soil amounts to 1.83%. In a seven-year observation period, the content of organic matter in mineral soils has decreased on 25% of the areas. Areas of soils with a low content of organic matter require improvement measures, including intensified use of organic fertilisers, peating, growing of organic green fertilisers and perennial grasslands. Plant nutrients determine the quality of the agricultural products and productivity. Originally, Latvian soils are not rich in mineral plant nutrients. Within the period of observation (1993–1999), the content of mobile phosphorus has decreased on 60% of the areas, whereas that of the mobile potassium has declined on 70% of the areas.
888. Soil erosion has an adverse impact on the soil, its physical and agrochemical properties and consequently on agricultural production and its outcomes. In Latvia water and wind erosion prevail. There are considerable areas of eroded agricultural land and agricultural land subject to water erosion in the highlands of Latvia, whereas wind erosion manifests itself in large plains subject to wind influences and with sandy soils (mainly in Riga, Ventspils and Liepaja districts, as well as in Zemgale, where large fields were formed in the Soviet times) (see map in Annex 5).
889. Preserving post-harvest residues in winter period facilitates protection of topsoil from soil degradation processes, including water and wind erosion, preserves organic substances in the soil reducing wash-off of nutrients, which increases buffer capability of the soil. Uncultivated leftovers of crop harvesting provide feed for wild animals in winter period. Stubbles provide an

important winter food source for seed-eating birds, grey partridge and other wintering birds, also for brown hare and as shelter for many species of rodents which are important source of food for endangered birds of prey.

### **Objective**

890. The objectives of this sub-measure are to facilitate soil cover protection against soil degradation processes, to preserve organic matter in soils and reduce run-off plant nutrients

### **Eligible Activities**

891. Preservation of post-harvest residues or stubble in winter period.

### **Target territory of the specified measure**

892. The implementation location of the sub-measure is agricultural land.

### **Beneficiaries**

893. The aid may be granted to farmer (a natural person or legal entity), which performs agricultural activity on the agricultural land.

### **Eligibility criteria**

894. A beneficiary is eligible to receive aid if:

- 1) performs agricultural activity on eligible UAA of at least 1 ha consisting of plots not smaller than 0.3 ha;
- 2) cross compliance of Articles 4 and 5 and Annexes III and IV of Regulation (EC) No. 1782/2003, the minimum requirements for fertiliser and plant protection product use and other mandatory requirements specified in Annex 9 of the Programme are enforced on the whole territory of the agricultural holding;<sup>125</sup>;
- 3) undertakes voluntary agri-environmental commitments to manage the declared area in line with the aid eligibility criteria and to apply for the aid

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<sup>125</sup> The mandatory requirements established in Article 4 and Appendix III of Regulation (EC) No. 1782/2003 will be applied in accordance with the European Union and national legislation. If requirement is established according to Article 4 and Appendix III of Regulation (EC) No. 1782/2003, then it isn't applied according Annex 9 of this programme.

for five years as from the first year of payment confirmation;

4) after harvesting leaves uncultivated post-harvest residues or stubble until March 1 of the next year;

5) it is prohibited to use plant protection products and chemical fertilisers in the stubble field after harvesting.

### **Type and scope of the specified support**

895. Beneficiaries shall be entitled to receive annual support payment to compensate for additional expenses related to structural changes in production activities and loss of earnings with regard to utilised agricultural area.

<b>Total support</b>	<b>EUR/ha</b>
<b>Per 1 ha of stubble</b>	87

### **Description of the methodology and of the agronomic assumptions and parameters used as reference point for the calculations**

896. The cross-compliance requirements define plants or plant waste and stubble shall be worked into the soil, in order to maintain the fertility of the land utilised for agriculture traditionally done in autumn.

897. The payment of the aid covers additional costs and foregone income caused by transferring the production structure and ploughing in spring, which according to the agronomic assumptions reduces yield by 15%.

898. Payment of the aid goes beyond the obligations above the cross-compliance requirements and minimum requirements set in Annex 10.

899. See Annex 12 for detailed validity of the calculations.

### **Restrictions**

900. Regarding the specified land, the beneficiary may not claim support under the sub-measures “Developing organic farming”, “Introducing and promoting integrated horticulture” and “Maintaining biodiversity in grassland” of the measure “Agri-Environment payments”.

901. Until 2010 support may be granted only for the areas eligible to single area payment (SAP). Considering that SAP has a clearly defined and conclusively

effective administration system in place and following safe financial management principles, these requirements, which do not restrict the circle of the beneficiaries, but ensure effective control, are also applied to environment and rural landscape improvement measures.

### **Implementation time**

902. The implementation of the sub-measure will be started in 2008.

### **Quantified targets for EU common indicators**

#### **Basic indicators**

<b>Type of indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of agricultural holdings supported	4000
	Agricultural land supported, ha	100 000
	Agricultural land supported in Natura 2000, ha	30 000
Result	Areas under successful land management, ha:	
	Improvement of soil quality	100 000
	Improvement of water quality	100 000

## 5.4.2. Measures targeting the sustainable use of forestry land

### Measure 223: First Afforestation of Non- Agricultural land

#### Legal basis

903. Article 36 (b) (iii) and Article 45 of Council Regulation (EC) No. 1698/2005 and Article 30 and Point 5.3.2.2.3 of Annex 2 of Commission Regulation (EC) No. 1974/2006.

#### Background

904. In the period from 1990 to 1999, decrease in agricultural production, introduction of advanced technologies and increase in productivity level per one ha of the utilised agricultural area enhanced the area of non agricultural land. According to the data of State Land Service (SLS), in 2004 non-utilised agricultural land constituted almost one fifth or 340.4 thous. ha of the total area of agricultural land (in 1995 – 11%). Abandoned land subject to paludification and overgrowing with inferior shrubs reached the area of 51.9 thous. ha in 2004. Afforestation of non- agricultural land is a rational solution of land use enabling us to achieve the goals set forth in Latvian Forest Policy, Latvian Environmental policy Plan and the Resolutions of European Ministerial Conference on Protection of Forests in Europe. Forest plays an important role in maintenance of biodiversity, retention of global carbon cycle, water protection, and prevention of erosion, flooding and climate change. Afforestation contributes to preservation of biodiversity by creating forest ecosystem corridors in open landscapes and revival of historical values of characteristic forest ecosystems in places where the type of land use has been changed.
905. Each project of afforestation is evaluated for compliance with laws and regulations. When performing afforestation, each time permit of land transformation (land use change) is needed and it is issued by state institution. In the process of permit issuance also nature protection organisations are involved and project compliance to the requirements of impact assessment law on the environment is evaluated. In land transformation process also the spatial planning of the local government territory is taken into account, which may contain additional restrictions. There are individual protection and use regulations for protected territories, which put restrictions on transformation.
906. By the same token, first afforestation of non agricultural land would increase the value of the major resource – land, employment of economically active population and in long term – also the use of wood as a renewable resource

for energy production. Although the guidelines of land use are under preparation on the national level, there are a regulatory system and financial instruments in place promoting afforestation. 2,981 ha of land were afforested in 2005.

### **Objective**

907. To facilitate afforestation of non agricultural land increasing the efficiency of land use, preserving biodiversity and recreational and using aesthetic values of landscape.

### **Activities**

908. This measure involves the following activities:
- 1) Afforestation of non-agricultural land. Non- agricultural land shall be the land outside land parcels (areas which are included in land parcels are lands which conformed with good agricultural practice as of 30<sup>th</sup> of June 2003);
  - 2) Maintenance of and additional planting in self-established forest stands.

### **Target territory of the specified measure**

909. The measure shall be implemented in the rural territory of Latvia.

### **Beneficiaries**

910. Land owners (natural persons and legal entities, municipalities) shall qualify as beneficiaries under the specified measure.

### **Eligibility criteria**

911. The applicants must possess agricultural land, which following the implementation of the project can be transformed into forest land.
912. Support under the “Afforestation of non agricultural land” activity shall be provided with regard to afforestation of lands, which are situated outside rural blocks, afforestation of sandpits and afforestation of scrubland.
913. Afforestation is also permitted in areas, where the self-established forest stand constitutes up to 50% of the area.
914. Support under the “Maintenance of and additional planting in self-established forest stands” activity shall be provided with regard to maintenance of and additional planting in self-established forest stands situated on unused

agricultural land comprising the number of trees below the minimum defined by national legal provisions.

915. If abandoned agricultural land is afforested which for longer time was not used in agriculture (agricultural land outside land parcels and scrubland) support can be received for establishment of forest stand and also maintenance costs can be received. Maintenance costs are covered up to five years in turn, including the year of establishment. Number of years when maintenance costs are covered depends on composition of stand to be afforested and it is given in the table. If afforestation of other lands is carried out support can be received only for establishment of forest stand.

### Type and scope of the specified support

916. See the table below for the maximum support to be provided under the specified activities.

Activities	Composition of stand to be afforested	Amount of support (if support intensity is 70%)			
		Support for afforestation, EUR/ha	Annual support for maintenance (EUR/ha)	Number of years maintenance costs are supported	Total EUR/ha
Afforestation of non agricultural land	Conifers (pine, spruce, larch)	530	170	3	1040
	1 <sup>st</sup> group deciduous trees (birch, aspen, hybrid aspen, grey alder, common alder, lime)	530	170	3	1040
	2 <sup>nd</sup> group deciduous trees (oak, ash, maple, sweet cherry, beech)	1300	170	5	2150
	Mixed stands				
	Conifers (50%-75%)	900	170	3	1410



	Mixture of 1 <sup>st</sup> and 2 <sup>nd</sup> group trees. Proportion of 2 <sup>nd</sup> group trees is not less than 50%.	900	170	5	1750
Maintenance and expansion of self-restored forest stands	Maintenance of self-restored forest stands	not applicable	360	3	1080
	Maintenance and expansion of self-restored forest stands	not applicable	210	3	630

917. See the annex for the justification of support rates.

### **Restrictions**

918. No support for afforestation shall be provided with regard to:

1) Christmas tree plantations;

2) NATURA 2000 territories and other protected territories, except if provided for in the management plan of the respective protected area.

919. A single applicant within a period of one year may claim support payments for areas not exceeding 50 ha and matching the activity under the specified measure.

920. In afforestation requirements of national legal acts shall be taken into account for example afforestation is performed using local forest tree species suited to growing conditions, and according to regulations of forest reproductive material, during afforestation individually growing trees and bushes, tree clusters and rows, as well as alleys shall be preserved, if afforestation of the protective zone of a water body, restrictions on forest stand composition must be taken into account, if afforestation of the protective zone of a water body etc.

### **Financial resources**

921. Total funding – 16 218 160 EUR.

922. Public funding – 16 218 160 EUR.

### **Quantified targets for EU common indicators**

923. According to the provisions and financing of the measure the following indicators should be achieved (See the table below).

### **Basic indicators**

<b>Type of indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	The supported holdings	1 491
	Afforested land, ha	14 896
Result	Land, where compliance is ensured (avoidance of marginalisation and land abandonment), ha	17 100

## **Measure 224: NATURA 2000 Payments (to Forest Owners)**

### **Legal basis**

924. Article 36 (b) (iv) and Article 46 of Council Regulation (EC) No. 1698/2005 and Article 30 and Point 5.3.2.2.4 of Annex 2 of Commission Regulation (EC) No. 1974/2006.

### **Background**

925. The main pre-requisite for establishing the network of NATURA 2000 territories is the preservation of endangered plant and animal species and their habitats (biotopes). These biotopes and species are listed in two EU directives – Council Directive on the conservation of wild birds (79/409/EEC 2 April 1979) and Council Directive on the conservation of natural habitats and of wild fauna and flora (92/43/EEC 21 May 1992), and all Member States are obliged to comply with these provisions.
926. In order to build NATURA 2000 network of protected territories, the inventory of the existing specially protected nature territories was made and new areas were established over the period of three years (2001 – 2004). This resulted in designation of 336 NATURA 2000 territories, and for the purposes of protection and conservation a part of them is subject to restrictions of economic activity. A significant part of NATURA 2000 territory is situated on forest land with the total area of 426,989 ha (approximately 55% of the total area of Natura 2000 territories in Latvia and approximately 14,5% of the total forests of Latvia). The restrictions of economic activity in forest land have been imposed on the area of 318,804 ha, including 54,173 ha (approximately 7.1% of the total Natura 2000 territories in Latvia and approximately 1,84% of the total forests of Latvia) of private land.
927. It is forbidden to perform any forestry activity or both final felling and thinning, or final felling, which results in considerable losses in terms of foregone income, in private forests with the total area of approximately 17,000 ha.
928. The traditional rural land property in Latvia would comprise both farmland and forest land, which often enables owners to invest revenues gained from forestry into agricultural activity or any other rural entrepreneurial activity. Therefore, in the case of Latvia, alongside with establishment of NATURA 2000 territories and imposing economic activity restrictions, the compensation of losses not only in agriculture but also in forestry would be very important. The total area of private land situated in NATURA 2000 territories constitutes

54,173 ha. For the restrictions imposed on these areas and the respective economic activities see the table below. NATURA 2000 territories are listed in the appendix to the Law on Specially Protected Nature Territories (see map in Annex 5, list of territories in Annex 8).

929. EU legal acts determine that allowable difference in estimation of the supported area can not be more than 3%, but national legal acts on forest inventory allow difference of 0.1 hectare per forest compartment. That means that in order not to allow difference bigger than 3%, continuous supported area must be more than 3,33 hectares, but in some cases supported area will be smaller and therefore risk of sanction is increased. Therefore it is planned that at least in the first year there will be equal amount of payment for all NATURA 2000 forest areas which meet requirements for this payment, before this problem is solved. It can be forecasted that differentiated payment will be introduced when the second payment of compensation will be provided.

### **Restrictions of economic activity in NATURA 2000 territories which meet requirements for this payment, ha**

<b>Type of restriction of economic activity</b>	<b>Private forest land, ha</b>
Forestry activities forbidden	1638,3
Final felling + thinning forbidden	8430,3
Final felling forbidden	6957,3
Clear cut forbidden	37146,4
<b>Total</b>	<b>54173,0</b>

Source: State Forest Service (SFS)

930. The measure complies with the following industry policy documents:
- 1) EU Forest Action Plan – Measure 2: Improving and protecting the environment Objective: To maintain and appropriately enhance biodiversity, carbon sequestration, integrity, health and resilience of forest ecosystems at multiple geographical scales. Key Action 9: Enhance the protection of EU forests
  - 2) Policy Baselines for development of forest and related industries – Objective 1: Management of Latvian forests is sustainable and internationally approved. Sustainable management means the stewardship and use of forests and forest lands in a way, and at a rate, that maintains their biodiversity, productivity, regeneration capacity, vitality and their potential to fulfill, now and in the future, relevant ecological, economic and social functions, at local , national, and global levels, and that does not cause

damage to other ecosystems (*Helsinki Resolution*).

### **Objective**

931. The objective of the measure specified is for public benefit to preserve biodiversity in private and municipal forests and forest land, situated in NATURA 2000 territories.

### **Activities**

932. Compensation for restrictions imposed on economic activity in private forests and forest land, situated in NATURA 2000 territories.

### **Target territory of the specified measure**

933. The specified measure shall be implemented in the forest land forming part of Natura 2000 network<sup>126</sup>.

### **Beneficiaries**

934. Private owners of forest and forest land.

### **Eligibility criteria**

935. A beneficiary is eligible to receive aid if:

1) it is confirmed that the requirements set forth by the national legislation applicable to restrictions of forestry activities in Natura 2000 areas are complied with;

2) the respective territory has been subject to forest inventory;

3) cross compliance of Articles 4 and 5 and Annexes III and IV of Regulation (EC) No. 1782/2003 are enforced on the whole territory of the holding.<sup>127</sup>

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<sup>126</sup> Approved by Law “On Specially Protected Nature Territories” (adopted on 02.03.1993).

<sup>127</sup> The mandatory requirements established in Article 4 and Appendix III of Regulation (EC) No. 1782/2003 will be applied in accordance with the European Union and national legislation.

### **Type and scope of the specified support**

936. The annual support payment shall compensate the foregone income and expenses resulting from the restrictions imposed on economic activity in forest land pursuant to implementation of Directives 79/409/EEC and 92/43/EEC in the respective territories.

937. The amount of the payment is:

1) 60 EUR/ha without reference to the type of restriction of management activity. Such payment will be applied until the problem mentioned in background;

2) Differentiated payment depending on type of management restriction. These payment amounts will be applied after the issue mentioned in background will be solved:

<b>The type of management restriction</b>	<b>Amount of support, EUR/ha</b>
Forestry activities forbidden	120
Final felling + thinning forbidden	80
Final felling forbidden	80
Clear cut forbidden	40

938. The amount of the support may be proportionally reduced if the required amount of support exceeds the amount available under the specified measure.

### **Restrictions**

939. Various compensatory payments of national financing shall not overlap with regard to Natura 2000 support in the respective area. However, if the forest land owner has received compensation for restricted thinning, Natura 2000 support shall be payable in full.

940. If a forest land owner has been fined for breach of forest management rules, as well as in the event of environmental and forest damage due to his/her fault, the respective application for Natura 2000 support shall be reviewed only after he/she has settled the applicable fines according to relevant legal procedures and has remedied the environmental and forest damage.

### **Implementation time**

941. The measure will be implemented from 2008.

## Financial resources

942. Total funding – 22 186 703 EUR

943. Public funding – 22 186 703 EUR

## Control

944. Where beneficiaries do not respect mandatory requirements, the support payment to be granted for the calendar year shall be reduced or cancelled according to Article 51 of Council Regulation (EC) No. 1698/2005.

## Relation with other measures

EAFRD (European Agricultural Fund for Rural Development) measures	Demarcation and complementarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation
NATURA 2000 Payments (to forest owners) (ERDF and CF)	ERDF and CF co-funded Operational programme “Infrastructure and Services”	measure 3.4.1 “Environment”, activity 3.4.1.2 “Developing Infrastructure in the Areas of Natura 2000”	<b>Activity objective</b> is to preserve environmental quality of Latvian nature in compliance with the requirements of the EU Directives, international obligations of the country and local needs, to withdraw existing and future threats to the values of nature, at the same time providing maximum effective usage of resources for preserving and renewing values of nature. <b>Beneficiaries are</b> the Nature Protection Board, administrations of specially protected areas, local governments, associations of local governments (cooperation associations), state institutions, commercial companies. When the applicant and beneficiary is a local government, its administrative territory must include a Natura 2000 area on which infrastructure will be set up. If the beneficiary is a union of local governments (cooperative union), it must include all local governments, on the territory of which Natura 2000 area infrastructure will be set up. If the beneficiary is a state institution or a commercial company, their competence should cover protection and management of specially protected territories.	There will be no overlapping between the EAFRD measure and the ERDF and CF measures, as the supported activities and the territory differ; i.e., the EAFRD measure compensates business restrictions in forests and on forest lands situated on NATURA 2000 territories. There will be synergy between the EAFRD measure and the ERDF.

### Quantified targets for EU common indicators

945. According to the provisions and financing of the measure the following indicators should be achieved (See the table below).

#### Basic indicators

Type of indicator	Indicator	Target
Output	The number of the supported forest owners in NATURA 2000 territory	10 000
	The supported forest area in NATURA 2000 territory, ha	54 173
Result	Area of full compliance (improvement of biodiversity)	46 000



## **Measure 226: Restoring Forestry Potential and Introducing Prevention Actions**

### **Legal basis**

946. Article 36 (b) (vi) and Article 48 of Council Regulation (EC) No. 1698/2005 and Articles 30, 33 and Point 5.3.2.2.6 of Annex 2 of Commission Regulation (EC) No. 1974/2006.

### **Background**

947. It is not possible to predict natural disasters and the scope of the resulting damage, however, if they happen, it is important to provide timely assistance to forest owners in order to regenerate the ecological, social and economic value of the forest as soon as possible.
948. According to SFS information on forest fires within the period from 01.01.2006 until 17.08.2006, there have been 1,713 forest fires in Latvian forests destroying 3,197.7 ha of forest land.
949. The data provided by the State Forest Service shows that the number of forest fires peaked in 2002 amounting to 1,742 instances. The least number of fires broke out in 1987 with only 173 forest fires reported. All in all, the number of fires tends to increase, and over the last 10 years on average 850 fires broke out annually. The number of fires depends on weather conditions. Seasons with lower incidence of fires are followed by seasons with a very high incidence of fires. For instance, 225 fires broke out in 1991, but next year, in 1992, this number reached 1,510.
950. In order to discover fires, fire monitoring towers are used. Almost all fires are discovered within half an hour since their break-out, and the fire engine from the respective fire department sets out for the place of fire. Up to 78% of all fires are discovered and operatively put out in order not to allow the area damaged by fire exceed 0.5 ha. It means that fire monitoring towers play a significant role in discovering fires, and their use reduces the fire damages several times. As times goes by, they, similarly to any other construction, wear out and are in need of renovation, as well as construction of new towers has to be considered.
951. Investments will be made in the territories listed in State Civil Defence Plan and marked as territories with forests of high and medium level of fire risk. National legal acts prescribe enough detailed restrictions for management

activities in Natura 2000 territories therefore activities of this measure will not have negative impact on Natura 2000 territories.

### **Objective**

952. The objective of the measure is:

- 1) Sustainable use of forest land, reviving the potential of forestry production;
- 2) Improvement of the fire-safety preventive measures in Latvian forests, decreasing damage caused to the forest.

### **Activities**

953. This measure involves the following activities:

- 1) Restoration of forestry potential in the areas affected by fire and/or natural disasters;
- 2) Introduction of forest fire-safety prevention measures.

### **Target territory of the specified measure**

954. The measure is implemented in the whole territory of Latvia, because the parking spaces of the specialized forest fire-fighting vehicles will not always be located in the rural territory.

### **Beneficiaries**

955. Private forest land owners (natural persons and private legal entities) and municipalities shall qualify as beneficiaries under the measure “Restoration of the industrial potential of forestry in the areas affected by fire and/or natural disasters”;

956. State authorities shall qualify as beneficiaries under the measure “Introduction of forest fire-safety and prevention measures”.

### **Eligibility criteria**

957. Activity “Restoration of the forestry potential in the areas affected by fire and/or natural disasters” - support shall be provided with regard to particular areas which the State Forest Service has recognised as affected by fire and/or natural disaster and subject to forest regeneration;

958. Activity „Introduction of forest fire-safety and prevention measures” – fire safety and prevention measures apply to territories which are marked in State Civil Defence Plan (Annex 6) as territories with forests of high and medium level of fire risk. The scope of investments is defined in the Forest management plans (Forest protection plans).

### **Type and scope of the specified support**

959. This measure involves the following activities with the following amount of support:

1) Support rates for regeneration under the activity “Restoration of the forestry potential in the areas affected by fire and/or natural disasters”:

<b>Composition of stand to be established</b>	<b>Amount of support</b>			
	<b>Support for regeneration, EUR/ha</b>	<b>Annual support for maintenance(EUR/ha)</b>	<b>Number of years maintenance is supported</b>	<b>Total EUR/ha</b>
Conifers (pine, spruce, larch)	530	170	3	1040
1 <sup>st</sup> group deciduous trees (birch, aspen, hybrid aspen, grey alder, common alder, lime)	530	170	3	1040
2 <sup>nd</sup> group deciduous trees (oak, ash, maple, sweet cherry, beech)	1300	170	5	2150
<b>Mixed stands</b>				
Conifers (50%-75%)	900	170	3	1410
Mixture of 1 <sup>st</sup> and 2 <sup>nd</sup> group trees. Proportion of 2 <sup>nd</sup> group trees is not less than 50%.	900	170	5	1750

2) Under the activity „Introduction of forest fire-safety and prevention measures” the support is payable only to state authorities in the amount of 100% of the

justified expenses of the project– setting up or improvement of stationary forest fire observation towers, communication equipment and setting up of protective infrastructure, for example, firebreaks, mineralised lines etc.

### Financial resources

960. Total funding – 16 218 116 EUR

961. Public funding – 16 218 116 EUR

### Quantified targets for EU common indicators

#### Basic indicators

Type of indicator	Indicator	Target
Output	The number of prevention and renovation measures	6500
	The supported area of the damaged forests, ha	13 000
	Total investment, EUR	16 218 116
Result	Land, where compliance is ensured (avoidance of marginalisation and land abandonment), ha	10 400

### **5.5. AXIS 3. QUALITY OF LIFE IN RURAL AREAS AND DIVERSIFICATION OF RURAL ECONOMY**

962. The objective of axis 3 is to diversify and develop business in rural territories, improve the existing rural infrastructure, in order to stop economic and social downside and reduction of the rural population.
963. According to the background analysis description, Latvia's rural territories are characterised by low economic activity, shortage of qualified labour, significant regional disparities and disparities between rural and urban territories as concerns business activities and employment. The income level of rural households is almost one third lower than that of urban households, the labour force is migrating from rural territories. Low population density of rural territories results in high infrastructure set-up and maintenance costs per capita. Services sector is poorly developed, the quality of roads is low as the road surface is worn out. There is insufficient access to telecommunications and internet services. Cultural heritage is mostly in a poor or unsatisfactory condition.
964. Support to diversification of non-agricultural activities, development of business, rural tourism, basic services required by the population and the related infrastructure, and preservation of the cultural heritage would enable to limit the adverse economic and social processes characteristic of the rural territories, prevent uneven population of the areas and improve the competitiveness of these territorial units.
965. 20% of the EAFRD financing will be used on axis 3 measures. Priority measures within the framework of axis 3, which may contribute significantly to the development of business and rural environment, population mobility and employment growth in rural territories, are "Support for creation and development of micro-enterprises (including diversification into non-agricultural activities)" and "Basic services for the economy and rural population".

**Measure 312(311): Support for creation and development of micro-enterprises (including diversification into non-agricultural activities)**

966. This is an integrated measure.

**Legal basis**

967. The measure is implemented pursuant to sub-paragraph (i), (ii) of paragraph (a) of Article 52 and Article 53, 54 of Council Regulation (EC) No 1698/2005 and Article 35, point 5.3.3.1.1., 5.3.3.1.2 of Annex 2 to Commission Regulation No 1974/2006.

**Background**

968. The inability of the small rural agricultural holdings to develop competitive and market-oriented production encourage the potential rural entrepreneurs to discontinue working at the countryside. As the result of modernization of agricultural production, in 2004 the proportion of those employed in agriculture has decreased from 11.4% in 2002 to 9.5% in 2004<sup>128</sup> and this tendency is expected to persist in the future. Therefore, to preserve the population in rural areas, create opportunities for alternative business as well as to increase the quality of services accessible to rural population support for development of alternative types of business is required. It includes both development new and existing micro-enterprises and diversification into non-agricultural activities of agricultural enterprises.

**Objective**

969. Promotion of non-agricultural business or employment in rural areas, developing alternative sources of income and raising the level of income in rural regions and support holdings which establish production of energy from biomass of an agricultural or forestry origin.

**Target territory of the specified measure**

970. The measure is implemented in rural territory.

**Supported sub-measures**

971. Measure promotes the following sub-measures:

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<sup>128</sup> Source: CSB

- 1) Support for creation and development of micro-enterprises;
- 2) Diversification into non-agricultural activities of agricultural enterprises;
- 3) Production of energy from biomass which is of an agricultural or forestry origin.

### Financial resources

972. Total funding – 318 433 448 EUR

973. Public funding – 127 373 379 EUR

### Relation with other measures

974. There will be no overlapping with the measure "Encouragement of tourism activities" of the Rural Development Programme, as this measure lists specific support sectors in which projects can be implemented.

EAFRD (European Agricultural Fund for Rural Development) measures	Demarcation and complementarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation
Support for creation and development of micro-enterprises (including diversification into non-agricultural activities) (ERDF, EFF, ESF)	ERDF co-funded operational programme "Entrepreneurship and Innovation"	Measure 2.3.1. "Business Support Activities" activity 2.3.1.1. "Access to international trade markets"	<b>Activity objective</b> is to introduce foreign costumers to the advantages of Latvian goods and services, to encourage participation of Latvian enterprises in national stands at international exhibitions and trade missions, as well as to promote the integration of Latvian enterprises in the international supply chains. It is especially planned to promote creating sales markets for high value added products and services.	The EAFRD support under the measure is granted to businesses meeting the definition of a micro-enterprise or to a physical entity for the purpose of starting a new business in a rural area to develop non-agricultural business (except tourism and fishery sector). ERDF – support for small and medium – sized enterprises, as well as micro – sized
		Measure 2.3.2. "Business Infrastructure and Improvements to Equipment" activity 2.3.2.2. "Co-financing to the investments in micro and small-sized enterprises operating in the specially assisted areas"	<b>Activity objective</b> is to promote business development in specially assisted areas. <b>Beneficiaries</b> are micro and small-sized enterprises that are registered and operate in specially assisted areas.	
		Measure 2.2.1. "Accessibility of Financial Resources" activity 2.2.1.1.	<b>The objective of the first activity</b> is to provide access to financial resources to small and medium- sized enterprises for starting and developing business. <b>The objective of the second activity</b> is to	

		<p>“Holding fund for the investment in guarantee, high-risk loans, and venture capital funds and other financial instruments” and activity 2.2.1.2. “Attraction of strategic investors”</p>	<p>promote a system for trading with the shares of small and medium-sized enterprises, thus increasing the access to finance form small and medium-sized enterprises and the exit possibilities for investors.</p>	<p>enterprises in specially assisted areas (administrative centres of districts where support is not granted from EAFRD). EFF - The restructuring, re-orientations and diversification of economic activities of the representatives of fisheries. ESF support is available to the entrepreneurship skills, which are not supported by EAFRD and included in the supported sectors of NACE.</p>
	<p>EFF co-funded “Operational Programme for the implementation of the European Fisheries Fund Support in Latvia”</p>	<p>Priority axis IV “Sustainable development of fisheries areas” measure 1 “Implementation of territorial development strategies” activity 3 “Restructuring and re-directing of economic activities and diversification of activities”</p>	<p><b>Activity objective</b> is to diversify the employment in the fisheries areas to preserve population and attraction of the territories.</p>	
	<p>ESF co-funded Operational programme „Human Resources and Employment”</p>	<p>Measure 3.1. „Employment” activity 2 „Support for self-employment un business start-ups”</p>	<p><b>Activity objective</b> is to enhance business activity in the country, in particular in the regions, by enhancing knowledge and entrepreneurship skills of business start-ups, as well as by providing support in the form of consulting services, grants or loans for setting up a business.</p>	



**Sub-measure 312(311)/1: Support and development of micro-enterprises**

**Objective**

975. The objective of this sub-measure is promotion of non-agricultural business or employment in rural areas, developing new and alternative sources of income and raising the level of income in rural regions.

**Activities**

976. Within the framework of this sub-measure, the following activities are supported pursuant to Commission Regulation (EC) No 70/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises (published in the “Official Journal of the European Union” L 010, 13.01.2001):

- 1) creation of new businesses;
- 2) development of existing businesses;
- 3) production of fuel derived from agricultural and forestry produce in an existing enterprise (except production of biogas and its transformation into thermal energy).

977. The submitted projects will be evaluated based on objective criteria characterising beneficiaries and projects, such as the beneficiary’s educational background, place of project implementation and activity area.

**Beneficiaries**

978. Within the framework of this sub-measure, support can be received by a physical or legal person with at least 75% private capital shares in its equity and meeting the micro-enterprise definition in accordance with Annex I to Commission Regulation (EC) No 364/2004 of 25 February 2004 amending Regulation (EC) 70/2001 as regards the extension of its scope to include aid for research and development, as well as a physical person for the purpose of starting a business.

**Type and scope of the specified support**

979. Amount of support is defined for each separate activity of the specified sub-measure. Aid intensity can be changed depending on market development and demand in particular territory. Initially the maximum rate of 40 % is applied in all territories.

Eligible activity	Maximum eligible costs	Maximum support intensity	Period
Production of fuel derived from agricultural and forestry produce	up to EUR 350 000	up 40%	Throughout the programming period
Support to business development	up to EUR 200 000	up 40%	Throughout the programming period
Support to business start-ups (natural persons only)	up to EUR 100 000	up 40%	Throughout the programming period

980. Applicants applying for support under the activity “Development of existing businesses” are eligible also under the activity “Production of fuel derived from agricultural and forestry produce in an existing enterprise (except production of biogas and its transformation into thermal energy)”. Applicants applying for support under the activity “Creation of new businesses” are eligible under the activity “Development of existing businesses” and/or “Production of fuel derived from agricultural and forestry produce in an existing enterprise (except production of biogas and its transformation into thermal energy)” one year after completion of the previous project. When applying under two activities, the applicant can be granted the maximum total eligible costs of both activities.

### **Eligibility criteria**

981. In order to receive support, the applicant must prepare and submit a business development plan for a minimum period of 3 years.

982. The applicant must prove its economic viability. Indicators of its economic viability dependent on activity have defined in the implementing normative acts of the measure „Support for creation and development of micro-enterprises (including diversification into non-agricultural activities of agricultural enterprises)”.

983. Implementation of the project must secure at least one of the following results:

- 1) creation of new jobs;
- 2) preservation of existing jobs;
- 3) development and expansion of the enterprise’s business.

984. The measure is implemented based also on LEADER approach; therefore, projects compliant with the local development strategies prepared by local action groups are eligible for support, too.

## Restrictions

985. Within the framework of the sub-measure, support is extended to projects implemented in any of the following sectors (this provision does not apply to the activity “Production of fuel derived from agricultural and forestry produce in an existing enterprise (except production of biogas and its transformation into thermal energy)”):

- 1) Manufacture of food products and beverages, provided that the final outputs are not mentioned in Annex I to the Treaty establishing the European Community;
- 2) Breeding of live animals that are outside the scope of the Pedigree Law of the Republic of Latvia;
- 3) Manufacture, except manufacture of tobacco products, manufacture of coke, refined petroleum products and nuclear fuel, manufacture of explosives, manufacture of basic metals, manufacture of weapons and ammunition, manufacture of transport equipment, recycling of non-metal waste and scrap;
- 4) Electricity, gas, steam and hot water supply;
- 5) Repair of personal and household goods
- 6) Computer and related activities, except database activities etc;
- 7) Other business activities, e.g. legal activities, accounting, book-keeping and auditing activities, architectural and engineering activities, technical testing and analysis, industrial cleaning etc;
- 8) Veterinary activities;
- 9) Sewage and refuse disposal, sanitation and similar activities;
- 10) Other service activities, except physical well-being activities, astrology and spiritualism activities etc.

### Quantified targets for EU common indicators

#### Basic indicators

Type of indicator	Indicator	Target
Output	Number of micro-enterprises supported	2 625
	- incl. women ownership	500
Result	Gross number of jobs created	6 300
	Increase in non agricultural GVA in supported businesses, EUR	900 000
Impact	Net additional value expressed in PPS, EUR	25 440 000
	Net additional full time equivalent jobs created	3 000

**Additional indicators**

<b>Type of indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Total amount of investment, EUR	161 060 069
	Number of projects realized in LFAs	600
	Total UAA of supported beneficiaries, ha	1000
Result	Number of new businesses launched by men	600
	Number of new businesses launched by women	200

**Sub-measure 312(311)/2: Diversification into non-agricultural activities of agricultural enterprises**

**Objective**

986. The objectives of this sub-measure are diversification of farming activities towards non-agricultural activities, development of non-agricultural sectors and promotion of employment.

**Activities**

987. The support is provided to the following activities:

- 1) Diversification into non-agricultural activities of agricultural enterprises;
- 2) Production of fuel derived from agricultural and forestry produce in an existing agricultural enterprise (except production of biogas and its transformation into thermal energy).

988. The submitted projects will be evaluated based on objective criteria characterising beneficiaries and projects, such as the beneficiary's educational background, place of project implementation and activity area.

**Beneficiaries**

989. Beneficiaries under this sub-measure are legal entities or natural persons who manufacture the agricultural products specified in Annex 1 of the European Community Treaty, in accordance with Article 35 of Commission Regulation No 1974/2006.

**Type and scope of the specified support**

990. Amount of support is defined for each separate activity of the specified sub-measure. Aid intensity can be changed depending on market development and demand in particular territory. Initially the maximum rate of 40 % is applied in all territories.

Eligible activity	Maximum eligible costs	Maximum support intensity	Period
Support to existing agricultural business to diversify	up to EUR 200 000	up 40%	Throughout the programming period
Production of fuel derived from agricultural and	up to EUR 350 000	up 40%	Throughout the programming period

forestry produce			
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991. Applicants applying for support under the activity “Support to existing agricultural business to diversify” are eligible also under the activity “Production of fuel derived from agricultural and forestry produce in an existing enterprise (except production of biogas and its transformation into thermal energy)”.

### **Eligibility criteria**

992. In order to receive support, the applicant must prepare and submit a business development plan for a minimum period of 3 years.
993. The applicant must prove its economic viability. Indicators of its economic viability are defined in the implementing normative acts of the measure „Support for creation and development of micro-enterprises (including diversification into non-agricultural activities)”.
994. The measure is implemented based also on LEADER approach; therefore, projects compliant with the local development strategies prepared by local action groups are eligible for support, too.

### **Restrictions**

995. Within the framework of the sub-measure, support is extended to projects implemented in any of the following sectors (this provision does not apply to the activity “Production of fuel derived from agricultural and forestry produce in an existing enterprise (except production of biogas and its transformation into thermal energy)”):
- 1) Manufacture of food products and beverages, provided that the final outputs are not mentioned in Annex I to the Treaty establishing the European Community;
  - 2) Breeding of live animals that are outside the scope of the Pedigree Law of the Republic of Latvia;
  - 3) Manufacture, except manufacture of tobacco products, manufacture of coke, refined petroleum products and nuclear fuel, manufacture of explosives, manufacture of basic metals, manufacture of weapons and ammunition, manufacture of transport equipment, recycling of non-metal waste and scrap;
  - 4) Electricity, gas, steam and hot water supply;
  - 5) Repair of personal and household goods

- 6) Computer and related activities, except database activities etc;
- 7) Other business activities, e.g. legal activities, accounting, book-keeping and auditing activities, architectural and engineering activities, technical testing and analysis, industrial cleaning etc;
- 8) Veterinary activities;
- 9) Sewage and refuse disposal, sanitation and similar activities;
- 10) Other service activities, except physical well-being activities, astrology and spiritualism activities etc.

### Quantified targets for EU common indicators

Type of indicator	Indicator	Target
Output	Number of beneficiaries	800
	Total volume of investment, EUR	107 373 379
Result	Increase in non agricultural GVA in supported businesses, EUR	600 000
	Gross number of jobs created	4 200
Impact	Net additional value expressed in PPS, EUR	16 960 000
	Net additional full time equivalent jobs created	2 000

**Sub-measure 312(311)/3: Production of energy from biomass which is of an agricultural or forestry origin**

**Rationale for intervention**

996. With the development of agricultural production, various by-products are obtained in the production process, and it would be economically justified to process them into energy. This would additionally address also the problems of environment and energy. There are 7 large pig-breeding complexes in Latvia with over 10 000 animals and 63 bovine stalls with at least 500 animals. These cattle stalls already face increased costs associated with utilisation of by-products, such as manure in compliance with the environmental standards. Moreover, large areas are taken up by plant biomass which has to be handled in order to maintain the soil in a good agricultural and environmental condition.
997. Latvia has supported the following documents:
- 1) European Commission White Paper COM(97)599 Energy for the future: Renewable sources of energy;
  - 2) Green Paper: COM(2000) 769: Towards a European strategy for the security of energy supply;
  - 3) COM(2004)366: Communication of the European Commission of 26/05/2004 on the share of renewable energy in the EU;
  - 4) The United Nations Framework Convention on Climate Change and the incorporated Kyoto Protocol on reduction of greenhouse gas emissions;
  - 5) Directive 2001/77/EC of the European Parliament and the Council on the promotion of the electricity produced from renewable energy sources in the international electricity market.
998. By supporting those documents, Latvia has undertaken commitments with regard to environmental protection and production of bio-energy.

**Objective**

999. The purpose of this sub-measure is to support holdings which establish production of energy from biomass of an agricultural or forestry origin and which provide the produced energy for use predominantly outside the holding.



**Activity**

1000. Within the framework of the sub-measure investment into purchase and construction of new equipment to ensure energy production from agricultural or forestry origin biomass and transfer into thermal energy or electricity.

**Target territory of the specified measure**

1001. Target territory of the specified sub-measure is the rural territory.

**Beneficiaries**

1002. Legal or natural persons producing the agricultural products listed in Annex I of the Treaty on establishment of the European Community or appropriated cooperative companies of agricultural production or their newly established entity in accordance with Article 35 of Commission Regulation No 1974/2006. All types of enterprises are supported according to the Annex I of Regulation (EC) 364/2004 (no limitation to micro –enterprises).

**Type and scope of the specified support**

1003. Support intensity is set at up to 40%, additional support intensity is set for investment in less-favoured areas: up to 45%.
1004. The amount of support per a beneficiary shall not exceed 200 000 EUR in a three year period.
1005. Overheads directly associated with project preparation or implementation and not exceeding 8% of the eligible investment costs of the project, including architect, engineering and consultancy fees, legal services, feasibility studies, patent and licence obtaining costs are also considered eligible costs.

**Eligibility criteria**

1006. General eligibility criteria:
- 1) improves the general performance of the enterprise;
  - 2) investment should meet the Community standards applicable to the particular investment;
1007. Beneficiaries must develop and submit a business plan.
1008. The measure is implemented based also on LEADER approach; therefore, projects compliant with the local development strategies prepared by local action groups are eligible for support, too.

## Quantified targets for EU common indicators

### Basic indicators

Type of indicator	Indicator	Target
Output	Number of beneficiaries	70
	Total volume of investment, EUR	50 000 000
Results	Increase in non-agricultural GVA in supported businesses, EUR	1 200 000
	Gross number of jobs created	90
Impact	Net additional value expressed in PPS, EUR	6 369560
	Net additional full time equivalent jobs created	70

### Additional indicators

Type of indicator	Indicator	Target
Outcome	Number of projects realized in LFAs	35
	Total UAA of supported beneficiaries, ha	1 000
	Processed biomass in supported holdings, t	200 000

### **Measure 313: Encouragement of tourism activities**

#### **Legal basis**

1009. Article 52 (a) (iii) and Article 55 of Council Regulation (EC) No 1698/2005 and Point 5.3.3.1.3 of Annex 2 to Commission Regulation No 1974/2006.

#### **Background**

1010. Rural tourism is a type of tourism targeted at providing recreational opportunities to tourists on the basis of local social, cultural and natural resources or providing tourist accommodation in rural areas selected as the target areas for the purposes of this measure.
1011. As Latvia has a uniquely diverse cultural, historical and biological environment, there are wide opportunities for various organized recreational and entertainment measures and development of tourism, especially in the rural areas. The available national and EU co-financing under various programmes has facilitated a significant increase in the number, scope and quality of rural travel businesses. Promotion campaigns on the rural environment of Latvia and travel opportunities launched in other EU Member States during the time of accession to the EU had a significant impact on the commercial growth of rural travel accommodations. Association “Lauku ceļotājs” [Rural Traveler] unites about a half of businesses providing rural travel services in Latvia and the analysis of information provided by its members shows that the number of tourist accommodations has increased from just a few in 1994 to 332 in 2005, while the number of beds from 20 to 5243. Most of the above accommodations are located at farmsteads, holiday houses, guest houses, hotels, campsites, castles and manors. Companies belonging to members of the above association employ 2.2 persons per rural accommodation on average, including 1.6 family members; campsites employ 2.7 persons, while hotels even 9 persons. If in 2003, tourists have spent ~197.340 bed nights at the countryside, then in 2005 already 325.330 nights. Out of the total number of bed nights in 2005, 80% of customers have been local tourists and 20% foreign tourists. The number of bed nights spent by foreign tourists has especially grown. 70% of all tourists have visited Latvia’s countryside during summer months (June, July, August), which is the best season for tourism and profits in this climate. The poll data obtained from owners of rural tourist accommodations or provisional results of the European Rural Travel Federation (“EuroGites”) evaluation method show that in 2005 tourists have paid LVL 4 million on accommodation provided by the members of “Lauku ceļotājs”, but as this is about 40% of the total accommodations, it can be assumed that the total amount spent in Latvia on rural travel accommodations could be at least LVL 17.5 million. Assuming that the

number of tourist accommodations is larger than the opinion poll actually states, the overall contribution of rural tourism into rural economy is even higher. The most important benefit provided by this sub-sector is that it provides diversification opportunities for the rural economy by establishing small enterprises and providing jobs to rural population. Rural travel has a positive impact on the development of rural regions; it promotes conservation of cultural and historical sites and environment, preservation and renovation of historical traditions, ancient arts and crafts. The country hospitality businesses almost exclusively build on resources and services available locally, and the received income is reinvested into the economy of the region/territory. The existing tourism infrastructure does not meet the quality requirements of tourists. It is increasingly more difficult to let each room individually to tourists, as not all rooms have all amenities<sup>129</sup>. More than a half of rural tourists prefer accommodation offering catering services, and the majority believes that the best quality and most trustworthy are the products bought directly from farmers. Unfortunately the kitchens of rural houses no longer meet the set requirements; therefore, no catering services can be offered to the visitors.<sup>130</sup>

1012. The support received should promote improvement of the quality of rural travel services, diversification of these services and creation of new products based on the environmental potential, and secure protection of nature and sustainable management. Special attention should be paid to attraction of private investment for creation of new jobs or preservation of the existing ones in more distant and less developed territories as well as preservation of the existing rural tourism businesses on the whole target territory of this measure.

### **Objective**

1013. The objective of this measure is promotion on non-agricultural activities in rural territories by developing and improving rural tourism, related services and infrastructure.

### **Supported activities**

1014. Support is provided to the following activities:

1) reconstruction of existing tourist accommodations with maximum

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<sup>129</sup> Source: "Marketing strategy for rural tourism in the Baltic states for 2004-2010", "Lauku ceļotājs"

<sup>130</sup> Client survey by "Lauku ceļotājs", 2005

- 20 beds;
- 2) construction and reconstruction of catering facilities in existing tourist accommodations and supply of the required equipment;
  - 3) construction or reconstruction of common kitchen, refreshment room, toilet and shower facilities in campsites and hostels, except for construction of baths or sauna;
  - 4) diversification of provided travel services (for example, establishing nature paths, bikeways, areas for horse rides, small bridges, places for swimming, cross country ski trails, playgrounds, funfairs and purchase of equipment and facilities for maintaining mentioned infrastructure);
  - 5) environment protection related investment in rural tourist accommodations: construction and reconstruction of wastewater treatment facilities and sedimentation wells, replacement of slate roof covering with that of environment-friendly materials.

### **Target territory of the specified measure**

1015. The specified measure is implemented on the rural territory of Latvia, except Riga district.

### **Beneficiaries**

1016. The following categories qualify as beneficiaries under the specified measure:

- 1) agricultural holdings;
- 2) natural persons having registered as taxpayers;
- 3) businesses;
- 4) associations and foundations.

### **Type and scope of the specified support**

1017. Amount of support is defined for each separate activity of the specified measure, aid intensity is differentiated according to the region in which a project is planned to be realised (maximum aid intensity is accommodated to the region with lowest territory development index). Maximum eligible costs within the framework of the measure amount to 375 000 EUR.

Supported activity	Support intensity,%
Renovation of existing tourist accommodations with maximum 20 beds	30% – 50% (1.region 30%, 2.region 40%, 3.region 50%)

Construction and renovation of catering facilities in existing tourist accommodations and supply of the required equipment;	30% – 50%, (1.region 30%, 2.region 40%, 3.region 50%), up to 30% for equipment
Construction or renovation of common kitchen, refreshment room, toilet and shower facilities in campsites and hostels, except for construction of baths or sauna;	30% – 50% (1.region 30%, 2.region 40%, 3.region 50%)
Diversification of provided travel services	30% – 50% (1.region 30%, 2.region 40%, 3.region 50%), up to 30% for equipment
Environment protection related investment in rural tourist accommodations: construction of wastewater treatment facilities and sedimentation wells, replacement of slate roof covering with that of environment-friendly materials.	30% – 50% (1.region 30%, 2.region 40%, 3.region 50%)

### **Eligibility criteria**

1018. Based on the measure activities, the following are eligibility conditions:

- 1) the enterprise must provide proof of its economic viability in the year preceding project submission and the year following project completion;
- 2) tourist accommodation must be registered in the database of Latvian Tourism Development Agency and meets requirements for tourist accommodation;
- 3) if the project provides for construction, rehabilitation or renovation of catering facilities in existing tourist accommodations in line with regulatory requirements and supply of the required equipment, it must be registered with the Food and Veterinary Service.

1019. The measure is implemented based also on LEADER approach; therefore, projects compliant with the local development strategies prepared by local action groups are eligible for support, too.

### **Financial resources**

1020. Total funding – 64 896 090 EUR

1021. Public funding – 25 958 436 EUR

### **Relation with other measures**

1022. There will be no overlapping with the measure "Support for creation and development of micro-enterprises (including diversification into non-agricultural activities)" of the Rural Development Programme, as this measure lists specific support sectors in which projects can be implemented, and these

do not include the specific activities supported under the measure “Encouragement of tourism activities”.

EAFRD (European Agricultural Fund for Rural Development) measures	Demarcation and complementarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation
Encouragement of tourism activities (ERDF and CF, EFF)	ERDF and CF co-funded Operational programme “Infrastructure and Services”	Measure 3.4.2 “Tourism” activity 3.4.2.1. “Development of tourism product of national importance”	<b>Activity objective</b> is to provide support to the development and promotion of national importance tourism product in Latvia, investments in the necessary infrastructure.	Demarcation between EAFRD and ERDF, CF – object of investment. ERDF and CF
	EFF co-funded “Operational Programme for the implementation of the European Fisheries Fund Support in Latvia”	Priority axis IV “Sustainable development of fisheries areas” measure 1 “Implementation of territorial strategies” Activity 2 „Development of small-scale infrastructure and services related to fisheries and tourism”	<b>Activity objective</b> is to stimulate improvement of the small-scale infrastructure as well as the quality of infrastructure related to fisheries areas to preserve population and attraction of the territories.	- adjustment of national significance infrastructure to tourist product development. EAFRD measure will provide support to specific operational activities on rural territories and it is also limited by certain requirements: 1) small-scale infrastructure; 2) Maximum number of 20 beds in a tourist accommodation or accommodations. EAFRD support won't be available to the national importance tourism product.  Demarcation between EAFRD and EFF – territory. EFF will support the small fishing

				communities – the territory of the municipality, where fishing activities are performed and which are situated in the territory significant for the fisheries. EAFRD will support the rest of the rural territory.
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## Quantified targets for EU common indicators

### Basic indicators

Type of indicator	Indicator	Target
Output	Number of supported tourism activities	917
	Total volume of investment, EUR	64 896 090
Result	Additional number of tourist visits	50 000
	Gross number of jobs created	400
Impact	Net additional value expressed in PPS, EUR	3 000 000
	Net additional full time equivalent jobs created	200

### Additional indicators

Type of indicator	Indicator	Target
Output	Number of tourism activities supported involving an increased use of ICT	300
	Total investment in environmental protection, EUR	10 000 000



## **Measure 321: Basic services for the economy and rural population**

### **Legal basis**

1023. Article 52 (b) (i) and Article 56 of Council Regulation (EC) No 1698/2005 and Point 5.3.3.2.1 of Annex 2 to Commission Regulation No 1974/2006.

### **Rationale for intervention**

1024. Rural territories, especially those remote from development centres are characterised by rapidly decreasing population, as the living conditions in those territories do not fully satisfy the core socio-economic needs of the population. Lack of basic services, poor access to them or low quality of the services is mentioned as the reason of such migration. These results in striking differences in the quality of life observed in development centres and rural territories.
1025. The quality of life depends on adequate infrastructure and tidy environment, but also on the social capital created by the social activity opportunities of the population. Yet social projects or projects providing public benefit often lack financial support, as they mean long-term investments that do not yield immediate tangible results but rather facilitate a change in the attitude and actions.
1026. Deterioration or economical and social conditions characteristic of rural territories increase the population migration to cities and abroad. Low quality of life environment: critical condition of roads and poor spatial improvements restrict the mobility of rural population, their access to services, educational and socialising opportunities, development of business and local initiatives. In 2004, 44% of black surface roads and 32% of gravel roads were on the verge of becoming unusable in Latvia. The share of service providers (businesses) in rural territories<sup>131</sup> is just slightly over one fourth (27%) of Latvia's total.
1027. To secure improvement of these conditions and preservation of the rural population, support should be provided for renovation and development of villages. Within the framework of this measure, restoration and development of villages means improvement or creation of rural settlements and territorially related infrastructural elements important for the population.

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<sup>131</sup> Source: CSB, "Latvia's regions in figures", evaluating NACE in G...P sector

**Objective**

1028. Enhance the upgrading of the quality of public infrastructure in rural territories.

**Activities**

1029. Support under the specified sub-measure is provided to the following activities:

- 1) Reconstruction or construction of municipality roads (maintenance not included);
- 2) Construction and reconstruction of local community centres, facilities designated for leisure, sports and cultural events;
- 3) Territory improvement, which is publicly accessible and to promote the recreation basic services in the municipalities territories;
- 4) Construction and reconstruction of power supply system utilising renewable energy sources.

**Target territory of the specified measure**

1030. The measure is implemented on the whole rural area of Latvia other than Riga district municipalities with population over 5000.

1031. Regions comprising rural territories and towns comprising rural territories may implement the specified measure only in rural territories.

**Beneficiaries**

1032. Town, regional or parish municipalities administering a rural territory of Latvia, qualifying as a target territory for this measure.

**Eligibility criteria**

1033. The following eligibility criteria apply:

- 1) the municipality must have approved a municipal development plan and spatial planning;
- 2) the municipality may use the available funding under any of the activities supported within the framework of this measure. The number of projects is not limited, yet the amount of eligible costs may not exceed the maximum amount established for this measure;

3) the municipality has access to financial assets required for project implementation.

1034. The measure is implemented based also on LEADER approach; therefore, projects compliant with the local development strategies prepared by local action groups are eligible for support, too.

### **Type and scope of the specified support**

1035. For the programming period of 2007–2013, the eligible costs of a municipality under the Rural Development Programme are set at 200 000 EUR and support intensity at 75%.

1036. Within the framework of this measure, support may be received only for investment costs directly related with implementation of activities under the measure.

1037. Overheads directly associated with project preparation or implementation and not exceeding 8 % of the eligible investment costs of the project, including architect, engineering and consultancy fees, legal services, feasibility studies, patent and licence obtaining costs are also considered eligible costs.

1038. Following the merger of municipalities after 1 July 2007 and establishment of regions, the amount of funding that each municipality has not yet used is deemed to be the amount of available funding.

### **Quantified targets for EU common indicators**

#### **Basic indicators**

<b>Type of indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of municipalities where actions took place	666
	Total volume of investment, EUR	124 364 405
Result	Population in rural areas benefiting from improved services	500 000
	Increase in internet penetration in rural areas	500 000
Impact	Net additional value expressed in PPS, EUR	15 000 000
	Net additional full time equivalent jobs created	830

#### **Additional indicators**

<b>Type of indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of constructed, reconstructed, renewed and equipped community buildings, entertainment, sport and culture buildings	100
	Area of constructed, reconstructed, renewed and equipped community buildings, entertainment, sport and culture buildings, m <sup>2</sup>	30 000
	Length of renovated municipality roads, km	300
	Infrastructure units for meeting places of initiative groups	90
	Energy supply systems using renewable energy resources	25

## Financial resources

1039. Total funding – 124 364 405 EUR

1040. Public funding – 93 273 304 EUR

## Relation with other measures

EAFRD (European Agricultural Fund for Rural Development) measures	Demarcation and complementarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation
Basic services for the economy and rural population (ERDF, CF, EFF)	ERDF and CF co-funded Operational programme “Infrastructure and Services”	Measure 3.2.1 “Promotion of Accessibility and Transport System”, activity 3.2.1.3 “Improvement of road safety in populated areas and Riga”	<b>Activity objective</b> is to improve road safety in populated areas through the eradication of “black spots”- i.e. spots dangerous to traffic safety, not just those of a large accident and lethal outcome figures, but also potentially dangerous spots - by carrying out different activities for transport infrastructure and traffic organization improvement in order to achieve increased road safety with a minimum investment, for example: reconstruction of crossings and energy efficient street lighting, instalment of traffic lights, construction of pedestrian roads and crossings. <b>Beneficiaries</b> are local governments.	There will be no overlapping between the EAFRD measure and the ERDF and CF measures, as the supported activities and the territory differ. EAFRD support is available to rural areas.
		Measure 3.2.2 “ICT Infrastructure and Services”, activity 3.2.2.1 “Development of electronic services and information systems of public administration”	<b>Activity objective</b> is through the efficient application of ICT opportunities to improve the efficiency of public administration, to promote accessibility of public services electronically, their development, accessibility and quality, to decrease the administrative burden on inhabitants and entrepreneurs, to increase opportunities for inhabitants to become involved in social processes, to develop information systems through the provision of a technical base for the development of e-services and improved information exchange. <b>Beneficiaries</b> are direct public administration institutions their subordinated and managed institutions, and planning regions. .	
		Measure 3.4.3 “Socio-economic Impact of Cultural Environment”	<b>Within the framework of the measure</b> , support will not be provided to rural territories but rather be aimed at the development of the cultural environment (creation of a network of multi-functional concert halls, restoration of socio-	

			economically important cultural and historical heritage sites, conservation of cultural monuments located on private property and building their socio-economic potential) in national, local and regional importance development centres.	
		Measure 3.5.2 „Energy”, activity 3.5.2.2 “Development of cogeneration power plants utilising renewable energy sources”	<p><b>Activity objective</b> is a substantial increase of the production rate of electricity and heat energy from the renewable energy sources, thus reducing the dependence of Latvia on the import of primary energy resources.</p> <p><b>Beneficiaries are</b> businesses, local government businesses.</p>	There will be no overlapping between the activities supported by the EAFRD and the activities supported by the CF as the beneficiaries and types of energy resources are different. EAFRD support is available to legal or physical persons producing the agricultural products listed in Annex I of the Treaty on establishment of the European Community or recognised cooperative corporations for agricultural services and EAFRD support is granted to energy production from agricultural or forestry origin biomass.
	National restructuring programme for the sugar sector	Support for construction and renovation of Zemgale planning region local government roads, streets and related infrastructure in Bauska, Dobele	The Temporary sugar industry restructuring fund only supports projects that are closely related to restructuring of the sugar sector.	Construction and reconstruction of road or street sections and the related infrastructure financed from the Temporary sugar industry

		and Jelgava districts; renovation of the Liellupe protecting dam from the railroad to Riga street in Jelgava city; as well as renovation of local government roads and culverts in Saldus and Liepāja districts.		restructuring fund, will not be eligible for support under the EAFRD measure “Village Restoration and Development”.
	EFF co-funded “Operational Programme for the implementation of the European Fisheries Fund Support in Latvia”	Priority axis IV “Sustainable development of fisheries areas” measure 1 “Implementation of territorial development strategies” activity 1 “Recovery and development of villages in which fisheries activities are being performed”	<b>Activity objective</b> is to stimulate improvement of the small-scale infrastructure as well as the quality of infrastructure related to fisheries, and diversify the employment in the fisheries areas to preserve population and attraction of the territories.	In order to secure no overlapping between the EAFRD and EFF measures, the local action groups and fishery local action groups will have to highlight demarcation in their local development strategies. One and the same activities will not be eligible under both the EAFRD and the EFF. Regarding the submeasure „Basic services for the economy and rural population in the territory covered by local development strategy,, demarcation is territory. EFF will support villages, where are implemented activities of fishery and which are located in the territories

				significant for the fishery, annex 2 of Operational Programme for the Implementation of the European Fisheries Fund Support in Latvia 2007-2013; EAFRD will support the rest of the rural territory.
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## **Measure 323: Conservation and upgrading of the rural heritage**

### **Legal basis**

1041. Article 52 (b) (iii) and Article 57 of Council Regulation (EC) No 1698/2005 and Point 5.3.3.2.3 of Annex 2 to Commission Regulation No 1974/2006.

### **Background**

1042. The favourable geographical location of Latvia, well-preserved and accessible rich cultural heritage is an important pre-requisite for development of the national tourist sector, for all that is the focus of visits from local and foreign tourists. It plays a significant role also in promotion of rural economy development, for the proximity of important sites enables local operators to offer tourist accommodations and other travel-related services. It has been estimated that 32 thousand visitors visit the Latvian rural cultural and historical sites every year. The number has a tendency to grow due to the following reasons: the growing welfare of population, especially inhabitants of Riga, higher awareness among population of other countries and willingness to familiarise with Latvia's environment, cultural and historical heritage and traditions. The overall condition of Latvia's cultural and historical heritage is critical: the technical condition is good for only 31% of the national cultural monuments, 18% are in a poor condition, 47% in a satisfactory condition, 3% are critical and 1.8% of them have partly or fully perished. Part of the heritage is historical evidence on development of agricultural, forestry and processing sectors and demonstrations of production processes. Many museums related to the above sectors need façade renovations, improvements of their interiors in accordance with hygiene and safety requirements, renovations of their exhibits and improvements of the surrounding landscape.
1043. Within the framework of this measure, the rural cultural heritage is part of the overall historical and cultural rural heritage in rural territories related to ancient agricultural, forestry and processing activities; these are separate buildings, groups of buildings with the adjacent territory, equipment and objects having a historical, scientific, artistic or other value and their preservation and ensuring accessibility could promote the public interest and development of tourism in the particular territory.

### **Objective**

1044. The purpose of this measure is to facilitate preservation, renovation and improvement of rural cultural heritage sites related to agricultural, forestry



and processing activities, rendering them accessible and attractive to general public and tourists.

### **Activities**

1045. Support under the specified measure is provided to the following activities related to agriculture, forestry or processing industries:

- 1) development of museum activities, including:
  - (a) renovation or application of buildings to ensure sound operation of the museum;
  - (b) restoration or manufacturing of authentic equipment, machinery, instruments, etc. designed for agricultural and forestry activities and processing industry to arrange an exposition, their adjustment for practical demonstrations;
  - (c) establishment of museum signs and information stands, ensuring access to Internet on museum premises;
  - (d) arrangement and improvement of the territory directly adjacent to museum facilities.
- 2) improvement of vocational education institutions, including any improvements of the buildings and areas adjacent to them providing accessibility to and preservation of the cultural heritage site.

### **Target territory of the specified measure**

1046. Support under the specified measure is provided to projects implemented on the whole territory of Latvia, except for cities of republican importance.

### **Beneficiaries**

1047. Museums and vocational educational institutions related to agriculture, forestry or processing (natural persons or legal entities, associations and foundations, state and municipal authorities) qualify as beneficiaries under the specified measure.

### **Eligibility criteria**

1048. Beneficiary must satisfy the following eligibility criteria:

- 1) with regard to development of museum activities:
  - (a) the museum's exposition and operational objective is related to agriculture, forestry or processing industry;
  - (b) the museum is/will be accredited in line with the procedure stipulated by the Cabinet of Ministers.

2) an educational institution is:

- (a) related to and training of experts in agriculture and forestry;
- (b) located in a building or complex site premises forming part of cultural and historical architectural heritage of state or community significance included in the list of the state protected cultural monuments;
- (c) institution and adjacent territories are open to public.

1049. The measure is implemented based also on LEADER approach; therefore, projects compliant with the local development strategies prepared by local action groups are eligible for support, too.

### **Type and scope of the specified support**

1050. Total eligible project expenditure per beneficiary shall not exceed 200,000 EUR over the programming period 2007 –2013. Public co-funding to private establishments shall not exceed 75% of total eligible expenditure, but to state and municipal authorities it may amount to 100%.

### **Relation with other measures**

<b>EAFRD (European Agricultural Fund for Rural Development) measures</b>	<b>Demarcation and complementarity</b>			
	<b>Planning document</b>	<b>Measure, activity</b>	<b>Objectives and beneficiaries of the measures and activities</b>	<b>Demarcation</b>

Conservation and upgrading of the rural heritage (ERDF and CF)	ERDF and CF co-funded operational programme “Infrastructure and Services”	Measure 3.4.3 “Socio-economic Impact of Cultural Environment” activity 3.4.3.1. “Establishment of a network of multifunctional culture halls of national and regional importance”, activity 3.4.3.2 “Renovation of objects of important cultural and historical heritage” and activity 3.4.3.3 “Assistance to private owners of cultural monuments in monument conservation and in the effective use of their socio-economic potential”	<p>Within the framework of the measure, support will not be provided to rural territories but rather be aimed at the development of the cultural environment (creation of a network of multi-functional concert halls, restoration of socio-economically important cultural and historical heritage sites, conservation of cultural monuments located on private property and building their socio-economic potential) in national, local and regional importance development centres. Activity 3.4.3.2 will provide support to renovation of objects of cultural and historical heritage on the list of protected heritage sites; with particularly supporting the sites which will operate using innovative methods.</p> <p>Eligible costs of the activity include architectonic and artistic inventory and research, project preparation, design, construction of infrastructure, territorial improvements, including manufacture and erection of direction plates, procurement and modernisation of equipment and technologies, research relating to project implementation or development, ensuring project publicity; beneficiaries: state and municipal institutions, religion organizations, foundations, associations, whose property and/or possession are objects which comply with investment aim of activity.</p> <p>Activity 3.4.3.3 will provide support to preservation and restoration of cultural monuments that are defined as private property, ensuring wide public access to those monuments and thereby an efficient use of the cultural heritage, attracting also private investment.</p> <p>Eligible costs of the activity include architectonic and artistic inventory and research, project preparation, design, construction of infrastructure, territorial improvements, including manufacture and erection of direction plates, procurement of equipment and machinery; beneficiaries: physical or legal entities, whose property and/or possession are cultural monuments.</p>	There will be no overlapping between the EAFRD measure and the ERDF and EC measures, as EAFRD support will be available to the museums and vocational educational institutions related to agriculture, forestry or processing (natural persons or legal entities, associations and foundations, state and municipal authorities) and which are located in a building or complex site premises forming part of cultural and historical architectural heritage of state or community significance included in the list of the state protected cultural monuments. EAFRD measure target territories are rural areas.
		Measure 3.1.1 “Vocational education infrastructure” activity 3.1.1.1. “Modernisation of equipment and improvement of infrastructure for	The measure activity provides support to renovation of vocational education establishment buildings, facilities and infrastructure with the view to ensuring pre-conditions for implementation of up-to-date primary vocational education programmes.	

		implementation of vocational education programme”	
		.Measure 3.4.2 “Tourism”	<b>The measure will provide support</b> to preservation, renovation of national significance monuments - city buildings and adjustment of infrastructure to tourist product development.

## Financial resources

1051. Total funding – 17 305 589 EUR

1052. Public funding – 12 979 192 EUR

## Quantified targets for EU common indicators

### Basic indicators

Type of indicator	Indicator	Target
Output	Number of rural heritage actions supported	63
	Total volume of investment, EUR	17 305 589
Result	Population in rural areas benefiting from improved services	50 000
	Increase in internet penetration in rural areas	500 000
Impact	Net additional value expressed in PPS, EUR	1 000 000
	Net additional full time equivalent jobs created	46

### Additional indicators

Type of indicator	Indicator	Target
Output	Number of improved museums and professional educational establishments	50
	Number of projects where broadband internet access is envisaged	25
	External area of museums and professional educational establishments put in order, m <sup>2</sup>	500 000

## **5.6. AXIS 4. IMPLEMENTATION OF THE LEADER APPROACH**

1053. LEADER means targeted and mutually coordinated activities to promote rural development. One of the principles of the LEADER approach is bottom-up approach, when the initiative is coming from the local population involved in addressing the problems of their respective territories.
1054. In order to ensure a common (integrated) perspective on the options of addressing rural development issues, representatives of various sectors (economic, social and municipality representatives) join together and form a local action group. The local action group plays a significant role in addressing topical problems of the local territory, using an innovative approach. It develops a local population needs based local development strategy, which sets the development priorities of the territory and offers the local population an opportunity to implement self-developed projects in harmony with the development strategy.
1055. As opposed to the previous programming period (2004–2006), when a separate LEADER+ type measure was implemented, in the Rural Development Programme 2007–2013 the LEADER approach is used much more widely.

### **Local development strategies – former experience**

1056. The Single Programming Document 2004–2006 measure 4.6 "Development of Local Action (LEADER + type measure)" has provided significant support to local initiatives by activating the rural population, training and involving the population in development and implementation of integrated rural development strategies based on the local needs as well as by encouraging participation of the rural population and cooperation in addressing common local development issues.
1057. Availability of public financing in 17 territories, where the LEADER+ type measure is implemented, has encouraged new initiatives. The rural population has become more active in preparation and submission of projects to local action groups (LAGs). These points to a positive experience in implementation of the bottom-up approach and effective selection of the local territory development priorities.
1058. Although the information on the actual results achieved under the projects will only become available after 30 June 2008 when the implementation of the integrated rural development pilot strategies for 2004–2006 is complete, the high activity of the population justifies the need, if possible, to apply the LEADER approach on all Latvian territory compliant with the LAG formation criteria.
1059. Within the framework of the national programme "Acquisition of Skills", 11 groups meeting the local action group criteria were selected in 2006. LAGs and initiative groups located on their territory receive training and methodology support in development of local-needs-based development strategies as well as issues helping to lead to a theoretical and practical understanding of the LEADER approach. Training is organised at the local level. Overall 480 persons, including 411 women have been trained.
1060. The local action groups have a sufficient capacity to prepare or update the local development strategies for 2007–2013 and implement the LEADER approach in addressing rural development issues.

## **410: Local development strategies. The implementation of Axis 4 of this programme**

### **Legal basis**

1061. Article 64 of Section 4 of Council Regulation (EC) No 1698/2005 and Articles 37–39 and Point 5.3.4.1. of Annex II of Commission Regulation (EC) No 1974/2006.

### **Objectives**

1062. The objective of the measure is to promote application of the LEADER approach to ensure rural development by supporting the operation of local action groups, improving administration of rural development funding and mobilising the existing rural development potential.
1063. Provide support to local development projects which are compliant with the Rural Development Programme 2007–2013 and have been incorporated into the local development strategies developed by the local action groups, thus building on the LEADER approach which improves local-needs-based management mechanisms at the local level and improves sustainable development potential of the rural territories.
1064. In the framework of Axis 4 of this programme it is possible to implement the measures 112, 121, 123, 125 from Axis 1, the measures 312(311), 313, 312, 323 from the Axis 3 and measures 410, 411, 413, 421 and 431 from Axis 4.

### **Procedure and timetable for selecting local action groups**

1065. A local action group (LAG) is an association of local organisations and rural population operating on a specific rural territory with the population of 5–65 thousand, representing the interests of the population of this territory and addressing rural development issues at a local level based on a multi-sectoral strategy and developed as a result of cooperation of the local representatives of those sectors.
1066. Local development strategy is a multi-sectoral strategic development plan developed by a LAG, which identifies and justifies the development priorities of a rural territory and the need for change.
1067. An integrated approach based on cooperation of all the involved parties and sectors is used in the development and implementation of a local development strategy, actively involving the population resident on the operational territory of a local action group.

1068. Local development strategy is based on an analysis of the socio-economic background and the needs of the population, it agrees with other planning documents binding on the area, it incorporates a rural territory development vision, objectives, priorities and the planned actions.
1069. The structure of a local development strategy is as follows:
- a) An analysis of the socio-economic background and the needs of a territory, vision;
  - b) Action plan, including financial plan;
  - c) Strategy implementation, monitoring and evaluation procedures.
1070. Evaluation commission of the local development strategies selects a LAG together with the local development strategy developed by it.
1071. Call for local development strategy applications is announced and organised by the Rural Support Service no later than two years after approving the Rural Development Programme 2007–2013.
1072. In order to ensure competition among local action groups preparing local development strategies, following a tender procedure only the best quality local development strategies will be supported.
1073. One round of local development strategy selection is organised per a programming period. Nevertheless, in order to ensure implementation of the LEADER approach in all rural territory, additional calls for local development strategy applications may be organised.
1074. **LAG selection procedure** includes compliance of local development organisations with the following criteria:
- 1) it is registered with association and foundation register;
  - 2) its structure comprises administration bodies, the rights, duties and responsibilities of which are set in a statute or regulation (articles) and which are compliant with the type of activity discharged by the local action group:
    - a) for associations: a supreme decision-making body, representative decision-making body and executive body;
    - b) for foundations: board and decision-making body which is responsible for strategy development and implementation.
  - 3) an administrative and financial manager has been selected who is qualified to address the set tasks;
  - 4) accounting is compliant with the laws and regulations of the Republic of Latvia;



- 5) it has not been rendered insolvent, is not in the process of liquidation, its business operations have not been suspended or terminated, no legal proceedings to terminate operation, render insolvent or bankrupt have been started;
  - 6) no errors of tax payments and compulsory state social insurance contributions stipulated under laws and regulations;
  - 7) its operational territory is compact and does not fall into the operational territory of another LAG;
  - 8) the operational territory is characterised by the following:
    - a) number of population is 5000–65000;
    - b) the percentage of population from towns with the number of population 5000–15000 does not exceed 49% of the total population of the LAG territory;
    - c) there are no towns with the population over 15000.
1075. The compliance of a LAG with the above criteria proves the ability of the organisation to define and implement a local development strategy, the quality of which is evaluated by evaluation commission of the local development strategies.
1076. Only LAGs meeting the above criteria may qualify as beneficiaries.
1077. Selection of local development strategies prepared by local action groups is based on a number of criteria that ensure competition:
- 1) possesses the features characteristic of transparency and LEADER approach, such as the bottom-up approach: includes a description of the elaboration process and the involved actors of different sectors, reflecting the interaction, dissemination of information and participation of various interest groups in elaboration of the local development strategy;
  - 2) proposes support to innovations in order to improve the employment and income-raising opportunities by improving the living conditions of local population;
  - 3) promotes compliance with sustainable development principles by ensuring gender equality and participation of youth;
  - 4) provides for multi-sectoral interaction with various local organizations (e.g., municipality, State Employment Agency, entrepreneurs, schools, etc.) in implementation of the action plan, clearly defining their roles in such cooperation;
  - 5) clearly defines the evaluation, monitoring, implementation and administration procedures of the local development strategy;

- 6) defines demarcation criteria between the activities supported by the EAFRD and the activities supported by other European Union financial instruments, including the structural funds and European Fisheries Fund support;
- 7) describes, where relevant, how the coordination between EAFRD and EFF strategies/groups will be organized.

### **Planned number of LAGs**

- 1078. At least 20 LAGs will be supported in the programming period 2007–2013.

### **Structure of the LAG decision-making body**

- 1079. The decision-making body of a LAG responsible for the development and implementation of a local development strategy should ensure partnership representing also the interests of farmers, rural women and young people.
- 1080. No more than 50% of LAG decision-making body consists of representatives of the public representatives and at least 50% of the economic and social partners (including non-governmental organizations).

### **Planned territory of Latvia administered by LAGs**

- 1081. The LEADER approach is eligible for the entire rural territory of Latvia, including towns with the population 5000 – 15000.
- 1082. Considering that the LEADER approach is also used for support from the European Fisheries Fund, it is planned that in 2007–2013 at least 85% of the rural territory of Latvia that is declared eligible for LAG activities will be supported by EAFRD.
- 1083. The territory that is indicated in a local development strategy developed by a LAG and its operational territory may not overlap with the territory indicated in the local development strategy and the operational territory of another LAG.

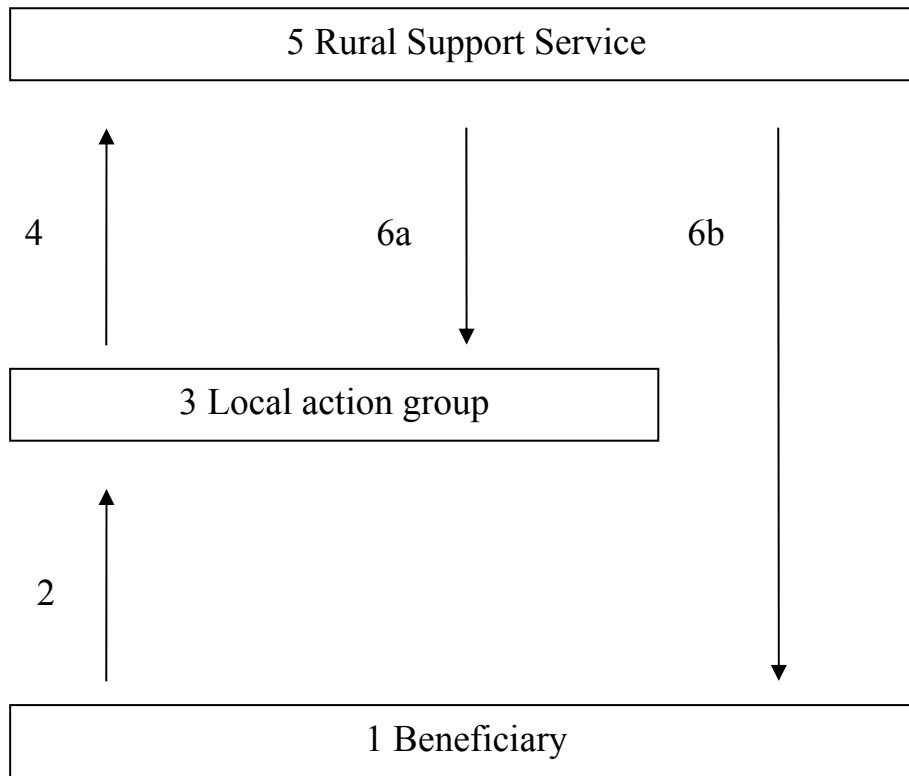
### **Justification for selection of areas whose population falls outside the limits set out (5 000–150 000).**

- 1084. It is not planned to include such areas into territories administered by LAGs.

## **LAG activity implementation procedure**

1085. Local development strategies supported on the basis of a tender procedure are implemented through implementation of projects compliant with the objective and actions of the local development strategy.
1086. LAGs announce and organise calls for project applications based on the action plan featured the local development strategy and in compliance with the criteria for open calls for project applications.
1087. LAGs evaluate projects and select projects compliant with the local development strategy, within the limits of the support intensity for eligible costs and amount of support set in the Rural Development Programme for the respective measures. LAG may reduce the project support intensity and amount in the local development strategy.
1088. LAGs monitor the contents of project implementation as well as the financial and physical advancement of the projects, evaluates the results of project and local development strategy implementation in compliance with monitoring and evaluation procedures included in the respective local development strategy.
1089. The Rural Support Service monitors the financial spending under projects.
1090. Project submission and evaluation (Figure 21):
- 1 – the beneficiary prepares a project application compliant with the local development strategy;
  - 2 – the beneficiary submits the prepared project application to the local action group;
  - 3 – the local action group evaluates the projects that are compliant with the strategy;
  - 4 – the local action group sends projects compliant with the strategy and the group's conclusion to the Rural Support Service;
  - 5 – the Rural Support Service evaluates the project compliance with the administrative criteria and eligibility criteria;
  - 6a – the Rural Support Service notifies the local action group of the decisions made;
  - 6b – the Rural Support Service notifies the beneficiary of the decision, concludes a project implementation contract with the beneficiary and disburses support payments.

*Figure 21 Project submission and evaluation*



### Financial flow

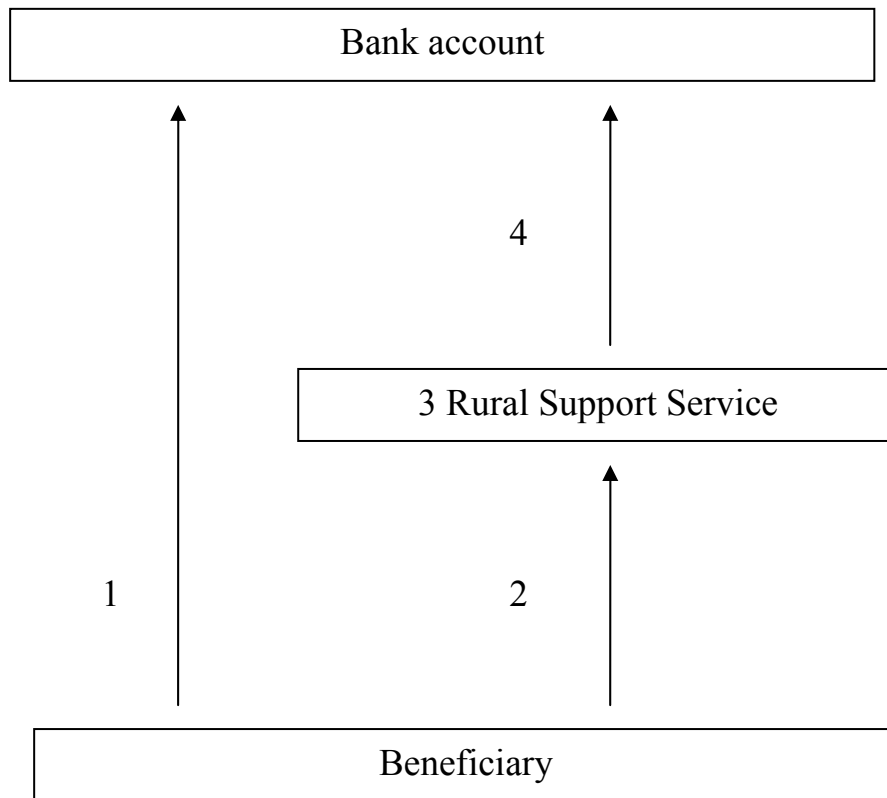
1091. The Rural Support Service makes disbursements of support funding to projects compliant with the local development strategies, ensuring that the support intensity of the eligible costs and amount of support does not exceed the actual provisions for the relevant measures, yet LAGs may reduce the support intensity and amount in their local development strategies.
1092. The Rural Support Service monitors the financial spending under projects.
1093. The beneficiary ensures regular and accurate recording of any payments made within the framework of the project and ensures accounting.
1094. Public financing is granted only with regard to eligible costs stipulated in the contract signed with the beneficiary. In the event of the eligible costs forming only a part of the total project costs, the beneficiary ensures overall project implementation on own account, in compliance with the activities and objectives described in the project application.
1095. In general cases, the following financing scheme applies (Figure 22):
- 1 – the beneficiary or its authorised representative opens a bank account;
  - 2- following the completion of implementation of the project or a part thereof, the beneficiary submits a payment claim to the Rural Support

Service, claiming a refund of the actual expenditure incurred by the beneficiary.

3 – the Rural Support Service checks the compliance of the submitted payment claim with the requirements set by laws and regulations;

4 - the Rural Support Service makes a transfer to the beneficiary's account and informs the LAG of the transfer.

*Figure 22 Financing scheme I*



1096. To receive prepayment the following financing scheme applies (Figure 23):

1 – the beneficiary opens an account with the Treasury;

2 – after having concluded a contract with the Rural Support Service, the beneficiary submits to it the invoices received from suppliers of goods, works contractors or service providers as well as copies of supporting documents concerning the project implementation activities;

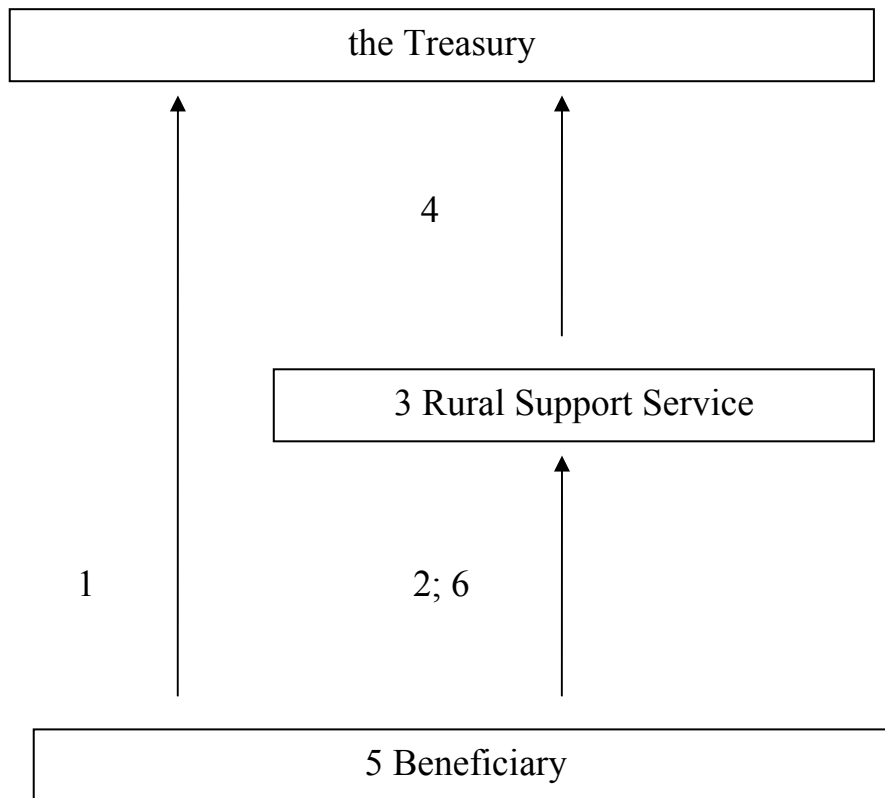
3 – the Rural Support Service checks the compliance of the documents;

4 – the Rural Support Service makes a transfer to the beneficiary's account with the Treasury;

5 – the beneficiary makes payments against the invoices received from the suppliers of goods, works contractors or service providers;

6 – the beneficiary submits a payment claim to the Rural Support Service.

*Figure 23 Financing scheme II*



### **Type of support and beneficiaries**

1097. Within the framework of the Rural Development Programme, support is available to both LAGs established before 2007 and LAGs established in the programming period 2007–2013.
1098. In the case of the LAG applying for support being established before 2007 and having received financing for implementation of integrated rural development pilot strategy, financing for implementation of the local development strategy 2007–2013 only becomes available to this particular LAG after the commitments undertaken in the previous period are fully met.
1099. The amount of support for implementation of a local development strategy is calculated for each local development strategy application individually.
1100. The support intensity of eligible costs and amount of support for approved projects does not exceed the actual provisions for the relevant measures, yet in the local development strategies LAGs may reduce the support intensity and amount.
1101. Beneficiaries have been defined under Axis 1 and Axis 3 measures of the programme and they include private and legal entities.

## Demarcation criteria with other local partnerships financed by the EU funds

1102. The LEADER approach referred to in the Rural Development Programme 2007–2013 is supportable also on territories important for fisheries highlighted in the Strategic Plan in the Fisheries Sector for 2007–2013. The LAGs operating on the above territories and qualifying for support under both the EU funds ensure:

- 1) separate EAFRD and EFF partnerships, even if one representative represents both partnerships;
- 2) separate EAFRD and EFF project evaluation committees;
- 3) separate accounting and financial flows.

1103. In order to clearly distinguish between the EAFRD and EFF financing in cases where both LEADER and EFF partnerships are formed on one and the same territory, local action groups are established according to the following pattern:

Figure 24

Local action group			
<b>Administrative bodies</b>	<b>Decision-making body</b>	<b>Supreme decision-making body</b>	
		<b><u>Decision-making body of representatives</u></b>	
		EAFRD LEADER <b>partnership</b> (based on a proportion between municipalities and socio-economic partners)	EFF <b>partnership</b> (based on a proportion between municipalities and socio-economic partners)
		EAFRD LEADER project evaluation <b>committee</b>	EFF project evaluation <b>committee</b>
		<b><u>Executive body</u></b>	
		administrative manager	administrative manager
	financial manager	financial manager	
	<b>Strategy</b>		
	Socio-economic analysis of the territory, needs analysis, vision		
	Action plan EAFRD LEADER	Action plan EFF	
	strategy implementation and monitoring procedures in compliance with the EAFRD LEADER requirements	strategy implementation and monitoring procedures in compliance with the EFF requirements	

## Relation with other measures

EAFRD (European Agricultural Fund for Rural Development)	Demarcation and complementarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation

measures				
Local Development Strategies (EFF)	EFF co-funded "Operational Programme for the implementation of the European Fisheries Fund Support in Latvia"	Priority axis IV "Sustainable development of fisheries areas" measure 1 "Implementation of territorial development strategies"	Measure objective is to stimulate improvement of the small-scale infrastructure as well as the quality of infrastructure related to fisheries, and diversify the employment in the fisheries areas to preserve population and attraction of the territories.	There will be no overlapping between the EAFRD measure and the EFF measure, as the beneficiaries are different. EAFRD support is not available to local fisheries action groups.

## Quantified targets for EU common indicators

### Basic indicators

Type of indicator	Indicator	Target
Output	Number of local action groups supported	20
	Total size of LAGs area, km <sup>2</sup>	54 900
	Number of projects financed by LAGs	1 250
	Total population in LAG areas	400 000
Result	Gross number of jobs created	250
	Number of successful training results	40
Impact	Net additional value expressed in PPS, EUR	9 000 000
	Net additional full time employment jobs created	37



**Axis 4 of this programme will be implemented by the following measures:**

**Measure 411: Improvement of competitiveness on local development strategy implementation territories**

**Background**

1104. Cooperation of the local socio-economic partners in the sectors of forestry, agriculture and processing plays a significant role in further improvement of the competitiveness of these sectors. Local population is better aware of the conditions important for further development of the sectors of forestry, agriculture and processing on each specific territory. These important conditions are highlighted in the local development strategies; therefore, funding for implementation of the local development strategies concerning the sectors of forestry, agriculture and processing, which remain the dominant sectors of the Latvia, is also important and has to be provided.

**Purpose**

1105. Involve local population, with a view to raising the competitiveness of the sectors of forestry, agriculture and processing on that part of the territory of Latvia, where the local development strategies prepared by the local action groups are implemented.

**Supported activities**

1106. Activities as described under measures 112,121,123 and 125 in Axis 1 of this programme if in the local development strategies the increase of competitiveness of these sectors are necessary for development of local territory.

1107. In the framework of this measure it is also possible to implement other action types supporting the activities of the above mentioned Axis 1- measures and which are likely to promote and improve the competitiveness of the agricultural, forestry and processing sectors as implemented under Axis 1 of this programme.

1108. Activities under measures 111, 113, 114, 115, 122, 124, 126, 131, 132, 133, 141 and 142 are not open for application of the Leader approach.

1109. The number of measures to be used by local action groups may be increased in course of further action.

### Target territory of the specified measure

1110. Part of the territory of Latvia, where the local development strategies prepared by the local action groups are implemented.

### Beneficiaries

1111. Beneficiaries are described under the above measures under Axis 1.

### Type and scope of the specified support

1112. Type and scope of support to be received within the framework of the measure is governed by Art. 64 of Council Regulation (EC) 1698/2005 as well as Commission Regulation (EC) No 1974/2006 Axis 1 measures.

### Eligibility criteria

1113. The eligibility criteria as described under Axis 1.

### Financial resources

1114. Total funding – 11 712 525 EUR

1115. Public funding – 4 685 010 EUR

### Deliverables

#### Key indicators

Type of indicator	Indicator	Target
Output	Number of projects supported	140
	Number of beneficiaries supported	100
	Total investment, EUR	11 712 525
Impact	Net additional value added after PPS, EUR	8 800 000
	Net number of additionally created jobs in full-time equivalent	20

## **Measure 413: Diversification of rural economy and improvement of the quality of live on local development strategy implementation territories**

### **Background**

1116. The integrated rural development pilot strategies developed within the framework of the Single Programming Document's Objective 1 programme 2004–2006 measure 4.6 "Development of Local Action (LEADER + type measure)" proved that the rural population is willing to develop the services or improve their quality in the rural territories. Yet the poorly developed infrastructure, comparatively high service costs, low purchasing power of the population and so far limited financial support has put obstacles to the initiative of population, which could improve the quality of live on local development strategy implementation territories. Most of the rural population still works in agriculture; however economically it is not sustainable over long-term period. Therefore the diversification activities must be promoted.

### **Purpose**

1117. Promote the diversification of rural economy and the quality of live for the providing the necessary services availability to population and contribute the local population initiatives to participate in public activities on that part of the territory of Latvia, where the local development strategies prepared by the local action groups.

### **Supported activities**

1118. Activities as described under measures 312 (311); 313, 321 and 323 of Axis 3 of this programme as well as activities:

- 1) Purchase of inventory, facilities and establishment of small-scale infrastructure (including construction and renovation) to ensure accessibility of different services for rural population, their quality and availability;
- 2) Purchase of inventory, facilities and establishment of small-scale infrastructure (including construction and renovation) to diversify public social activities (including training and centres of interests, cultural, environmental protection, sports and other leisure activities);
- 3) other Axis 3 action-types the objectives of which are the promotion of quality of live by LEADER approach.

1119. Small-scale infrastructure is defined as a local level territory structure predominantly used by local population.
1120. The number of measures to be used by local action groups may be increased in course of further action.

### **Target territory of the specified measure**

1121. Part of the territory of Latvia, where the local development strategies prepared by the local action groups are implemented.

### **Beneficiaries**

1122. Private persons and legal entities operating on the territory that is defined by local development strategy qualify as beneficiaries within the framework of the activities 1), 2) and 3) as mentioned above.
1123. As it refers to Axis 3 measures, the beneficiaries are described under the respective measure.

### **Type and scope of the specified support**

1124. Within the framework of the activities 1); 2) and 3) above the amount of eligible expenditure per a supported project shall not exceed 20 000 EUR.
1125. Support intensity is set for each beneficiary individually.

<b>Beneficiary</b>	<b>Support intensity</b>
Associations and foundations	up to 90%
Municipalities	up to 75%
Natural persons and legal entities	up to 50%

1126. Within the framework of the activities 1) ; 2) and 3) above the following costs are eligible:

1) investment costs (including fixed asset purchase, construction of new buildings and premises as well as reconstruction and improvement of the existing ones);

2) other costs associated with project implementation, e.g. materials, rent, provided services, running costs etc., no longer than one year since beginning of the project implementation;

3) also general costs directly associated with project preparation and/or implementation and not exceeding 8% of the eligible investment costs of

the project, including architect, engineering and consultancy fees, legal services, feasibility studies, patent and licence obtaining costs.

1127. Type and scope of support to be received within the framework of the activity 3 is governed by Art. 64 of Council Regulation (EC)1698/2005 as well as Commission Regulation (EC) No 1974/2006 Axis 3 measures.

### **Eligibility criteria**

1128. The eligibility criteria within the framework of this measure is governed Commission Regulation (EC) No 1974/2006 of 15 December 2006 laying down detailed rules for the application of Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) Axis 3 measures.

### **Financial resources**

1129. Total funding – 24 986 725 EUR

1130. Public funding – 18 740 044 EUR

### **Deliverables**

#### **Key indicators**

<b>Type of indicator</b>	<b>Indicator</b>	<b>Target</b>
Output	Number of supported actions	812
	Number of beneficiaries	500
	Total volume of investment, EUR	24 986 725
Impact	Net additional value expressed in PPS, EUR	8 800 000
	Net additional full time equivalent jobs created	20

## **Measure 421: Inter-territorial and transnational cooperation**

### **Legal basis**

1131. Article 65 of Council Regulation (EC) No 1698/2005 and Point 5.3.4.2. of Annex II of Commission Regulation (EC) No 1974/2006.

### **Background**

1132. One of the conditions for sustainable and success-orientated local development is noticing positive changes that encourage the community to introduce innovations and new problem solutions. Noticing such positive changes is possible through sharing your experience with others, obtaining similar problem-solving experience elsewhere as well as combining various experiences in seeking common problem solutions. The previous operational experience proves that specifically the information and knowledge gained as a result of sharing experience has the most significant effect when searching and applying new approaches.
1133. Support to cooperation projects at a national and transnational level will promote transfer of quality experience to local action groups (LAGs) and obtaining experience required to address problems important to local population as well as to secure implementation of new and innovative cooperation ideas in rural territories. This would encourage business development and employment opportunities in rural territories, secure attainment of the objective set in the local development strategy and create a value added for the cooperating territories.
1134. In order to increase the importance of cooperation projects in rural development, the supported projects should promote attainment of Axis 1 and Axis 3 objectives.

### **Activities**

1135. The following activities are supported within the framework of the measure:
- 1) Inter-territorial cooperation between local action groups at the national level;
  - 2) Transnational cooperation between local action groups in the European Union Member States and territories, where organisations implementing activities similar to the LEADER approach operate.

## **Procedure and timetable for inter-territorial and transnational cooperation projects**

1136. Selection and evaluation of inter-territorial and transnational cooperation projects is organised by the Rural Support Service.
1137. The calls for Cooperation projects are announced at least two times a year.
1138. LAGs implementing local development strategies within the framework of the Rural Development Programme 2007–2013 qualify for support.
1139. Inter-territorial cooperation projects are based on partnership cooperation agreements appointing the coordinating LAG.
1140. The coordinating LAG:
- 1) submits the project application to the Rural Support Service;
  - 2) submits payment claims and reports on spending of the support funding to the Rural Support Service.
1141. At least one partner outside the territory of Latvia must be involved in transnational cooperation projects.
1142. Applications for transnational cooperation projects are submitted in each country involved in the project.
1143. If more than one LAG is involved from Latvia, the Latvian procedure for submission and implementation of inter-territorial cooperation projects applies.

## **Criteria for inter-territorial and transnational cooperation projects**

1144. Inter-territorial and transnational cooperation projects:
- 1) require at least two partners;
  - 2) have joint action stated in the project application;
  - 3) define the duties of each project partner.
1145. A LAG may not receive support for the same cooperation project activities from other financing sources of the European Union and the state budget.
1146. The following criteria will be used in evaluation of inter-territorial and transnational cooperation projects and determine whether:
- 1) the project facilitates implementation of the local development strategy;

- 2) activities planned under the project are topical, justified and will ensure attainment of project objectives;
- 3) the project builds up the LAG capacity, knowledge and skills;
- 4) the project promotes cooperation with other local action groups from Latvia or local action groups in the European Union Member States and territories, where organisations implementing activities similar to the LEADER approach operate;
- 5) the submitted cost estimate is detailed and justified;
- 6) the planned costs are adequate in light of the attainable results;
- 7) the project facilitates attainment of Axis 1 and Axis 3 objectives.

1147. Priority will be given to projects for which partner co-financing is provided.

### **Type and scope of the specified support**

1148. Size of support and financing procedure is set following the procedure set by the Cabinet of Ministers.

1149. Support intensity up to 100%.

1150. The following costs are eligible:

- 1) First contact establishment costs (technical support to prepare the first visit and to project preparation, e.g., travel expenses, per diems),
- 2) Joint action implementation costs (e.g., organisation of exhibitions, seminars, etc.),
- 3) Running costs of commonly established structures,
- 4) Support to animation activities,
- 5) Project publicity cost,
- 6) Overheads directly associated with project preparation and/or implementation and not exceeding 10% of total eligible costs.

### **Financial resources**

1151. Total funding – 3 253 480 EUR

1152. Public funding – 3 253 480 EUR



## Relation with other measures

EAFRD (European Agricultural Fund for Rural Development) measures	Demarcation and complementarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation
Inter-Territorial and Transnational Cooperation (EFF)	EFF co-funded “Operational Programme for the implementation of the European Fisheries Fund Support in Latvia”	Priority axis IV “Sustainable development of fisheries areas” measure 3 “Inter-Territorial and Transnational Cooperation”	<b>Measure objective</b> is to develop and improve in a sustainable way the living quality in those areas linked with the fishery the strategy of which is in line with the Strategic Plan and by which the development of regional employment, competitiveness and gender equality is promoted as well as introduction of innovations and regional and international co-operation.	There will be no overlapping between the EAFRD measure and the EFF measure, as the beneficiaries are different. EAFRD support is not available to local fisheries action groups.

## Quantified targets for EU common indicators

### Basic indicators

Type of indicator	Indicator	Target
Output	Number of supported cooperation projects	160
	Number of cooperating LAGs	20
Result	Gross number of jobs created	30
Impact	Net additional full time employment jobs created	10

## **Measure 431: Running the local action group, acquiring skills and animating the territory**

### **Legal basis**

1153. Article 63 (c) of Council Regulation (EC) No 1698/2005 and Point 5.3.4.3 of Annex II of Commission Regulation (EC) No 1974/2006.

### **Objective**

1154. Promote effective operation of LAGs in implementation of local development strategies and provide support to upgrade of local development strategies, thus facilitating the continuity of the rural development process.

### **Activities**

1155. The following activities are supported:

- 1) studies of the area concerned;
- 2) measures providing information about the respective territory and the local development strategy;
- 3) training for the LAG members involved in preparation and implementation of a local development strategy;
- 4) promotional and experience sharing measures, training of local leaders;
- 5) ensuring the operation of LAGs, administrative costs of local development strategies.

1156. Expenditure associated with ensuring the operation of LAGs within the framework of this measure may not exceed 20% of the total public expenditure of the local development strategy (Axis 4). A maximum of 2 928 132 EUR of this measure will be used for activities 1- to 4) above. The EU – funding share of the measure will be 80 % of its total public expenditure.

1157. When preparing the budget to ensure the operation of a LAG, the LAG may not exceed the limit set for each of the activities mentioned below.

1158. Provisional costs of acquiring and activation of skills and implementation of local development strategies are broken down according to the proportions provided in the following table.

Activity	Expected activity financing as a percentage of the relevant LAG budget for
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	<b>this measure</b>
Administration of local development strategies	50%
Studies of the area concerned	10 %
Information measures on the local development strategy	10%
Training for LAG members involved in preparation and implementation of local development strategy	10%
Publicity measures and local leader training, promotional measures	20%

### Financial resources

1159. Total funding – 5 856 264 EUR

1160. Public funding – 5 856 264 EUR

### Relation with other measures

<b>EAFRD (European Agricultural Fund for Rural Development) measures</b>	<b>Demarcation and complementarity</b>			
	<b>Planning document</b>	<b>Measure, activity</b>	<b>Objectives and beneficiaries of the measures and activities</b>	<b>Demarcation</b>
Ensuring the Operation of Local Action Groups, Acquisition of Skills, Animation of the Territory (ESF, EFF)	EFF co-funded “Operational Programme for the implementation of the European Fisheries Fund Support in Latvia”	Priority axis IV “Sustainable development of fisheries areas” measure 2 “Ensuring the Operation of FLAGs, Acquiring of Skills, Activation of Territories”	Measure objective is to promote efficient operation of LFAGs in developing local development strategies, acquiring skills as well as activating territories in such way promoting continuity of the development of the fisheries areas.	There will be no overlapping between the EAFRD measure and the EFF measure, as the beneficiaries are different. EAFRD support is not available to local fisheries action groups.
	ESF co-funded operational programme “Human Resources and Employments”	measure 5.2 “Capacity building of human resources”, activity 2 “Capacity Building of Social Partners, Non-Governmental	<b>Activity objective</b> is to promote development of regional social dialogue and increase participation possibilities of social partners in action policy designing and implementation at regional, national and international levels, to achieve active and qualitative participation of non-governmental sector in decision-making process and provision of public services as well as to	There will be no overlapping between the EAFRD measure and the ESF measure, as those LAG, which will receive support from EAFRD

		Organisations and Municipalities”	strengthen capacity of NGOs and local governments to implement the activities financed by the EU Structural Funds. <b>Beneficiaries are</b> Free Trade Union Confederation of Latvia, Latvian Employers Confederation, non-governmental organisations, planning regions, amalgamated municipalities and town municipalities.	or EFF in relation with the costs of running, acquiring skills and animating the territory, will not be supported from ESF.
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## Quantified targets for EU common indicators

### Basic indicators

Type of indicator	Indicator	Target
Output	Number of skill acquisition and animation actions	60
	Number of participants in actions	25 000
Result	Number of persons accomplished training successfully	600

## 6. Financial plan

### 6.1. ANNUAL CONTRIBUTION FROM EAFRD (IN EUR)

Type of region / year	2007	2008	2009	2010	2011	2012	2013	<b>TOTAL</b>
Convergence regions	152 867 493	147 768 241	142 542 483	147 766 381	148 781 700	150 188 774	151 198 432	<b>1 041 113 504</b>
<b>EAFRD total</b>	<b>152 867 493</b>	<b>147 768 241</b>	<b>142 542 483</b>	<b>147 766 381</b>	<b>148 781 700</b>	<b>150 188 774</b>	<b>151 198 432</b>	<b>1 041 113 504</b>

**6.2. FINANCIAL PLAN BY AXES (IN EUR TOTAL PERIOD)**

Axes	Public funding			Additional funding (1)
	Public funding total	EAFRD funding rate (%)	EAFRD amount	
Axis 1	648 960 777	75%	486 720 583	-
Axis 2	365 040 438	80%	292 032 350	-
Axis 3	259 584 311	75%	194 688 233	-
Axis 4	32 534 798	80%	26 027 838	-
Technical assistance	55 526 000	75%	41 644 500	-
<b>Total:</b>	<b>1 361 646 323</b>	-	<b>1 041 113 504</b>	-

## 7. Indicative breakdown by Rural Development Measure

Measure / Axis	Shortname	EAFDR contribution	Public expenditure	Private Expenditure	Total Cost
111 Vocational training and information actions		7 616 064	10 154 752	0	10 154 752
112 Setting up young farmers		19 468 827	25 958 436	6 489 609	32 448 045
113 Early retirement		35 519 500	47 359 333	0	47 359 333
114 Use of advisory services		9 649 690	12 866 253	8 577 502	21 443 755
115 Setting up advisory services		0	0	0	0
121 Modernisation of agricultural holdings		238 937 420	318 583 227	477 874 841	796 458 068
122 Improving economy value of forest		34 066 250	45 421 667	45 421 667	90 843 334
123 Adding value to agri and forestry products		59 600 000	79 466 667	119 200 001	198 666 668
124 New products, processes and technologies		0	0	0	0
125 Agricultural and forestry infrastructure		25 515 318	34 020 424	51 030 636	85 051 060
126 Natural disasters prevention/restoring		0	0	0	0
131 Meeting standards		750 000	1 000 000	0	1 000 000
132 Participation farmers in food quality schemes		0	0	0	0
133 Information and promotion activities		0	0	0	0
141 Semi-subsistence farming		49 110 250	65 480 333	0	65 480 333
142 Producer groups		6 487 264	8 649 685	0	8 649 685
<b>Total Axis 1</b>	<b>Competitiveness</b>	<b>486 720 583</b>	<b>648 960 777</b>	<b>708 594 256</b>	<b>1 357 555 033</b>
211 LFA mountain areas		0	0	0	0
212 LFA other than mountain areas		109 980 800	137 476 000	0	137 476 000
213 Natura 2000 payments		10 302 600	12 878 250	0	12 878 250
214 Agri-environmental payments		128 050 567	160 063 209	0	160 063 209
215 Animal welfare payments		0	0	0	0
216 Non-productive investments agriculture		0	0	0	0
221 First afforestation of agricultural land		0	0	0	0
222 Agroforestry systems on agricultural land		0	0	0	0
223 First afforestation of non agricultural land		12 974 528	16 218 160	0	16 218 160
224 Natura 2000 payments Forest		17 749 362	22 186 703	0	22 186 703
225 Forests environment payments		0	0	0	0
226 Natural disasters prevention/restoring forest		12 974 493	16 218 116	0	16 218 116
227 Non productive investments forests		0	0	0	0
<b>Total Axis 2</b>	<b>Improving the environment and the countryside</b>	<b>292 032 350</b>	<b>365 040 438</b>	<b>0</b>	<b>365 040 438</b>
311 Diversification into non-agricultural activities		0	0	0	0
312 Development of micro-enterprises		95 530 034	127 373 379	191 060 069	318 433 448
313 Encouragement of tourism activities		19 468 827	25 958 436	38 937 654	64 896 090
321 Basic services for the economy		69 954 978	93 273 304	31 091 101	124 364 405
322 Village renewal and development		0	0	0	0

323	Conservation of the rural heritage		9 734 394	12 979 192	4 326 397	17 305 589
331	Training and information		0	0	0	0
341	Skills acquisition and animation		0	0	0	0
<b>Total Axis 3</b>		<b>Diversification and life quality</b>	<b>194 688 233</b>	<b>259 584 311</b>	<b>265 415 221</b>	<b>524 999 532</b>
411	Competitiveness		3 748 008	4 685 010	7 027 515	11 712 525
412	Environment/land management		0	0	0	0
413	Quality of life/diversification		14 992 035	18 740 044	6 246 681	24 986 725
421	Cooperation		2 602 784	3 253 480	0	3 253 480
431	Running costs, skills acquisition, animation		4 685 011	5 856 264	0	5 856 264
<b>Total Axis 4</b>		<b>Leader</b>	<b>26 027 838</b>	<b>32 534 798</b>	<b>13 274 196</b>	<b>45 808 994</b>
<b>Measure</b>		<b>511</b>	<b>Technical Assistance</b>	<b>41 644 500</b>	<b>55 526 000</b>	<b>0</b>
<b>Grand Total</b>			<b>1 041 113 504</b>	<b>1 361 646 323</b>	<b>987 283 673</b>	<b>2 348 929 996</b>



## 8. Additional national financing per axis

1161. Additional national financing (Article 16(f) of Regulation (EC) No 1698/2005)

	Total period 2008 -2013 , EUR
<b>Axis 1</b>	
Measure 121 <sup>132</sup>	63 716 644
<b>Total</b>	<b>63 716 644</b>

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<sup>132</sup> Additional national financing is 10 % of measure public expenditure for programming period.

## 9. Competition assessment

### Rural Development Programme measures subject to the provisions of Article 36 of the Treaty

Measure code	Aid scheme title	Legal basis	Aid scheme duration
121	Modernisation of agricultural holdings	Relevant Annex to the Commission Regulation (EC) No 794/2004 has been attached to the Rural Development Programme	2007-2013

1162. Additional national financing will be granted under measure 121 “Modernisation of agricultural holdings”.

### Rural Development Programme measures not subject to the provisions of Article 36 of the Treaty

1163. The table below features programmes involving elements of state aid.

Measure code	Aid scheme title	Legal basis	Aid scheme duration
312	Support to business start-ups and development	XS 153/07 (JO C222, 22.09.2007, p.15) Support will be granted in compliance with the provisions of the Commission Regulation (EC) No 70/2001 of 12. 1. 2001 on the application of Articles 87 and 88 of the EC Treaty to State Aid to small and medium-sized enterprises (OJ L 10, 13. 01. 2001, p. 33) as amended by the Commission Regulation (EC) No 364/2004 of 25 February 2004 (OJ L 63, 28.02.2004, p. 22)	2007-2008
		Any aid granted under this measure will be in	2009-2013

		conformity with Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid (OJ L 379 of 28.12.2006)	
313	Promotion of tourism	Any aid granted under this measure will be in conformity with Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid (OJ L 379 of 28.12.2006)	2007-2013
321	Basic services for the economy and population	Any aid granted under this measure will be in conformity with Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid (OJ L 379 of 28.12.2006)	2007-2013
323	Conservation and upgrading of the rural heritage	Any aid granted under this measure will be in conformity with Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to de minimis aid (OJ L 379 of 28.12.2006)	2007-2013

1164. Any cases of application of the schemes enumerated above for which under State aid rules or under conditions and commitments laid down in the respective State aid approval decision, individual notifications are required, will be notified individually pursuant to Article 88 (3) of the Treaty..

## 10. Information on the complementarity with the measures which are funded by other CAP instruments in the framework of the Cohesion Policy and the European Fisheries Fund

### 10.1. ASSESSEMENT AND RESOURCES FOR THE COMPLIMENTARITY WITH THE COMMUNITY ACTIVITIES, POLICY AND PRIORITIES, SOCIOECONOMIC COHESION AIMS AND EFF

1165. In the process of developing the Rural Development Programme, linkage with the following other Community policies was ensured: regional policy, common fisheries policy etc. Complimentarity was established with other European Union funds (European Regional Development Fund, Cohesion Fund, European Social Fund, European Fisheries Fund).
1166. The linkage between the EAFRD co-funded programme “Rural Development Programme 2007–2013” and the planning documents co-funded by other EU funds was established based on the measure activities, supported sectors, beneficiaries and target territories. See more detailed information in the table below.

#### Summary of EAFRD complimentarity and demarcation with the ERDF, CF, ESF, EFF

EAFRD (European Agricultural Fund for Rural Development) measures	Demarcation and complimentarity			
	Planning document	Measure, activity	Objectives and beneficiaries of the measures and activities	Demarcation
Vocational training and information	ESF co-funded operational	measure 3.1 “Employment”, activity 1 “Enhancement of	<b>Activity objective</b> is to ensure upskilling and retraining of enterprise employees, thus, also promoting improved	There will be no

actions (ESF, EFF) <sup>133</sup>	programme “Human Resources and Employment”	the competitiveness of residents in working age, including retraining and active employment measures”	productivity of workforce, enhancement of qualifications and competitiveness of unemployed persons and job seekers, and their involvement in the labour market. <b>Beneficiaries</b> are enterprises, professional associations, institutions responsible for planning and carrying out labour market policies.	overlapping of the EAFRD measure with the ESF and EFF measures as the beneficiaries and field of education differ.
		measure 2.1 “Development of Vocational Education and General Skills”, activity 1 “Development of vocational educational system, improvement of quality, conformity and attraction”	<b>Activity objective</b> is to increase proportion of students in vocational educational programmes and promote conformity of vocational qualification with labour market demands, thus improving national qualifications system, standards of profession, educational programmes and examination, improving attractiveness of vocational educational programmes and quality of implementation by competence raise of vocational educators and internship managers involved in vocational education for implementation of modernised curricula, promotion of innovative solutions in vocational education and provision of access to the training correspondent to qualification demands, as well as improve capacity and cooperation between institutions, i.e. social partners, involved in vocational education. <b>Beneficiaries</b> are Ministry of Education and Science; Vocational Education Administration; organizations of social partners eligible to perform at national level; higher education institutions ensuring preparation of teachers for vocational education, vocational educational establishments and colleges, organizations of employers and professional organizations.	EAFRD support is available to the professional skills and training in the following sectors: agriculture, forestry and food processing. ESF - education opportunities in different field for all social groups; EFF - professional fishing training for fishermen.
		measure 2.2 “Development of Lifelong Learning and Cooperation and Capacity Strengthening of Institutions responsible for Education and Lifelong Learning Policy”, activity 2 “Development of	<b>Activity objective</b> is to develop professional career guidance and professionally-oriented education system, establishing professional career guidance and supporting centres in education establishments, ensuring availability of professional orientation services, particularly in regions as well as encouraging youth to participate in professionally oriented education. <b>Beneficiaries</b> are state administrative institution performing functions determined by national legislation in the development	

<sup>133</sup> Reference in brackets points to the fund with which demarcation or complementarity has been identified.

		professional career guidance and professionally-oriented education”	and support of career related education system; state administrative institution performing functions determined by national legislation in the development of interests education at the national level; state administrative institutions, institutions and enterprises performing national legislative functions in state administration, municipalities, educational establishments, other legal entities registered in the Republic of Latvia.	
EFF co-funded “Operational Programme for the implementation of the European Fisheries Fund Support in Latvia”	Priority axis I “Measures for adaptation of the Community fishing fleet” measure 4 “Socio-economic measures”, activity 3 “Professional training”		<b>Measure objective</b> is to increase the competitiveness of the fisheries. Each field of the sector needs qualified specialists complying with the requirements of the labour market. The qualified labour force of the branch will be ensured by the opportunities to increase the level of professional skills and increase the level of knowledge for the experts, who will continue working in the fisheries.	
	Priority axis II “Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products” measure 1 “Productive investments in aquaculture”, activity 2 “Professional training”		<b>Measure objective</b> is to modernise aquaculture companies and improve their general operation, develop traditional methods of aquaculture, develop production of new and highly demanded species of aquatic animals, introduce aquaculture methods, which significantly reduce the negative impact on the environment.	
	Priority axis II “Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products” measure 5 “Processing and marketing of fishery and aquaculture products” activity 2 “Professional training”		<b>Measure objective</b> is to increase the added value of the fish products, improve the labour safety and productivity, reduce the negative impact on the environment, and ensure product quality, including reduction of harmful substances in the fish products, production of new products and the use of by-products and waste.	
	Priority axis III “Measures of common interest” Measure 1 “Collective operation actions” activity 2 „Promotion of		<b>Measure objective</b> is to support the activities of common interests in fisheries sector, the implementation result of which is significant and available to wider circle of representatives of fisheries sector comparing to the activities carried out by private companies in order to implement their interests. The	

		acquiring skills, partnership, co-operation and exchange of experience”	implementation of this measure will improve the simultaneous solution of the issues important to the wider circle of representatives of fisheries sector.	
Support up of Young Farmers	-			
Early Retirement of farmers (EFF)	EFF co-funded “Operational Programme for the implementation of the European Fisheries Fund Support in Latvia”	Priority axis I “Measures for adaptation of the Community fishing fleet” measure 4 “Socio-economic measures”, activity 2 “Early retirement”	<b>Measure objective</b> is to provide opportunity for early retirement of aged fishermen, who have worked on fishing vessels that are assigned for scrapping or reassigned for use outside fishing.	There will be no overlapping of the EAFRD measure with the EFF measure as the beneficiaries differ.  Under the EAFRD measure the beneficiaries are farmers, EFF – fishermen’s.
Use of Farm and Forestry Advisory Services (ESF)	ESF co-funded Operational programme "Human Resources and Employment"	measure 3.1 “Employment”, activity 1 “Enhancement of the competitiveness of residents in working age, including retraining and active employment measures”	<b>Activity objective</b> is to ensure upskilling and retraining of enterprise employees, thus, also promoting improved productivity of workforce, enhancement of qualifications and competitiveness of unemployed persons and job seekers, and their involvement in the labour market. <b>Beneficiaries</b> are enterprises, professional associations, institutions responsible for planning and carrying out labour market.	EAFRD support is available to the specific sectors: agriculture and forestry. ESF – support for raising the competitiveness of the working age population on the labour market. In contradistinction to ESF activity, the EAFRD measure does not support the unemployed.
Modernisation of Agricultural Holdings (ERDF, EFF)	ERDF co-funded operational programme “Entrepreneurship and Innovation”	Measure 2.3.2. “Business Infrastructure and Improvements to Equipment” activity 2.3.2.2. “Co-financing to the investments in micro and small-sized enterprises operating in the specially assisted areas”	<b>Activity objective</b> is to promote business development in specially assisted areas. <b>Beneficiaries</b> are micro and small-sized enterprises that are registered and operate in specially assisted areas.	Demarcation between EAFRD, ERDF and EFF - mode of the production. EAFRD support for manufacturing the agricultural products listed in Annex 1 of the Treaty establishing

	EFF co-funded “Operational Programme for the implementation of the European Fisheries Fund Support in Latvia”	Priority axis II “Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products” measure 5 „ Processing and marketing of fishery and aquaculture products”	<b>Measure objective</b> is to increase the added value of the fish products, to improve the labour safety and productivity, to reduce the negative impact on the environment, to ensure product quality, including reduction of harmful substances in the fish products and production of new products and the use of by-products and waste.	European Community, except fishery products. EFF: processing of fishery and aquaculture products, processing of by-products. ERDF – other sectors, except agriculture and fisheries.
Improving the economic value of forests (ERDF)	ERDF co-funded operational programme “Entrepreneurship and Innovation”	Measure 2.3.2. “Business Infrastructure and Improvements to Equipment” activity 2.3.2.2. “Co-financing to the investments in micro and small-sized enterprises operating in the specially assisted areas”	<b>Activity objective</b> is to promote business development in specially assisted areas. <b>Beneficiaries</b> are micro and small-sized enterprises that are registered and operate in specially assisted areas.	Demarcation between EAFRD, and ERDF - mode of the beneficiaries. EAFRD beneficiaries under the specified measure are owners of private and municipal forests and their associations. ERDF – other sectors.
Adding Value to Agricultural Products (ERDF, EFF)	ERDF co-funded operational programme “Entrepreneurship and Innovation”	Measure 2.3.2. “Business Infrastructure and Improvements to Equipment” activity 2.3.2.2. “Co-financing to the investments in micro and small-sized enterprises operating in the specially assisted areas”	<b>Activity objective</b> is to promote business development in specially assisted areas. <b>Beneficiaries</b> are micro and small-sized enterprises that are registered and operate in specially assisted areas.	Demarcation between EAFRD, ERDF and EFF - mode of the production. EAFRD support for processing the agricultural products listed in Annex 1 of the Treaty establishing
	EFF co-funded “Operational Programme for the implementation of the European Fisheries Fund Support in Latvia”	Priority axis II “Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products” Measure V “Processing and marketing of fishery and aquaculture products”	<b>Measure objective</b> is to increase the added value of the fish products.	European Community, except fishery products. EFF - processing of fishery and aquaculture products, processing of by-products. ERDF – other sectors, except agriculture and fishery.
Infrastructure related	ERDF co-funded	Measure 2.3.2. “Business	<b>Activity objective</b> is to promote business development in	In contradistinction to



to the development and adaptation of agriculture and forestry (ERDF and CF)	operational programme “Entrepreneurship and Innovation”	Infrastructure and Improvements to Equipment” activity 2.3.2.2. “Co-financing to the investments in micro and small-sized enterprises operating in the specially assisted areas”	specially assisted areas. <b>Beneficiaries</b> are micro and small-sized enterprises that are registered and operate in specially assisted areas.	ERDF and CF measures target territories, EAFRD measure support activities will be implemented on agricultural and forest lands. EAFRD support is available to the specific sectors: agriculture and forestry.
	ERDF and CF co-funded Operational programme “Infrastructure and Services”	Measure 3.2.1 “Promotion of Accessibility and Transport System”.	<b>Within the framework of the measure, support will be provided</b> to improvement of the 1 <sup>st</sup> category national road routes, transit streets in cities and towns, traffic safety in populated territories and infrastructure of small ports.	
Support semi-substance agricultural holdings undergoing restructuring (ERDF)	ERDF co-funded operational programme “Entrepreneurship and Innovation”	Measure 2.3.2 “Business Infrastructure and Improvements to Equipment”.	Under the measure, support will be granted to set-up of business incubators, investment into small and medium-sized business development in specially supported areas, implementation of a cluster programme and development of areas usable in business.	Demarcation between EAFRD and ERDF - mode of the beneficiaries. Under the EAFRD measure the beneficiaries are producers of agricultural products. ERDF – other sectors, except agriculture.
Setting up of Producer Groups	-			
Payments to farmers in areas with handicaps, other than mountain areas	-			

NATURA 2000 payments and payments linked to Directive 2000/60/ECC (ERDF and CF)	ERDF and CF co-funded Operational programme "Infrastructure and Services"	measure 3.4.1 "Environment", activity 3.4.1.2 "Developing Infrastructure in the Areas of Natura 2000"	<b>Activity objective</b> is to preserve environmental quality of Latvian nature in compliance with the requirements of the EU Directives, international obligations of the country and local needs, to withdraw existing and future threats to the values of nature, at the same time providing maximum effective usage of resources for preserving and renewing values of nature. <b>Beneficiaries are</b> the Nature Protection Board, administrations of specially protected areas, local governments, associations of local governments (cooperation associations), state institutions, commercial companies. When the applicant and beneficiary is a local government, its administrative territory must include a Natura 2000 area on which infrastructure will be set up. If the beneficiary is a union of local governments (cooperative union), it must include all local governments, on the territory of which Natura 2000 area infrastructure will be set up. If the beneficiary is a state institution or a commercial company, their competence should cover protection and management of specially protected territories.	There will be no overlapping between the EAFRD measure and the CF and the ERDF measure as the supported activities differ.
Agri-Environment payments (EFF)	EFF co-funded "Operational Programme for the implementation of the European Fisheries Fund Support in Latvia"	Priority axis II "Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products" measure 2 "Aqua-environmental protection"	<b>Measure objective</b> is to promote and introduce new aquaculture methods preserving and strengthening the biological and genetic diversity, environmental and natural recourses as well as maintaining the traditional characteristic of landscapes and aquaculture zones.	Demarcation between EAFRD and EFF - mode of use of agricultural land. Under the EAFRD the support will be granted to the agricultural land, but under the EFF support is granted to land of aquaculture companies under waters, which is used for growing aquaculture animals and agricultural land not used for agricultural activities.
First Afforestation of Non-Agricultural Land	-			
NATURA 2000 Payments (to forest owners)	ERDF and CF co-funded Operational programme	measure 3.4.1 "Environment", activity 3.4.1.2 "Developing	<b>Activity objective</b> is to preserve environmental quality of Latvian nature in compliance with the requirements of the EU Directives, international obligations of the country and local	There will be no overlapping between the EAFRD measure and

(ERDF and CF)	“Infrastructure and Services”	Infrastructure in the Areas of Natura 2000”	needs, to withdraw existing and future threats to the values of nature, at the same time providing maximum effective usage of resources for preserving and renewing values of nature. <b>Beneficiaries are</b> the Nature Protection Board, administrations of specially protected areas, local governments, associations of local governments (cooperation associations), state institutions, commercial companies. When the applicant and beneficiary is a local government, its administrative territory must include a Natura 2000 area on which infrastructure will be set up. If the beneficiary is a union of local governments (cooperative union), it must include all local governments, on the territory of which Natura 2000 area infrastructure will be set up. If the beneficiary is a state institution or a commercial company, their competence should cover protection and management of specially protected territories.	the ERDF and CF measures, as the supported activities and the territory differ; i.e., the EAFRD measure compensates business restrictions in forests and on forest lands situated on NATURA 2000 territories. There will be synergy between the EAFRD measure and the ERDF.
Forest Environment Payments	-			
Restoring Forestry Potential and Introducing Prevention Actions	-			
Support for creation and development of micro-enterprises (including diversification into non-agricultural activities) (ERDF, EFF, ESF)	ERDF co-funded operational programme “Entrepreneurship and Innovation”	Measure 2.3.1. “Business Support Activities” activity 2.3.1.1. “Access to international trade markets”	<b>Activity objective</b> is to introduce foreign costumers to the advantages of Latvian goods and services, to encourage participation of Latvian enterprises in national stands at international exhibitions and trade missions, as well as to promote the integration of Latvian enterprises in the international supply chains. It is especially planned to promote creating sales markets for high value added products and services.	The EAFRD support under the measure is granted to businesses meeting the definition of a micro-enterprise or to a physical entity for the purpose of starting a new business in a rural area to develop non-agricultural business (except tourism and fishery sector). ERDF – support for small and medium – sized enterprises, as well as micro – sized enterprises in specially assisted areas
		Measure 2.3.2. “Business Infrastructure and Improvements to Equipment” activity 2.3.2.2. “Co-financing to the investments in micro and small-sized enterprises operating in the specially assisted areas”	<b>Activity objective</b> is to promote business development in specially assisted areas. <b>Beneficiaries</b> are micro and small-sized enterprises that are registered and operate in specially assisted areas.	
		Measure	<b>The objective of the first activity</b> is to provide access to	

		2.2.1."Accessibility of Financial Resources" activity 2.2.1.1. "Holding fund for the investment in guarantee, high-risk loans, and venture capital funds and other financial instruments" and activity 2.2.1.2. "Attraction of strategic investors"	financial resources to small and medium- sized enterprises for starting and developing business. <b>The objective of the second activity</b> is to promote a system for trading with the shares of small and medium-sized enterprises, thus increasing the access to finance form small and medium-sized enterprises and the exit possibilities for investors.	(administrative centres of districts where support is not granted from EAFRD). EFF - The restructuring, re-orientations and diversification of economic activities of the representatives of fisheries.
	EFF co-funded "Operational Programme for the implementation of the European Fisheries Fund Support in Latvia"	Priority axis IV "Sustainable development of fisheries areas" measure 1 "Implementation of territorial development strategies" activity 3 "Restructuring and re-directing of economic activities and diversification of activities"	<b>Activity objective</b> is to diversify the employment in the fisheries areas to preserve population and attraction of the territories.	ESF support is available to the entrepreneurship skills, which are not supported by EAFRD and included in the supported sectors of NACE.
	ESF co-funded Operational programme „Human Resources and Employment"	Measure 3.1. „Employment" activity 2 „Support for self-employment un business start-ups"	<b>Activity objective</b> is to enhance business activity in the country, in particular in the regions, by enhancing knowledge and entrepreneurship skills of business start-ups, as well as by providing support in the form of consulting services, grants or loans for setting up a business.	
Encouragement of tourism activities (ERDF and CF, EFF)	ERDF and CF co-funded Operational programme "Infrastructure and Services"	Measure 3.4.2 "Tourism" activity 3.4.2.1. "Development of tourism product of national importance"	<b>Activity objective</b> is to provide support to the development and promotion of national importance tourism product in Latvia, investments in the necessary infrastructure.	Demarcation between EAFRD and ERDF, CF – object of investment. ERDF and CF - adjustment of national significance
	EFF co-funded "Operational Programme for the implementation of the European Fisheries Fund Support in Latvia"	Priority axis IV "Sustainable development of fisheries areas" measure 1 "Implementation of territorial strategies" Activity 2 „ Development of small-scale infrastructure and services related to fisheries and tourism"	<b>Activity objective</b> is to stimulate improvement of the small-scale infrastructure as well as the quality of infrastructure related to fisheries areas to preserve population and attraction of the territories.	infrastructure to tourist product development. EAFRD measure will provide support to specific operational activities on rural territories and it is also limited by certain

				<p>requirements:  1) small-scale infrastructure;  2) Maximum number of 20 beds in a tourist accommodation or accommodations.  EAFRD support won't be available to the national importance tourism product.</p> <p>Demarcation between EAFRD and EFF – territory.  EFF will support the small fishing communities – the territory of the municipality, where fishing activities are performed and which are situated in the territory significant for the fisheries.  EAFRD will support the rest of the rural territory.</p>
Basic services for the economy and rural population (ERDF, CF, EFF)	ERDF and CF co-funded Operational programme “Infrastructure and Services”	Measure 3.2.1 “Promotion of Accessibility and Transport System”, activity 3.2.1.3 “Improvement of road safety in populated areas and Riga”	<p><b>Activity objective</b> is to improve road safety in populated areas through the eradication of “black spots”- i.e. spots dangerous to traffic safety, not just those of a large accident and lethal outcome figures, but also potentially dangerous spots - by carrying out different activities for transport infrastructure and traffic organization improvement in order to achieve increased road safety with a minimum investment, for example: reconstruction of crossings and energy efficient street lighting, instalment of traffic lights, construction of pedestrian roads and crossings.</p> <p><b>Beneficiaries</b> are local governments.</p>	There will be no overlapping between the EAFRD measure and the ERDF and CF measures, as the supported activities and the territory differ. EAFRD support is available to rural areas.

		<p>Measure 3.2.2 “ICT Infrastructure and Services”, activity 3.2.2.1 “Development of electronic services and information systems of public administration”</p>	<p><b>Activity objective</b> is through the efficient application of ICT opportunities to improve the efficiency of public administration, to promote accessibility of public services electronically, their development, accessibility and quality, to decrease the administrative burden on inhabitants and entrepreneurs, to increase opportunities for inhabitants to become involved in social processes, to develop information systems through the provision of a technical base for the development of e-services and improved information exchange.</p> <p><b>Beneficiaries</b> are direct public administration institutions their subordinated and managed institutions, and planning regions. .</p>	
		<p>Measure 3.4.3 “Socio-economic Impact of Cultural Environment”</p>	<p><b>Within the framework of the measure</b>, support will not be provided to rural territories but rather be aimed at the development of the cultural environment (creation of a network of multi-functional concert halls, restoration of socio-economically important cultural and historical heritage sites, conservation of cultural monuments located on private property and building their socio-economic potential) in national, local and regional importance development centres.</p>	
		<p>Measure 3.5.2 „Energy”, activity 3.5.2.2 “Development of cogeneration power plants utilising renewable energy sources”</p>	<p><b>Activity objective</b> is a substantial increase of the production rate of electricity and heat energy from the renewable energy sources, thus reducing the dependence of Latvia on the import of primary energy resources.</p> <p><b>Beneficiaries are</b> businesses, local government businesses.</p>	<p>There will be no overlapping between the activities supported by the EAFRD and the activities supported by the CF as the beneficiaries and types of energy resources are different. EAFRD support is available to legal or physical persons producing the agricultural products listed in Annex I of the Treaty on establishment of the European Community or recognised cooperative corporations for agricultural services and</p>

				EAFRD support is granted to energy production from agricultural or forestry origin biomass.
National restructuring programme for the sugar sector	Support for construction and renovation of Zemgale planning region local government roads, streets and related infrastructure in Bauska, Dobele and Jelgava districts; renovation of the Liellupe protecting dam from the railroad to Riga street in Jelgava city; as well as renovation of local government roads and culverts in Saldus and Liepāja districts.	The Temporary sugar industry restructuring fund only supports projects that are closely related to restructuring of the sugar sector.		Construction and reconstruction of road or street sections and the related infrastructure financed from the Temporary sugar industry restructuring fund, will not be eligible for support under the EAFRD measure “Village Restoration and Development”.
EFF co-funded “Operational Programme for the implementation of the European Fisheries Fund Support in Latvia”	Priority axis IV “Sustainable development of fisheries areas” measure 1 “Implementation of territorial development strategies” activity 1 “Recovery and development of villages in which fisheries activities are being performed”	<b>Activity objective</b> is to stimulate improvement of the small-scale infrastructure as well as the quality of infrastructure related to fisheries, and diversify the employment in the fisheries areas to preserve population and attraction of the territories.		In order to secure no overlapping between the EAFRD and EFF measures, the local action groups and fishery local action groups will have to highlight demarcation in their local development strategies. One and the same activities will not be eligible under both the EAFRD and the EFF. Regarding the submeasure „Basic services for the economy and rural population in the territory covered by

				<p>local development strategy,, demarcation is territory.</p> <p>EFF will support villages, where are implemented activities of fishery and which are located in the territories significant for the fishery, annex 2 of Operational Programme for the Implementation of the European Fisheries Fund Support in Latvia 2007-2013;</p> <p>EAFRD will support the rest of the rural territory.</p>
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Conservation and upgrading of the rural heritage (ERDF and CF)	ERDF and CF co-funded operational programme “Infrastructure and Services”	<p>Measure 3.4.3 “Socio-economic Impact of Cultural Environment”</p> <p>activity 3.4.3.1. “Establishment of a network of multifunctional culture halls of national and regional importance”, activity 3.4.3.2 “Renovation of objects of important cultural and historical heritage” and activity 3.4.3.3 “Assistance to private owners of cultural monuments in monument conservation and in the effective use of their socio-economic potential”</p>	<p>Within the framework of the measure, support will not be provided to rural territories but rather be aimed at the development of the cultural environment (creation of a network of multi-functional concert halls, restoration of socio-economically important cultural and historical heritage sites, conservation of cultural monuments located on private property and building their socio-economic potential) in national, local and regional importance development centres. Activity 3.4.3.2 will provide support to renovation of objects of cultural and historical heritage on the list of protected heritage sites; with particularly supporting the sites which will operate using innovative methods.</p> <p>Eligible costs of the activity include architectonic and artistic inventory and research, project preparation, design, construction of infrastructure, territorial improvements, including manufacture and erection of direction plates, procurement and modernisation of equipment and technologies, research relating to project implementation or development, ensuring project publicity; beneficiaries: state and municipal institutions, religion organizations, foundations, associations, whose property and/or possession are objects which comply with investment aim of activity.</p> <p>Activity 3.4.3.3 will provide support to preservation and restoration of cultural monuments that are defined as private property, ensuring wide public access to those monuments and thereby an efficient use of the cultural heritage, attracting also private investment.</p> <p>Eligible costs of the activity include architectonic and artistic inventory and research, project preparation, design, construction of infrastructure, territorial improvements, including manufacture and erection of direction plates, procurement of equipment and machinery; beneficiaries: physical or legal entities, whose property and/or possession are cultural monuments.</p>	<p>There will be no overlapping between the EAFRD measure and the ERDF and CF measures, as EAFRD support will be available to the museums and vocational educational institutions related to agriculture, forestry or processing (natural persons or legal entities, associations and foundations, state and municipal authorities) and which are located in a building or complex site premises forming part of cultural and historical architectural heritage of state or community significance included in the list of the state protected cultural monuments. EAFRD measure target territories are rural areas.</p>
		<p>Measure 3.1.1 “Vocational education infrastructure”</p> <p>activity 3.1.1.1. “Modernisation of equipment and improvement</p>	<p>The measure activity provides support to renovation of vocational education establishment buildings, facilities and infrastructure with the view to ensuring pre-conditions for implementation of up-to-date primary vocational education programmes.</p>	

		of infrastructure for implementation of vocational education programme”		
		.Measure 3.4.2 “Tourism”	<b>The measure will provide support</b> to preservation, renovation of national significance monuments - city buildings and adjustment of infrastructure to tourist product development.	
Local Development Strategies (EFF)	EFF co-funded “Operational Programme for the implementation of the European Fisheries Fund Support in Latvia”	Priority axis IV “Sustainable development of fisheries areas” measure 1 “Implementation of territorial development strategies”	<b>Measure objective</b> is to stimulate improvement of the small-scale infrastructure as well as the quality of infrastructure related to fisheries, and diversify the employment in the fisheries areas to preserve population and attraction of the territories.	There will be no overlapping between the EAFRD measure and the EFF measure, as the beneficiaries are different. EAFRD support is not available to local fisheries action groups.
Inter-Territorial and Transnational Cooperation (EFF)	EFF co-funded “Operational Programme for the implementation of the European Fisheries Fund Support in Latvia”	Priority axis IV “Sustainable development of fisheries areas” measure 3 “Inter-Territorial and Transnational Cooperation”	<b>Measure objective</b> is to develop and improve in a sustainable way the living quality in those areas linked with the fishery the strategy of which is in line with the Strategic Plan and by which the development of regional employment, competitiveness and gender equality is promoted as well as introduction of innovations and regional and international co-operation.	There will be no overlapping between the EAFRD measure and the EFF measure, as the beneficiaries are different. EAFRD support is not available to local fisheries action groups.
Ensuring the Operation of Local Action Groups, Acquisition of Skills, Animation of the Territory (ESF, EFF)	EFF co-funded “Operational Programme for the implementation of the European Fisheries Fund Support in Latvia”	Priority axis IV “Sustainable development of fisheries areas” measure 2 “Ensuring the Operation of LFAGs, Acquiring of Skills, Activation of Territories”	<b>Measure objective</b> is to promote efficient operation of LFAGs in developing local development strategies, acquiring skills as well as activating territories in such way promoting continuity of the development of the fisheries areas.	There will be no overlapping between the EAFRD measure and the EFF measure, as the beneficiaries are different. EAFRD support is not available to local fisheries action groups.
	ESF co-funded operational programme “Human Resources and Employments”	measure 5.2 “Capacity building of human resources”, activity 2 “Capacity Building of Social Partners, Non-	<b>Activity objective</b> is to promote development of regional social dialogue and increase participation possibilities of social partners in action policy designing and implementation at regional, national and international levels, to achieve active and qualitative participation of non-governmental sector in decision-	There will be no overlapping between the EAFRD measure and the ESF measure, as those LAG, which will

		Governmental Organisations and Municipalities”	<p>making process and provision of public services as well as to strengthen capacity of NGOs and local governments to implement the activities financed by the EU Structural Funds.</p> <p><b>Beneficiaries are</b> Free Trade Union Confederation of Latvia, Latvian Employers Confederation, non-governmental organisations, planning regions, amalgamated municipalities and town municipalities.</p>	<p>receive support from EAFRD or EFF in relation with the costs of running, acquiring skills and animating the territory, will not be supported from ESF.</p>
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## **10.2. ASSESSMENT AND RESOURCES FOR THE COMPLIMENTARITY WITH THE MEASURES FUNDED BY EAGF OR OTHER INSTRUMENTS**

1167. The Rural Development program of Latvia will be supplemented by the CAP direct payment application provisions, especially in order to decrease the burden of requests' implementation in the protection of rural environment, to preserve the potential of rural land use and the production of market-orientated production. The complimentarity and bound with other national and Community policies illustrate the complimentarity with the Common Agricultural Policy.

## **10.3. THRESHOLD CRITERIA FOR MEASURES AND ACTIVITIES, WHICH MAY BE FUNDED ALSO BY OTHER COMMUNITY AID INSTRUMENTS**

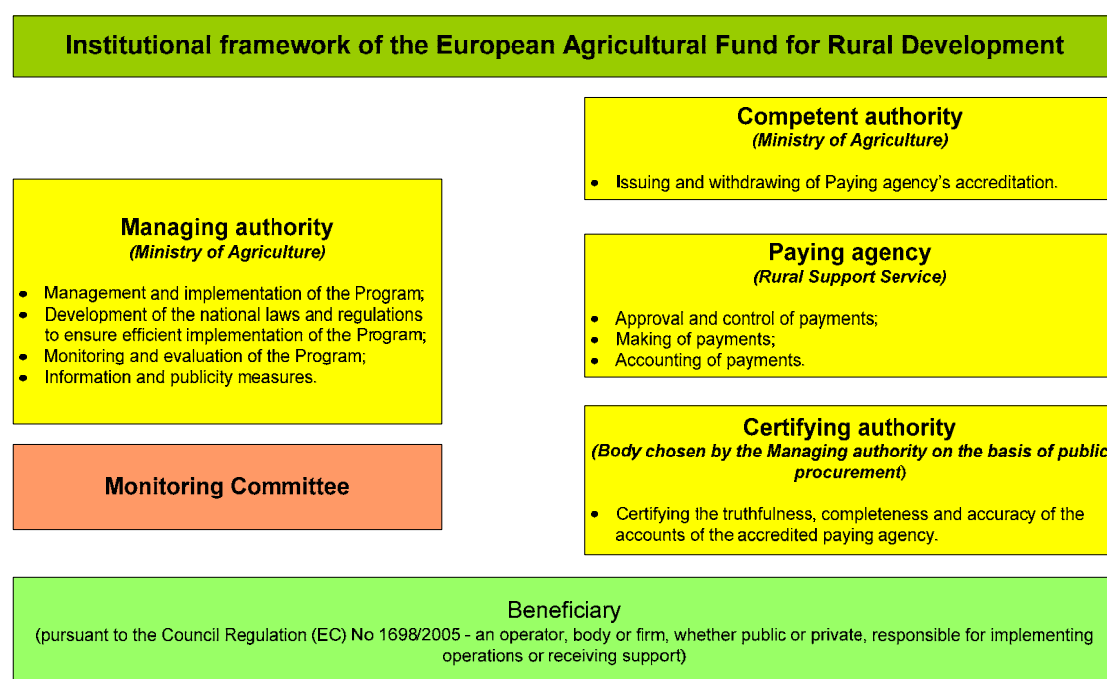
1168. Direct payment aid schemes mentioned in Annex No 1 of the Regulation 1974/2006, which are stipulated in the Regulation 1782/2003, are not introduced in Latvia, as they are aid schemes.
1169. Common area payment scheme is implemented in Latvia (stipulated in Article 143 b of the Regulation 1782/2003). Common area payment is on the basis of the scheme, which can be received for the land used in agriculture, which has been managed in a good agricultural and environment condition irrespective of the fact, whether agricultural production takes place on it or not. In the framework of this scheme it is allowed to introduce additional state direct payments (pursuant to Article 143c of the Regulation 1782/2003), which are separate payments to stimulate particular production directions of agricultural products.
1170. Farmers have access to six additional state direct payments:
- 1) on cattle and sheep females;
  - 2) on the realised milk ton in the framework of quota;
  - 3) on the grassland and flax seed;
  - 4) on the potato starch;
  - 5) on the areas of field crops;
  - 6) on the fodder areas.
1171. Additional state direct payment on cattle and sheep females include three types of support: on slaughtered or exported beef, on suckling cows and potential suckling cows, on sheep females.

**10.4. CRITERIA FOR THE LOCAL DEVELOPMENT STRATEGIES, WHICH ARE IMPLEMENTED PURSUANT TO THE EUROPEAN FISHERIES FUND AND IN THE FRAMEWORK OF COOPERATION WITH OTHER STRUCTURAL FUNDS**

1172. Both within the framework of EAFRD third axis and EFF fourth axis, support for the local development strategies is envisaged (including tourism activities and diversification activities) in LEADER groups in the relevant territory. Therefore in the Rural Development program detailed provisions will be elaborated to ensure the complementarity and to prevent needless bureaucratic procedures.

## 11. Management and Implementation Authorities of the Rural Development program

1173. In order to ensure the protection of the financial interests of the Community and effective implementation of the Rural Development Programme in the programming period of 2007–2013, pursuant to Article 74 of the Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), the Management Authority, accredited Payment Agency and Certifying Authority have been established for the Rural Development Programme as well as a management and control system providing for clear distribution and segregation of functions among the above Authorities has been created.



### 11.1. THE MANAGING AUTHORITY

1174. Pursuant to Article 75 of the Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), the Ministry of Agriculture of the Republic of Latvia is responsible for efficient and correct management and implementation of the Program. The Ministry of Agriculture has been appointed to be the Managing authority pursuant to the Regulations of the Cabinet of Ministers No 267 “Administration procedure of the European Agricultural Guarantee Fund,

European Agricultural Fund for Rural Development and the European Fisheries Fund”<sup>134</sup>.

1175. Functions of Managing Authority can be conditionally subdivided in four groups:
- Management and Control;
  - Information;
  - Monitoring;
  - Evaluation.
1176. Management and control functions are directly addressed to effective implementing of the Program. It mainly involves defining and revising of operation selecting criteria and conditions of granting an aid, developing of rules for administration of support, as well as incorporating of all abovementioned elements of management of control into the Program and national laws and regulations.
1177. Information functions are to furnish society and institutions involved in implementing the Program with all the necessary information and information laid down in legislation. Moreover, an exchange of information among institutions involved in administration of the Program and the European Commission is to be ensured within these functions.
1178. As a result of bringing into effect monitoring and evaluation functions, Managing Authority in collaboration with Monitoring Committee and evaluators of the Program, shall ensure an effective implementing of the Program. Taking into consideration results of monitoring and evaluation, Managing Authority shall assess a necessity to revise the Program, in particular a choice of selected support measures, conditions of granting an aid and operations selecting criteria.
1179. To perform functions of the managing Authority, the Ministry of Agriculture:
- 1) ensures that the activities to be funded are selected in accordance with the criteria suitable for the Rural Development program;
  - 2) ensures that a system is put into operation, which would fix and store statistical information concerning the implementation of the Rural

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<sup>134</sup> Regulations of the Cabinet of Ministers No 267 “Administration procedure of the European Agricultural Guarantee Fund, European Agricultural Fund for Rural Development and the European Fisheries Fund”, issued on 17 April 2007.

Development program in an electronic format suitable for monitoring and assessment;

3) ensures that aid receivers and other structures, which are engaged in the activities of the implementation of the Rural Development program are informed about their duties, which are imposed by the allocated aid, and runs a separate accountancy system or respective account code for all transactions, and is aware of all requirements in relation to data provision to the Managing authority and the accountancy of outcomes and results;

4) ensures that the assessment of the Rural Development program is performed in the stipulated terms and a single monitoring and assessment system is observed in the assessment, and submits the obtained evaluations to the respective state authorities and the Commission;

5) monitors the elaboration of measure implementation procedures and introduction thereof in the Rural Support Service (hereinafter - RSS);

6) prepares or gathers amendments and additions received from other organisations, in order to submit them in the Monitoring Committee and the European Commission;

7) fulfils the secretarial functions of the Monitoring Committee of the Rural Development program and informs the society and authorities involved in the implementation of the Program concerning the decisions taken by the Monitoring Committee or the Commission;

8) in course of the implementation of the Rural Development Programme, involves experts to improve the programme measures; with a view to complying with the principle of coherence and to avoid overlapping, ensures continuous review of the programmes prepared for the purposes of the EU structural funds and the European Fishery Fund, oversees continuous monitoring of the implementation of the Rural Development Programme, and is responsible for the management of the technical assistance funding.

1180. The Ministry of Agriculture has delegated certain Managing Authority functions to the Rural Support Service as an accredited Payment Agency. The most important of those functions are:

1) checking whether the rural development activities financed from the European Agricultural Fund are really implemented and whether they are implemented correctly;

2) prevention and elimination of irregularities;



3) recovery of amounts lost as a result of irregularities or negligence.

1181. In order to ensure an implementation of abovementioned functions, The Ministry of Agriculture has envisaged legal provisions in national regulations, designating the Rural Support Service to assess an eligibility of expenditures made by beneficiaries and to make a decision on recovery of expenditures following the occurrence of irregularity or negligence. Simultaneously, the regulations envisage a responsibility of the Rural Support Service to report pursuant to Articles 3 and 5 of the Commission Regulation (EC) No 1848/2006.

## **11.2. PAYMENT AGENCY**

1182. The functions of the Payment agency pursuant to the Regulations of the Cabinet of Ministers No 267 “Administration procedure of the European Agricultural Guarantee Fund, European Agricultural Fund for Rural Development and the European Fisheries Fund” are performed by the Rural Support Service (RSS) being monitored by the Ministry of Agriculture. RSS has been accredited for administration of the EU co-financed measures (RSS).

1183. The Rural Support Service:

1) ensures the administration of the Rural Development program measures, which includes the collection and assessment of the application (project) to receive aid, taking decisions concerning the allocation of aid or refusal to allocate any aid, as well as payment and accountancy of aid;

2) ensures control over the implementation of aid provisions and applies sanctions if appropriate;

3) ensures the operation of payment system and payment accountancy;

4) elaborates the procedures of the Plan implementation, forms of the applications to be submitted, informative materials, which are intended for the invitation of the support candidates to apply for the aid, as well as other additional documents, which are necessary for administration and control of the aid, as well as for the application of sanctions;

5) reports to the Ministry of Agriculture, the Monitoring Committee, the Commission regarding the use of financial means, as well as informs the public. If necessary, RSS prepares proposals for the Ministry of Agriculture for the necessary amendments in the administration, control or monitoring mechanism of the measures, as well as solves unclear questions, if necessary;

6) ensures and maintains a common information system for the work of central and regional administrations, which serve for a uniform interpretation of the implementation procedure of the Rural development program (including the performed amendments), maintenance of a data base and information exchange;

7) pursuant to paragraph 1(c) of Article 8 of the Council Regulation (EC) No 1290/2005 and in compliance with the delegation by the Competent Authority, every year submits an approved Declaration of Expenditure to the Commission, which is used also as a payment claim, together with all required additional information.

### **11.3. CERTIFYING AUTHORITY**

1184. Pursuant to Article 74(2)(c) of the Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), the Certifying authority carries out the accreditation monitoring of the Payment agency – Rural Support Service – and prepares the annual account certification report. The Certifying authority is chosen by the Managing authority on the basis of public procurement engaging an independent audit company.
1185. Examination by Certifying Authority shall be conducted pursuant to Article 7 of the Council Regulation (EC) No 1290/2005 of 21 June 2005 on the financing of the common agricultural policy and Article 5(2) to 5(4) of the Commission Regulation (EC) No 885/2006 of 21 June 2006 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the accreditation of paying agencies and other bodies and the clearance of the accounts of the EAGF and of the EAFRD.
1186. Aim of examination conducted by the Certifying Authority is to give an affirmation and a view to the EAFRD Competent Authority on the truthfulness, completeness and accuracy of the accounts of the EAFRD Paying agency, taking account of the management and control systems set up.

### **11.4. COMPETENT AUTHORITY**

1187. Pursuant to Articles 1, 2, 3 and 4 of the Commission Regulation (EC) No 885/2006 of 21 June 2006 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the accreditation of paying agencies and other bodies and the clearance of the accounts of the EAGF and of the EAFRD, the functions of the Competent authority for the European Agricultural Fund for Rural Development – issuing and withdrawing of Paying agency's accreditation – are performed by the Ministry of Agriculture.

1188. Functions of the EAFRD Competent Authority are as follows:

- To ensure an issuing and withdrawing the Paying agency's accreditation, supervising of the agency and giving an information to the European Commission;
- To ensure a designation of the Certifying Authority in a way of public procurement;
- To ensure an adoption of all legislative, regulatory and administrative provisions and taking any other measures necessary to ensure effective protection of the financial interests of the Community;
- To ensure a monitoring of setting up an efficient management and control system comprising the certification of accounts and a declaration of assurance, and supervising of the management systems for programmes financed by the European Commission within the EAGF and EAFRD;
- To provide necessary information to the European Commission pursuant to the EU and national laws and regulations.

## **12. A description of the monitoring and evaluation systems, as well as the envisaged composition of the Monitoring Committee**

1189. Pursuant to Article 80 of the Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), Latvia has to establish a common monitoring and evaluation system in cooperation with the European Commission. The system must feature a specific number of monitoring and evaluation indicators applicable to any programme.
1190. Prior to beginning the administration of the Rural Development Programme, specific indicators of output, results and impact are established for each support measure, based on which it would be possible to evaluate the programme implementation efficiency in course of programme implementation, through all the programming period, serving as a basis for analysis up to the level of measure activities. Information on analysis completed within the framework of the monitoring and evaluation system will be used both in the annual progress reports as well as mid-term and final evaluation reports as well as be made available to the Monitoring Committee and the general public.
1191. The duty of the Ministry of Agriculture is to ensure that a system is operational to capture and preserve computerised information on programme implementation in a form that would be suitable for the purposes of monitoring and evaluation.

### **Monitoring**

1192. With a view to recording and maintaining the information referred to under paragraph 1(a) of Article 75 of the Regulation (EC) No 1698/2005, a Rural Development Programme Information System 2007–2013 (hereinafter – IS) has been developed handling also the financial and statistical data on implementation of the Rural Development Programme.
1193. The Rural Support Service is the institution charged with the responsibility for the establishment and maintenance of the IS and the collation of the information.
1194. The IS covers the following functional areas: project application administration process (handling of project applications, preparation of support calculations), reporting.

1195. In compliance with the joint monitoring and evaluation system, the IS incorporates also the system of performance and impact measurement indicators developed by the Managing Authority.
1196. The Managing Authority uses the data accumulated by the IS to analyse the implementation of the Rural Development Programme, to provide information to the Monitoring Committee and to prepare the reports referred to in Article 82 of the Regulation (EC) No 1698/2005.
1197. Monitoring includes also the collection of pre-set and agreed financial and performance indicators, their evaluation and preparation of reports for submission to the European Commission as well as providing information to the general public, which is all carried out by the Managing Authority.
1198. The IS has been deemed reliable for the purposes of the Rural Development Programme implementation through the accreditation of the Rural Support Service as the Paying Authority.

### **Annual progress reports**

1199. Pursuant to Article 82 of the Council Regulation (EC) No 1698/2005, the Ministry of Agriculture as the Managing authority has to ensure the elaboration of the Annual progress report on the implementation of the program. After the report has been approved, the Ministry of Agriculture is responsible for sending it to the Commission. The following elements must be included in the report:
- 1) all changes in general circumstances, which directly leave an impact to the implementation conditions of the program, as well as all changes in the Community and national policy, which relates to the mutual compliance of EAFRD and other financial instruments
  - 2) program development in relation to the set targets on the basis of the direct and result-bearing indicators;
  - 3) financial implementation of the program by attaching a report to each activity concerning expenses made due to payments to aid receivers; if the program refers to the regions, to which the Convergence aim refers to, such costs are calculated separately;
  - 4) summary on the on-going assessment activities pursuant to Paragraph 3 of Article 86;
  - 5) measures carried out by the Managing authority and Monitoring Committee, in order to ensure the quality and efficiency of program

implementation, especially:

- (a) monitoring and assessment measures;
- (b) summary of the biggest maintenance problems of the program and all measures performed, including the provision of answers to the notes pursuant to Article 83;
- (c) use of technical aid;
- (d) measures, which are performed in order to ensure that the information is distributed in accordance with Article 76.

6) statement on the compliance with the Community policy in relation to the aid, drawing attention to the stated problems and the measures taken for the prevention thereof;

7) in the respective case the repeated use of such aid, which has been regained in accordance with Article 33 of the Regulation (EC) No 1290/2005.

1200. The first report must be prepared in 2008. The report on the previous calendar year must be submitted to the Commission until 30 June. The last progress report must be sent to the Commission not later than until 30 June 2016.

### **Summary reports**

1201. Pursuant to Article 82 of the Council Regulation (EC) No 1698/2005, Latvia has to submit summary reports to the Commission, where the achievements in the implementation of the Strategic Rural Development Plan of Latvia and its contribution in the achievement of the Community strategic policies have been described.

1202. The information included in the Annual progress reports of the previous years has been gathered, especially paying attention to:

- 1) achievements of rural development programs and results in relation to the indicators set in the national strategy plan;
- 2) activity results of continuous assessment for each program.

1203. Summary report must be prepared and submitted to the Commission for first time in 2010 and not later than on 1 October of each second year.

1204. The last summary report is submitted not later than on 1 October 2014.

### **Assessment**

1205. Pursuant to Article 84 of the Council Regulation (EC) No 1698/2005, the Rural Development program must carry out an ex-ante, mid-term and ex-post assessments. The aim of assessment is to improve the quality and efficiency of

rural development program implementation, evaluating the impact onto the strategic policies of the Community, characteristic problems of Latvia, taking into account the requirements of sustainable development and impact on the environment and the way the requirements set in the respective laws and regulations of the Community are observed.

1206. Assessment methods and standards shall be applied in accordance with the Single monitoring and assessment system, which has been established and introduced in the cooperation with the European Commission.
1207. The Ministry of Agriculture organizes the assessments, providing the necessary financial resources, organizes the collection of data necessary for monitoring and assessment. Assessments are performed by independent evaluators, the Ministry of Agriculture taking responsibility for their attraction.

### **Ex-ante assessment**

1208. Pursuant to Article 85 of the Council Regulation (EC) No 1698/2005, the Ministry of Agriculture signed an agreement for the performance of independent assessment of the ex-ante assessment.
1209. It has been performed by Riga International School of Economics and Business Administration (RISEBA) as ordered by the Ministry of Agriculture of the Republic of Latvia. Work with the assessment was started on 20 June 2006 and the final version of the assessment report was submitted to the Ministry of Agriculture on 7 September 2006.
1210. The assessment was performed taking the National Strategy of Rural Development Plan Draft of Latvia for 2007–2013 (version as of 13.06.2006) and the Rural Development Program Draft of Latvia for 2007–2013 (version as of 14.06.2006) as a basis.
1211. Ex-ante assessment and the assessment of Strategic impact on environment are attached to the Programme.
1212. The summary of the previous Ex-ante assessment with the respective references to the amendments, which have been performed in the Program, is attached in Annex No 4.

### **Mid-term assessment**

1213. Pursuant to Article 86 of the Council Regulation (EC) No 1698/2005, the Ministry of Agriculture ensures the elaboration of mid-term assessment report in 2010, where the level of use of the resources, EAFRD programming

efficiency, its socially economic impact and impact on the Community priorities, including the recommendations for the program measure implementation and quality improvement, have been analysed.

### **Ex-post assessment**

1214. Pursuant to Article 85 of the Council Regulation (EC) No 1698/2005, the Ministry of Agriculture ensures the elaboration of mid-term assessment report in 2015, where the level of use of the resources has been analysed, EAFRD programming efficiency, its socially economic impact and impact on the Community priorities indicates factors, which have helped implement the programs successfully or have not allowed successful implementation, including the one referring to sustainability.

#### **12.1. PLANNED COMPOSITION OF THE MONITORING COMMITTEE**

1215. Pursuant to Article 77 of the Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and pursuant to laws and regulations adopted in Latvia, the Monitoring committee of the Rural Development program is established within three months the latest after the decision on the program adoption has been taken.
1216. The Monitoring committee is managed by the representative of the Managing authority. The representatives from the Managing authority, Payment authority, Regional Planning Councils, Latvian Association of Local and Regional Governments, agricultural non-governmental organisations, environmental non-governmental organisations, authorities which are directly related to the program implementation and other state administration authorities with their competencies related to the implementation of the Program (such as the Ministry of Regional Development and Local Government, the Ministry of Environment, the Ministry of Economics, Secretariat of Special Assignments Minister for Electronic Government Affairs, the Ministry of Finance) will be involved in the Monitoring committee. Representatives of the European Commission and international financial authorities also take part in the work of the Monitoring committee as observers. Full list of the Monitoring committee members annexed in Annex 15.



## **12.2. FUNCTIONS OF THE MONITORING COMMITTEE**

1217. The main functions to be performed by the Monitoring Committee are as follows:

- 1) to make proposals to the Managing Authority on the selection criteria for financed operations;
- 2) to review progress made towards achieving the targets of the Programme, on the basis of the documents submitted by the Managing Authority;
- 3) to examine the results of implementation, particularly achievement of the targets set for each axis and ongoing evaluations;
- 4) to consider and approve the annual progress report and the last progress report before they are sent to the Commission;
- 5) to make proposals on implementation of the program aimed at achieving the objectives of the European Agricultural Fund for Rural Development, or improving its management, including its financial management;
- 6) to consider and approve any proposal of the Managing Authority to amend the Commission decision on the contribution from the European Agricultural Fund for Rural Development;
- 7) to overlook an implementation of the Communication strategy;
- 8) to come up with a position in annual progress report.

1218. In the course of implementation of the Programme the co-ordination among the European Union Structural funds, the Cohesion Fund, the European Agricultural Fund for Rural Development, the European Agricultural Guidance and Guarantee Fund and the European Fisheries Fund, from which the last three are under the supervision of the Ministry of Agriculture, will be ensured by the representative of the Structural funds Managing authority with the advisory participating in the Monitoring Committee of the Programme, as well as by the representative from the Ministry of Agriculture with the advisory rights participating in the Monitoring Committee of the Structural Funds and the Cohesion Fund Operational programmes.

1219. Additional coordination mechanism between the funds mentioned above shall be ensured during the elaboration and approval of national laws and regulations. The Cabinet Regulations, which will be elaborated for each support measure of the Programme before their approval in the Cabinet of Ministers, shall be coordinated with the other ministries responsible for implementation of the measures included under the Structural Funds and the Cohesion Fund and with the Fisheries Support Division of the Ministry of Agriculture responsible for implementation of the measures included under

the European Fisheries Fund. The implementation rules are coordinated also with the social partners, as it is set by the order of proposal, progression and consideration of laws and regulations in the Republic of Latvia.

## **13. Provisions to ensure that the programme is publicised**

### **13.1. ACTION FOR INFORMATION OF SOCIAL PARTNERS ON THE RURAL DEVELOPMENT PROGRAM**

1220. For information of the public, regarding the measures of Rural Development Programme (RDP) the Ministry of Agriculture (MoA) in 2007–2013 will implement communication strategy by explaining at its initial stage rural development strategy and programs chosen for the period of 2007-2013, and which are part of RDP, the essence of these measures, implementation mechanisms, control and financial gain of beneficiaries upon their involvement in each measure as well as changes in the national aid policy and financed measures. The public will receive information at the RSS regional departments, via mass media, at workshops and seminars in regions, at various advisory organizations, self-government, and agencies and through other cooperation partners.
1221. The MoA will inform the public on objectives and programs of rural development strategy, tasks and expected results; it will outline objectives of the next programming period and a possible development of each planned measure. To enable potential beneficiaries to receive the aid already from 2007 as well as to secure that the funding allocated for implementation of the plan is spent effectively, an active work of regional advisory services is supported. These services:
- 1) assess economic gains, identify possible problems and ensure solution to these problems thus promoting the development of applicant's farm/establishment;
  - 2) provide information on legislation, commitments and consequences in case of non-compliance with commitment within each measure of the plan;
  - 3) support availability of the aid within other measures co-financed from other EU funds or which are financed only from the national budget;
  - 4) provide advice on other issues associated with assessment and utilization of possibilities in the period 2007-2013 of every potential beneficiary and interested persons.
1222. The MoA web site: [www.zm.gov.lv](http://www.zm.gov.lv) provides a free access to the information related to legislation, aid policy and funding. Every interested person can interact on the web site, make proposals, notify any problems, and participate in discussions. The largest national periodical "Latvijas Avīze", addressing

rural population as well as other newspapers and magazines both central and regional, publish information on this plan.

1223. To explain the Rural Development Plan and strategy in parishes there will be special demonstration campaigns organized with the participation of the Minister of Agriculture and leading experts of the Ministry with the view to explaining the core of the plan and objectives on political level. Self-governments and district farmers' unions participate in organization of these demonstration campaigns. An extensive explanation of the plan will also be carried out during annual regional conferences held by the MoA in all parts of Latvia (every year 4 events in July and August).
1224. Farmers regularly receive information on deadlines for aid applications within RDP measures on their mobile phones as SMS service. Every working day it will be possible to ask questions and express opinion on different subjects, including RDP, by calling the Ministry's "hot line", which is operative every working day. The Ministry's specialists will prepare answers and they will be communicated to the interested person within two working days.
1225. Upon cooperation of the MoA and the Latvian Union of Self-governments, seminars will be organized regularly for specialists in parishes with a view to providing information on new developments and changes in legislation, application deadlines and other RDP topicalities. Moreover application criteria under RDP programs will be regularly explained at seminars and workshops organized by the Latvian Rural Advisory and Training Centre (LRATC) in all parishes of Latvia.
1226. The course of implementation of the RDP programs and funding will be also discussed at meetings of public organizations, including Latvian Agricultural Joint Consultative Council where the Minister of Agriculture and specialists from the Ministry and institutions supervised by the Ministry are participating.
1227. The whole period – from 2007 to the end of 2013 – a particular attention will be paid to the training, consulting and information of applicants on additional opportunities, changes in procedure elements of measures if any have been accepted with a view to efficiency improving of the planned measures. Parallel to this, the public will continuously receive the information on the course of implementation of the measures envisaged by the plan and involvement of new applicants and consultations in respect of eligibility to aid.
1228. Upon carrying out a mid-term evaluation of the implementation, the MoA will inform the public on the course of implementation of the plan and on actual outputs upon finalization of the implementation process of the plan in 2013.

1229. One of the main objectives of the public agriculture network will be informing public on the role and significance of the rural development measures.

### **13.2. ACTION FOR INFORMATION OF BENEFICIARY OF THE AID ON THE AMOUNT OF COMMUNITY CONTRIBUTION**

1230. The MoA web site: (<http://www.zm.gov.lv>) provides a free access to the information related to the amount of the Community contribution to the program. The information on the Community funding is available also on the website the Ministry of Finances on the EU funds (<http://www.esfondi.lv>).

### **13.3. ACTION FOR INFORMATION OF PUBLIC ON THE COMMUNITY ROLE IN THE PROGRAMS AND THE RESULTS**

1231. The MoA web site (<http://www.zm.gov.lv>) provides a free access to all the actual information related to the Community law and the aid policy. Every interested person can interact on the web site, make proposals, notify any problems, and participate in discussions. The largest national periodical “Latvijas Avīze”, addressing rural population as well as other newspapers and magazines will publish information provided by the Press and Public Relations Department of the Ministry of Agriculture on the Community role within the programs and the results. The information on the results of the Community programs is available on the Rural Support Service web site ([www.lad.gov.lv](http://www.lad.gov.lv)).
1232. In order to ensure an application of transparency principles, as well as an execution of requirements stated in the EU legislation, Rural Support Service in accordance with an established procedure by the national legislation within three months after taking a decision of granting an aid on Rural Support Service web site ([www.lad.gov.lv](http://www.lad.gov.lv)) will publish a list of all beneficiaries, indicating their names and identification numbers in cases of legal entities, Rural Support Service regional agricultural department received a project application, as well as amount of financing.

## **14. The designation of the partners consulted and the results of consultation**

1233. According to requirements laid down in Article 76 of the Council Regulation (EC) No 1698/2005 of 20 September 2005 on support to rural development from the European Agricultural Fund to Rural Development (EAFRD), the “Information and dissemination of information” a Member State must provide information to the public and disseminate information on the national strategy plan, rural development program and the Community inputs.

### **14.1. THE DESIGNATION OF THE PARTNERS CONSULTED**

1234. According to requirements laid down by Article 6 of the Council Regulation (EC) No 1698/2005 of 20 September 2005 on support to rural development from the European Agricultural Fund to Rural Development (EAFRD) upon formulation of implementation strategy of the plan and setting up of the measures to be implemented, the Ministry of Agriculture consulted the European Commission and cooperation partners in the European Union, cooperation partners in Latvia (see Annex 14 “Socioeconomic partners”) both on the policy development and on administrative, non-governmental and potential beneficiaries level.

1235. All the results of the consultation process were taken as the basis in preparation of the national strategy plan and development of the Program.

1236. Economic and social partners, competent regional and local authorities as well as other governmental institutions were involved in the process of development of the national strategy plan. There was a steering group established for preparation of rural development programming document for 2007-2013, which was convened 4 times.

1237. To set up the implementation mechanism of the Program measures there were 26 working groups functioning of which 6 were related to forestry measures, 15 working groups – on the level of the measures and 5 were on the level of sub-measures of the measure “Agri-environment”. Each of the groups involved experts of specific issues, policy makers and decision makers on the national, regional and local level, representatives of institutions administrating measures and expertise institutions, representatives of non-governmental organizations and civil public. Each group worked at one Program measure (within the measure “Agri-environment” – at the sub-measure) and one horizontal level group – at administration improvement of all the measures. In the period between meetings of working groups, the involved representatives had consultations with experts of other areas thus, covering wider public

1238. After preparation of the first draft of the Program, it was published for public discussion. All the proposals received were summarized, assessed and incorporated into the Program. The first draft of the Program was submitted for Ex-ante evaluation and proposals worked out on the basis of the results were incorporated into the Program (see Annex 3). The document was submitted to the Cabinet of Ministers and after its adoption it was sent to the Commission.
1239. “The Measure “Agri-environment” has been prepared in close cooperation with non-governmental organizations. Already when preparing SAPARD and the agri-environment measure to be implemented within the Latvian Rural Development Plan for 2004–2006, the Latvian Nature Fund made a considerable contribution, laying basis for further programming in compliance with the Rural Development Program.
1240. Measures have been discussed with representatives of farmers’ organization and environmental organization, for example, the Agricultural Joint Consultative Council, the Latvian Nature Fund, the Latvian Ornithological Society, the World Nature Fund, Association of Organic Agricultural Organizations, etc.
1241. Social partners play the most important role during implementation of the Program, based on the following tasks:
- 1) within the limits of their competence to get involved and assist the RSS and MoA in a more efficient implementation of objectives of the Program, to get involved in the process of the Program implementation within the limits of their competence;
  - 2) to assist in information and consultation of rural population (various target communities) on availability of the aid or changes;
  - 3) to represent interests of different target communities in decision making process (particularly in the Program Monitoring Committee);
  - 4) upon a reciprocal cooperation and involvement of a wide public, to collect proposals on improvements or elimination of shortcomings in the mechanism of measure implementation and to inform henceforth the public on possible changes in the course of implementation of measures;
  - 5) To provide rural population with training and consultations regarding eligibility to aid, more efficient utilization of and reporting on utilization of the aid.
1242. Strategic environmental impact assessment (SEA) by external specialists and consultants was made for the Programme. SEA was conducted in compliance with the provisions set by the Directives 2001/42/EC and 92/43/EEC, the law

"On Environmental Impact Assessment" of the Republic of Latvia and 23 March 2004 Cabinet of Ministers Regulations No 157 "Procedure for implementation of strategic environmental impact assessment". Based on the completed assessment, the independent experts have concluded that the Programme is overall compliant with the international and the national environmental policy objectives and does not provide for any direct measures that would conflict with the provisions of international conventions binding on Latvia, EU strategies and the objectives featured in the national environmental policy planning documents.

## 14.2. DISCUSSION RESULTS

1243. Since March 2006, the draft Programme was discussed with various socioeconomic partners on a monthly basis. The draft Programme was available on the Ministry of Agriculture website. During the discussion, over 200 proposals were received from various organisations. Striking a balance between the interests of nature and environment protection organisations and farmers of forestry businesses, compromise solutions have been found for the planned support measures (see Table 1).
1244. During the last Steering group meetings for the development of the Rural Development programming documents 2007–2013, the following issues were decided:
- 1) measure "First afforestation of non-agricultural land": incorporate provisions to prevent afforestation of open landscape areas significant to preserve biodiversity;
  - 2) measure "Infrastructure for development and adaptation of agriculture and forestry": put restrictions on support to draining on Natura 2000 territories, except if it is provided for in the Nature Protection Plan.
  - 3) support measure "Support to restructuring of semi-subsistence farms": applicants whose family members and first degree relatives already have received support will no longer be eligible.
  - 4) measure "Support to young farmers": project implementers will have to demonstrate increase in production based on the same criteria as used under the measure "Modernisation of agricultural holdings".
  - 5) measure "Agri-environment" sub-measures "Establishment of buffer belts" and "Preservation of genetic resources of farming animals": to be funded from state support.
  - 6) sub-measure "Maintaining biodiversity of grasslands": extensive grazing interval of 0.5-1.0 livestock units per ha is changed to 0.4-0.9 livestock units per ha.



7) measure "Adding value to agricultural products": state that milk and meat processing are sectors requiring a special approach, i.e. optimisation of the existing business capacity, calculating the support funding amount based on the volumes processed, exports and structure of business.

8) measure "Producer groups": provide support to all sectors, except grain cultivation and milk cattle-breeding, as these have already developed.

Table 1 Proposals of socio-economic partners

No.	Environment/ nature protection organisation	Proposal by environment and nature protection organisations	Farmers or other organisations (except environment)	Proposal by farmers organisations	RDP version	RDP measure
1.	Latvian Nature Fund, Latvian Ornithological Society, Latvian Entomological Society	EU funding cannot not be used to promote afforestation of agricultural lands and non-agricultural lands	Latvian Forest Industry Federation  Association «Latvian Private Forests»	EAFRD funding for the forest sector is insufficient, considering the important role of the sector in Latvian rural economy and its further development.  In the Rural Development Programme 2007-2013, preserve the activity " First afforestation of non-agricultural land " within the limits stated in the activity list. Documents determining the need for this measure:: - EU Council Regulation (EC) No 1698/2005; - Latvian Forest Policy, providing for promotion of afforestation of non-agricultural and other unused lands by using the current national mechanisms for stimulation; - resolutions taken at conferences by European Forest Ministers.	The purpose of the measure is to support afforestation of non-agricultural lands, increasing land use efficiency, preserving biodiversity and using the recreational and aesthetic features of the rural landscape. Support afforestation of lands unsuitable or unnecessary for agriculture or other types of use, but appropriate for afforestation, in compliance with the spatial development plans and the prospective zoning under the plans as well as the management plans of protected nature territories, and keeping in mind the necessity to preserve agricultural territories of high natural value. Afforestation of <i>Natura 2000</i> territories or high-value nature territories, or territories with high agricultural potential as well as wetlands is permissible only in compliance with the criteria applying to the management of those territories.	First afforestation of non-agricultural land

2.	Latvian Nature Fund, Latvian Ornithological Society, Latvian Entomological Society	EU funding cannot not be used to promote liquidate the consequences of natural disasters: wind, fire, mass invasion of pests.	Latvian Forest Industry Federation	EAFRD funding for the forest sector is insufficient, considering the important role of the sector in Latvian rural economy and its further development.	Renew the production potential of forestry in the areas damaged by natural disasters and introduce preventive measures for reduction of damages.	Restoring forestry potential and introducing prevention actions
3.	Latvian Nature Fund, Latvian Ornithological Society, Latvian Entomological Society	Support should not be extended to draining of new yet undrained areas neither of agricultural, nor forest lands. Payments should be granted to restore the hydrology regime: liquidate the consequences of drainage (serpentine of straightened rivers, filling up or blocking up ditches).	Farmers Parliament	Supported activities should include renovation and maintaining the operation of drainage systems by legal persons ; The measure should not include national or local government importance drainage systems;	Construction, reconstruction or renovation of drainage systems on Natura 2000 territories and specially protected nature territories is not supported. Support for construction, reconstruction or renovation of drainage systems on agricultural lands can be received under the measure activity also by local governments. Support for reconstruction or renovation of drainage systems on forest lands can be received by local governments or managers of local government forests as well as the JSC <i>Latvijas valsts meži</i> , if the project is implemented together with one or several private forest land owners or a local government.	Infrastructure for development and adaptation of agriculture and forestry
4.	Latvian Nature Fund, Latvian Ornithological Society, Latvian Entomological Society	Applying for all type of payments when managing BVL through mowing should not be limited based on the number of animals held by the farm.	LSA	Reference figures and specific support provisions should be set for each payment activity of " Agri-environment";	Beneficiary can get support if: (...) applying for support under the activity "Extensive farming" biologically valuable grasslands are grazed from 0.4-0,9 livestock units per 1 ha;	Agri-environment

5.	Latvian Nature Fund, Latvian Ornithological Society, Latvian Entomological Society	BVL mowing calendar – three starting dates apply (Table 1) – 15 June, 15 July and 15 August. Payment is differentiated based on collection of the cut grass or crushing (for crushing it is lower than for collection). (See Table in the letter)	Farmers Parliament	On biologically valuable grasslands. In case of late cutting, we suggest providing for grass collection, without allowing crushing opportunity. This would promote preservation of the diversity of species within the areas.	When applying for support under the activity "Late cutting of grasslands", biologically valuable grasslands are cut from 1 August to 15 September; the cut grass is collected and transported away from the field or crushed.	Agri-environment
6.	Latvian Nature Fund, Latvian Ornithological Society, Latvian Entomological Society	As opposed to the previous RDP, Natura 2000 payments may not be granted for any AL within any Natura 2000 territory. Further payments should only be granted for real restrictions on business activity and the amount of payment should be differentiated according to the degree of restriction on business. The first step is not to pay for arable land, if there are no special restrictions.	CCAO	The measure "Natura 2000 payments and payments linked to Directive 2000/60/EC" should only make payments for the areas of permanent grasslands, permanent meadows and pastures.	The support payment compensates foregone income and costs relating to restrictions imposed on agricultural activity by nature conditions, provided for by the national legislation. Support under the measure can only be obtained for the areas of permanent meadows and pastures.	Natura 2000 payments and payments linked to Directive 2000/60/EC
7.	Latvian Nature Fund, Latvian Ornithological Society, Latvian Entomological Society	REDUCTION OF EROSION We propose not to start this measure as its impact on the overall finances has not been evaluated sufficiently clearly.	Farmers Parliament	On wind erosion restriction measure. We propose to differentiate between payments for stubble-fields, grasslands and sown intermediate cultures, as their maintenance costs and impact are different.	The target territory of the measure " Agri-environment "sub-measure "Reduction of erosion" has been changed. Support is provided for preservation of stubbles in arable land during the winter period.	Agri-environment

## 15. Equality between men and women and non-discrimination

### 15.1. ENSURING EQUALITY BETWEEN MEN AND WOMEN IN VARIOUS PROGRAMMING STAGES

1245. The proportion of women is considerably higher in Latvia in the following sectors: health and social care, education, insurance and pension funding, except compulsory social insurance, wholesale and retail trade, hotels and restaurants. More women as opposed to men are also employed in sectors like postal services and communications, recreation, culture, sports, financial intermediation.
1246. The smallest number of women is employed in construction and fishing, about one fourth of the employees are women in forestry, mining, transports (except railroad, air and water transport as well as the auxiliary branches of water transport), energy, gas and water supply.
1247. The number of women and men is about equal in public administration and defence, science and research, agriculture, manufacturing and real estate.
1248. According to the results of several surveys, women find salary an important factor when choosing a job and implementing official responsibilities. Comparison of the wages received by men and women in various sectors reveals that women receive an average of 81.7% of the remuneration received by men. The largest wage differences between women and men employed in both the public and private sector are in the basic groups of professions with the top level of skills, like managers and specialists.<sup>135</sup>
1249. In order to prevent gender discrimination in implementation of the Rural Development Programme, compliance with the Concept of Equality of Genders approved by the Cabinet of Ministers at 16 October 2001 meeting is ensured. The purpose of the Concept is to promote effective, integrated and coordinated addressing of the gender equality issues.
1250. An integrated approach to the equality of genders is applied, i.e. the principle of gender equality is taken into account of at all stages of development, implementation and evaluation of policies, programmes, administrative and financial activities. It is planned to ensure representation of both genders, thus ensuring that the measures meet the diverse needs, interests and possibilities

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<sup>135</sup> Source: European Community initiative EQUAL project "Open labour market for women". Survey of factors determining the ability of women to enter the labour market, Riga 2005, p.5.

of both men and women. None of the activities will deteriorate the status of any of the genders.

1251. Development and evaluation of projects within the RDP measures will take into account the Guidelines for Compliance with Principles of Equality of Genders for Applicants and Evaluators of the EU Structural Funds issued by the Ministry of Welfare, with a view to providing equal opportunities for men and women to participate in the process of initiating and implementing projects supported from the EU Structural Funds.
1252. The RDP measures state that both genders have equal opportunities to apply and receive support under all measures, provided that they are able to meet the provisions set under each individual measure and are eligible as beneficiaries.
1253. The RDP measure project application forms, forming an integral part of project development and evaluation, features a request to identify gender not for the purposes of project evaluation, but for the purposes of further data processing, analysis and summary.
1254. The RDP measures state that both genders have equal opportunities to apply and receive support under all measures, provided that they are able to meet the provisions set under each individual measure and are eligible as beneficiaries according to the pre-set criteria (education etc.).
1255. The purpose of information campaign concerning the measures under this programme will be to ensure availability of information to both genders.

## **15.2. INTEGRATION POLICY IN LATVIA**

1256. By ratification of the Framework Convention for the Protection of National Minorities of the Council of Europe, the Saeima adopted also two declarations announcing that Latvia considers paragraph 1 of Article 10 and paragraph 3 of Article 11 of the Convention governing certain areas of application of minority languages binding in so far as it is not in conflict with the constitution and other effective legislation of the Republic of Latvia governing the application of the official language. Ratification of the Convention has been welcomed by top officials of the Council of Europe and European Organisation for Security and Cooperation as well as other countries. A favourable opinion concerning ratification was expressed both at a bilateral and multi-lateral level in international organisations.

### **15.2.1. Language**

1257. Social integration is achieved through successful cooperation of Latvia and international human rights organisations. Latvia has ratified several important

human rights documents and consulted with international human rights experts in the process of drafting legislation. This has helped to ensure full compliance of Latvia's legislation and practice with international standards.

1258. Latvia is a markedly multi-national society. Latvians live and work alongside with many national minorities. Some of them have been present in Latvia for centuries. These communities have established their cultural identity, and the Latvian state helps them to preserve it. Continuous integration of various ethnic communities is a significant pre-requisite for further stability and welfare of the nation.
1259. Since Latvia regained independence, one of the main language policy objectives is to promote the learning and use of Latvian as one of the most important means of social integration. The low Latvian language proficiency is an obstacle to integration and it partly diminishes the willingness and opportunities of non-citizens to get Latvian citizenship, as it limits the communication ability with public administration and participation in social and political processes.
1260. Starting from September 2004, the number of school subjects to be taught in Latvian at general education establishments of central and local government level has been increased from three to five. Up to 40% of all subjects are still taught in national minority languages.

### **15.2.2. Citizenship**

1261. Citizenship represents one of the closest links between an individual and his/her country of residence. With the Citizenship Law adopted in 1995 and other relevant legislation, Latvia provides for an equitable and unbiased obtaining of a citizenship. Statistical data as at the beginning of 2007 suggest that 81.2% of Latvia's population are Latvian citizens, and practically all permanent residents can become Latvian citizens. Children born after restoration of independence are granted the citizenship automatically.
1262. The RDP measure project application forms, forming an integral part of project development and evaluation, do not feature any questions to identify the citizenship or religious affiliation of project applicants.

## **16. Technical assistance operations**

### **16.1. TECHNICAL ASSISTANCE OPERATIONS**

1263. According to Article 66(2) of the Council Regulation (EC) No 1698/2005 of 20 September 2005 on support to rural development from the European Agricultural Fund to Rural Development (EAFRD), regarding support to the programming document of rural development it is permitted to finance preparation, management, monitoring, evaluation, information and control measures in order to achieve the planned results. To this end, the financial support is allocated for carrying out of the necessary research, implementation of pilot projects, training and seminars, provision of the staff involved in the development and monitoring of the programming document with technical facilities as well as for technical assistance to enforcement of the programming document in general.
1264. Technical assistance is required in order to support the institutions involved in the administration of the funded operations. Within the framework of it the direct program administration costs will be settled.
1265. Goal of the technical assistance – provide efficient and respective preparation, management, monitoring and evaluation of the program and information and control measures aimed at reaching the expected results.

### **Preparatory operations**

1266. Upheld activities – project preparation, research (int. al. research in regard to agriculture impact on environment) and costs relating preparation of the RDP and the necessary amendments, establishment, introduction and maintenance of management, administration and control systems for institutions involved in managing and administering of the RDP.

### **Management operations**

1267. Upheld activity – approval of projects and costs relating operation of the Managing and Paying authorities (int.al. rising of institutional capacity (wages, equipping of premises)).

### **Monitoring operations**

1268. Upheld activity – project monitoring, including remuneration for experts and costs relating monitoring of an implementation of the RDP and an operation of Monitoring Committee, costs related to establishment and development of computerised monitoring information system (wages, equipping of premises).



### **Evaluation operations**

1269. Upheld activity – project evaluation and costs relating an on-going and mid-term evaluation of the RDP, as well as other necessary evaluation activities (int.al. rising of institutional capacity (wages, equipping of premises).

### **Information operations**

1270. Upheld activities – research, workshops, publicity and information action.

### **Control operations**

1271. Upheld activities – costs relating selection of project applications, audit and inspection at the project realisation sites (int.al. costs relating transportation and purchasing of equipment necessary to conduct inspection).

1272. All the above Technical assistance operations include remuneration and compulsory state social insurance contributions, as well as elaboration of the necessary information systems, purchasing and installation of required information technologies.

1273. Technical assistance includes costs relating the following:

1) Funding operation of independent experts, expert groups, consultants and cooperation partners if required for improvement, monitoring and administration of the Programming Document or its measures;

2) Process of on-going monitoring of the Programming Document and its measures, performing the work required for implementation of the risk and quality system, improvement of the information system, gathering statistical data, inspecting rural territories, making qualitative analysis and evaluation, preparing report on plan efficiency, funding, required informing of the public etc.

3) Development of knowledge and skills for staff involved in elaboration of the Programming Document, experience exchange, providing conditions required for the work environment, monitoring and administering the Latvian Rural Development Programming Document.

## **16.2. NATIONAL RURAL NETWORK**

### **16.2.1. List of organisations and institutions involved in the rural development and form a part of the national rural network**

1274. The list of organisations and institutions is structured by the level of responsibility, represented sectors and the scope. Four levels are distinguished with the Network Cooperation Council taking the leading level.

1275. Network branches/spheres of activity include the following:

- 1) Public services/ministries (MoA, MRDLG, MoH, MoW, MoE) and institutions and organisations governed by those;
- 2) Agriculture, forestry and fishery sector organisations and institutions;
- 3) Territory administration institutions: local municipalities, district and regional councils;
- 4) Education, training, consultancy and research organisations and institutions;
- 5) Tourism sector organisations and institutions;
- 6) Organisations involved in implementation of the LEADER action;
- 7) Trade and other commercial services sector organisations and institutions;
- 8) Other organisations and institutions directly involved in the rural development.

#### **16.2.2. National rural network establishment procedure and schedule**

1276. By the beginning of 2008 the following shall be completed:

- 1) Development of the Network structure:
  - (a) development of organisation and institution cooperation network;
  - (b) development of secretariat of the Network;
  - (c) development of Network Council.
- 2) Definition of the Network organisation cooperation spheres and development of work group corresponding the spheres and levels of responsibility.
- 3) Development of the work and funding coordination mechanism.

1277. By the middle of 2008 The Secretariat and the involved organisations and institutions develops the Network operation Action program and approves it at the Network Council.

### **16.2.3. List of national rural operations (tasks)**

1278. Network operation is ensured, coordinated and controlled by network secretariat; functions of the secretariat include the following:

- 1) Create and develop network cooperation at both national and EU level;
- 2) Gather and evaluate topical information, coordination of provision of dissemination of information;
- 3) Gather and develop policy recommendations;
- 4) Evaluate efficiency of the network and particular network areas/represented spheres/responsibility level organisations relating network operation tasks, goals and financial management;
- 5) Coordinate research relating rural development/assessment of realisation of the RDP, spheres covering network operation and needs of rural people/enterprises.

1279. Network realisation is realised basing on the multilateral Network operation Action programme approved by the Network Council. It includes the following:

- 1) Network operation financial base, infrastructure costs;
- 2) Network operation measures plan and their funding procedure, volumes relating manageable measures and activities:
  - a) Procedure of provision of access to good transposed practices and information;
  - b) Organisation of exchange of experience and skills;
  - c) Educational programs;
  - d) Preparation of information and research (improvement of efficiency of cooperation and operation of local and EU Rural network);
  - e) Provision of international participation and cooperation process.

### **16.2.4. National rural network funding**

1280. Total funding for development of the Network operation, maintenance and the Network operation Action Program by 2013 is EUR 10 million, which is divided as follows:

Expenditure item	One year EUR	Total for 7 years EUR
Secretariat operational costs	357 142	2 500 000
Network operation Action program	1 071 428	7 500 000
Total	1 428 570	10 000 000

**ANNEX 1. CITIES OF THE ADMINISTRATIVE CENTRES OF LATVIA'S DISTRICTS**

Aizkraukle
Alūksne
Balvi
Bauska
Cēsis
Daugavpils
Dobele
Gulbene
Jēkabpils
Jelgava
Krāslava
Kuldīga
Liepāja
Limbaži
Ludza
Madona
Ogre
Preiļi
Rēzekne
Rīga
Saldus
Talsi
Tukums
Valka
Valmiera
Ventspils

**ANNEX 2. THE TERRITORIAL UNITS: TOWNS WITH POPULATION OVER 5000**

No.	Provisional name of the region <sup>136</sup>	The territorial unit: town with population over 5 000	Number of inhabitants 01.01.2007. (data of Central Statistical Bureau of Latvia)
1	Alūksnes novads	Alūksnes pilsēta	9 203
2	Balvu novads	Balvu pilsēta	8030
3	Bauskas novads	Bauskas pilsēta	10212
4	Cēsu novads	Cēsu pilsēta	18 258
5	Dobeles novads	Dobeles pilsēta	11133
6	Gulbenes novads	Gulbenes pilsēta	9 242
7	Kuldīgas novads	Kuldīgas pilsēta	13010
8	Aizputes novads	Aizputes pilsēta	5380
9	Limbažu novads	Limbažu pilsēta	8666
10	Salacgrīvas novads	Salacgrīvas pilsēta ar lauku teritoriju	5847
11	Ludzas novads	Ludzas pilsēta	9875
12	Madonas novads	Madonas pilsēta	9125
13	Olaines novads	Olaines pilsēta	12765
14	Saulkrastu novads	Saulkrastu pilsēta ar lauku teritoriju	5924
15	Baldones novads	Baldones pilsēta ar lauku teritoriju	5330
16	Saldus novads	Saldus pilsēta	12489
17	Talsu novads	Talsu pilsēta	11399
18	Tukuma novads	Tukuma pilsēta	19829
19	Valkas novads	Valkas pilsēta	6337
20	Smiltenes novads	Smiltenes pilsēta	5911

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<sup>136</sup> According to Cabinet Regulations

**ANNEX 3. EX-ANTE PROGRAM EVALUATION AND COMMENTARY OF THE MINISTRY OF AGRICULTURE AND RESPECTIVE IMPLEMENTED PROGRAM IMPROVEMENTS**

No.	Finding or recommendation by previous evaluator	Comments and improvements
1.	<p>At the same time, the usefulness of several measures in light of the strategy objectives has to be seriously reconsidered. As a result of evaluation, the Expert Group has established three groups of measures under the Programme, based on their implementation necessity and usefulness to attain the defined objectives and satisfy the needs, potential effectiveness, sustainability and risks relating to their implementation.</p> <p>The first group comprises measures concerning which the Expert Group has gained assurance that their implementation is necessary, useful and effective; the best experience in their implementation has been gained in the previous period; therefore, the expected risks to implementation are the smallest.</p> <p>The second group comprises measures which should be implemented, but they require various level improvements or a decision on what would be the best financing sources and amounts to fund their implementation.</p> <p>The third group comprises Programme measures with disputable implementation usefulness, effectiveness and attainment of objectives:</p>	<p>Measure justification has been supplemented in line with the supported activities as well as improvements to support eligibility provisions have been made.</p>
	<ul style="list-style-type: none"> <li>- Setting up of Management, Relief and Advisory Services (measure 1.4), as support is meant for establishment of an institution, not provision of services, the existence of such an institution without support can be doubted. Provision of consultancy and training services could be one of intellectual business opportunities in rural areas.</li> </ul>	<p>In certain regions of Latvia, private forest management and consultancy companies operate providing services in specific areas (mainly related to implementation of business services), yet they do not offer targeted services and services providing comprehensive information and training to forest owners. Nevertheless, currently the State Forest Service (SFS) offers the most comprehensive range of training and consultancy services and related activities in the area of</p>

		<p>private forest management on the whole territory of Latvia. The SFS staff has been providing consultations to forest owners since 2000, has accumulated experience, skills, knowledge and has started certain work (study trails and demonstration sites in the nature have been constructed, periodicals have been published) required for successful delivery of consultancy services. In the current situation, when information, consultancy and training services to forest owners in Latvia at the national level are mainly delivered by the State Forest Service (currently, the SFS Consultancy Services Centre) and the activity of private companies in this field has been very low for many years, it would be more effective to use the support financing fully to expand and improve the existing consultancy services system. This would ensure further effective building on the experience already accumulated by the system, supplementing it with targeted and topical knowledge. Dividing the support funding among several consultancy service providers, raises concerns that mainly economically beneficial services will be developed, paying little attention to what is required by the community and forest owners yet less economically beneficial: introduction of information, training and other services.</p>
	<p>- Infrastructure for development and adaptation of agriculture and forestry (measure 1.8) (relating to forest infrastructure),as implementation of the ,measure is not sufficiently justified.</p>	<p>According to the information at the disposal of the SFS on 2005, other (private and municipal) forests occupy a territory of 1 468 551 ha. Of this territory, 285 648 ha have been drained (the total area occupied by forests on drained mineral soils and forests on drained peatland in other forests). The proportion between the area to undergo and not to undergo reconstruction in public</p>



		<p>and other forests is similar (61% of all areas need reconstruction or renovation); therefore, it can be assumed that the area to be reconstructed or renovated of the other forests is about 175.5 thousand ha. Assuming that 1 km of a ditch affects an area of 13 ha, the total length of ditches requiring reconstruction in private forests is about 13 500 km.</p> <p>Consequently, if draining is only done by private owners and municipalities, then with 12 million of public funding (this is the approximate amount of funding that could be channelled to forest drainage measure) and additional funding from the beneficiary reconstruction of 4 559 km of ditches or 34% of the total length of ditches requiring reconstruction is possible. That makes up 20.5% of the drained areas of the other forests category.</p> <p>This funding would enable drainage reconstruction on an area of about 60 000–70 000 ha. Taking into account that forest productivity in drained and non-drained areas differs by more than twice, this measure could provide a significant contribution to the development of the sector. Assuming that productivity per ha increases by 100 m<sup>3</sup>, with the average price being Ls 40, these are <math>60\,000 \times 100 \times 40 = 240</math> million Ls in money terms.</p> <p>As concerns lack of order in records of forest drainage systems, providing support would be also a good incentive for the forest owners to implement activities to include information on drainage systems owned by them into the drainage system cadastre.</p>
	<p>- Less favourable areas (measure 1.11) – not a sustainable measure,</p>	<p>Under the measure “Payments to farmers in areas with handicaps, other than mountain areas” support is</p>

<p>mainly ensures increase of income. The concept of the measure could be useful, as it is necessary to maintain agricultural land in a good agricultural and environmental condition and preserve pleasant landscapes. Yet that is a pre-requisite for eligibility also under single area payments.</p>	<p>granted for agricultural activities on less favourable areas. This support payment compensates the additional expenses and foregone income of farmers relating to natural handicaps present on the territory, which are not supportive of agricultural production. Single area payments, by contrast, can be granted for agricultural land which is maintained in a good agricultural and environmental condition regardless of whether it is or is not used in agricultural production. Considering that in compliance with Article 16 of the Council Regulation (EC) No 1257/1999 74.4% of the territory have been identified as territories less favourable for agricultural production, it is important for the farmers to get support in order to preserve agricultural activities on those territories, at the same time supporting the conservation of an open rural landscape.</p>
<ul style="list-style-type: none"> <li>- Conservation and upgrading of rural heritage (measures 1.20) – the group of beneficiaries is small, additional evaluation of the usefulness of such investments is required.</li> </ul>	<p>The group of beneficiaries for the Rural Development Programme 2007–2013 measure “Conservation and upgrading of rural heritage” is sufficiently big and important to achieve significant contribution through implementation of the measure in preservation of the cultural and historical heritage and its upgrading in all the diversity.</p> <p>It is expected that about 45 central government, local government and autonomous museums set up in rural areas and 8 vocational education establishments located on cultural and historical monument sites and to be gradually turned into specialised agricultural and related education centres will be eligible for support. Considering the above-mentioned geographic dislocation, there is a reason to believe that the spread of beneficiaries will be even on the territory of Latvia and will support the development of all regions.</p>

	<ul style="list-style-type: none"> <li>- Early retirement – the age composition of those employed in agriculture is not among the most serious problems hindering agricultural development and this support measure addresses a small group of beneficiaries.</li> </ul>	<p>One third of all population live in rural area, where the main economic activity is agriculture. One of the features characterising employment in agriculture in Latvia is the share of elderly people employed (60.8% of all owners-managers of agricultural holdings, group holding owners excluding, were older than 50 in 2005). Major part of elderly farmers is not interested in learning new technologies of diversification of their business, and it is not supportive of the development of agriculture as one of the economic sectors. Often elderly farmers have acknowledged that they would want to transfer their holdings or a part thereof to another farmer who would develop the holding and change and improve its management. In such a way, younger people would be attracted to agriculture and rural population would increase involve.</p> <p>Moreover, elderly farmers would get a pension that would slightly increase the level of income in rural territories in the years to follow, thus improving the existing economic situation.</p>
2.	<p>Analysis of the Programme measure impact from the point of view of general strategy objectives yielded a conclusion that the Programme is largely focussed on increasing the income level of the rural population, which is a positive development. Yet the Programme pays little attention to employment issues. The Expert Group believes that this could be a certain risk from the point of view of sustainable populating of the territory, especially as concerns the territories which are least attractive from the agricultural point of view and are located further from agglomeration centres.</p>	<p>Both axis 1 and axis 3 measures in addition to criteria to select more favourable projects (based on spatial development index) and eligibility criteria (additional support to LFA) will support activities on less favourable or disadvantaged territories.</p>
3.	<p>As to the Programme implementation, the Expert Group has ascertained that active work is ongoing in this area, yet the Group proposes to prepare an</p>	<p>In April 2007, the Government approved legislation setting the administrative procedure for EAFRD, including institutions involved in its management and</p>

	<p>accurate schedule of works to be completed, in order for the Ministry of Agriculture to identify all the required legislation to be developed, especially amendments to the Law on Rural support Service and other laws, thereby ensuring that these legislative acts will be timely prepared and passed through the relevant institutions for approval, giving priority to legislation related to accreditation of the Payment Agency.</p>	<p>the distribution of their functions as well as the administrative procedure for the EAFRD support featuring general provisions for registration, checks of beneficiaries, recovery of wrongly disbursed amounts and publishing information on beneficiaries.</p> <p>The Government also approved the first legislative acts concerning the procedure for granting the EAFRD support, including eligibility criteria, evaluation criteria etc.</p> <p>The approval of the above-mentioned legislation enabled to start pre-accreditation audit of the Rural Support Service (Payment Agency) already in April. Alongside with the preparation of external legislation binding, e.g. on beneficiaries, internal acts are also developed, which will ensure effective cooperation of the institutions involved in the management of the EAFRD and implementation of the functions prescribed in the EU legislation.</p>
4.	<p>It is necessary to find a solution to enable to start the required preparations for extension and upgrade of the RSS information systems already from the 2006 central government budget funding.</p>	<p>Respective funding request has been submitted within the framework of the 2008, 2009 and 2010 priorities, and the timeframe and scope of Programme measure implementation will depend on the amount granted.</p>
5.	<p>With regard to the monitoring and evaluation system, it has been concluded that it would be advisable for Ministry of Agriculture to precisely define all the required indicators within the nearest future, based on the accumulated experience in development of monitoring and evaluation indicators under the SAPARD programme, RDP and SPD 2004-2006 and their practical application in preparation of annual, progress, mid-term evaluation reports. The Rural Support Service, in turn, needs to include the defined indicators into project application, reporting and other documents designated for beneficiaries, providing explanations, where necessary, in order to secure a common understanding of the specific indicators. The Service also needs to</p>	<p>At the Rural Development Programme level, specific monitoring indicators have been defined for each support measure, yet in order to provide more comprehensive opportunities to evaluate the effectiveness of support, in addition to those indicators an additional set of indicators is planned for each support measure.</p> <p>Before the start of administration of the EAFRD support, all the required indicators to ensure the operation of the monitoring and evaluation system will be defined and incorporated into the monitoring and</p>

	ensure the development, upgrade and improvement of information systems to accommodate those indicators.	evaluation system. Currently defined indicators for individual EAFRD support measures have already been included in the application forms for beneficiaries and are in the process of incorporation into the information systems.
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#### ANNEX 4. EXPERIENCE FROM THE PREVIOUS PROGRAMME PLANNING

EAFRD (2007-2013)	Activities	Expertise acquired within former Measures
(111) Vocational training and information measures	<p>* Implementation of the training modules/topics to improve professional (incl. theoretical and practical) skills and competencies of the population</p> <p>* Informative measures associated with implementation of the training modules/topics and/or improvement of information level of rural population</p>	<p><b>- SAPARD accompanying measure 1 "Training"</b></p> <p>Latvia was one of the two States, which has accredited the supporting measure „Training“; however in 2002 and 2003 no projects were submitted. One of the reasons was the fact that the project organizer did not gain any income from the project implementation. In addition, SAPARD conditions authorized only certain types of expenditures; this meant that the project implementation costs could not be fully covered from SAPARD resources. After changes have been made in SAPARD Program and when the Ministry of Agriculture was designated as the beneficiary in 2004, there were 3 projects<sup>1</sup> approved. All three projects together covered 210 training days, the total costs were LVL 8417, the total length of courses was 5050 man-hours, mean costs of 1 man-hour were LVL 1.67<sup>9,21</sup>.</p> <p><b>- Training (SPD)</b></p> <p>Within the National Program „Support to vocational education enhancing professional skills and competence of farmers, forest owners and others involved in agricultural and forestry activities“ 2 projects<sup>2</sup> have been approved and implemented „Professional training in 2004 “ and „Professional training in 2005-2006.“, the total financing was LVL 1597.3 thousand. It is planned to train 7176 persons within both the projects and the total length of courses - un 450 000 man-hours, mean costs of 1 man-hour are planned as LVL 3.55<sup>21</sup>. The second project is planned to continue in 2007- LVL 574710 and in 2008 - LVL 319284. The national program is implemented by the Ministry of Agriculture.</p>
(112) Support to young farmers	<p>* Establishment of a new farm and/or transfer of the farm in one's possession, carried out by the new farmer.</p>	<p><b>- Support to young farmers (SPD)</b></p> <p>There were 326 projects received, 300 approved, 293 - implemented, the mean public co-financing of the approved projects - LVL 15936 is very close to the maximum eligible amount (25000 EUR)<sup>2</sup>, the demand exceeded the available financing due to the favourable conditions – the rate of public financing reached 100%. The measure was terminated on 20.08.2004. (the financing was exhausted in 4 application rounds)<sup>3</sup>.</p>
(115) Management support and the use of advisory services	<p>* Advisory services as regards application of the requirements laid down in Article 4 and 5 and Annexes III and IV of Regulation (EC) No 1782/2003 in farm</p>	<p>Previous expertise - none.</p> <p>Nevertheless, the system was established using the activity „Setting up of farm advisory and service unit“<sup>2</sup>, of the SPD measure „Promotion of transformation and development of rural territories“, the beneficiary is LAAC, financing from the National Program - LVL 2151. 2</p>

	management.	thousands.
	* To improve an overall operation of agricultural and forestry holdings by using advisory services	<p>Previous expertise - none</p> <p>Although there is no experience of providing supported consulting services, the previous period support expenses were included as the eligible costs in the investment measures of the previous period.</p>
(114) Setting up of management support and advisory services	* Support to setting up of the State Forest Service Advisory and Training Centre for forest owners and to the measures for the development of the advisory system.	<p>Previous expertise - none</p> <p>However this function – to inform and provide advice to forest owners on forestry issues and requirements lay down by relevant legislation is carried out by the State Forest Service<sup>4</sup> (SFS), providing chargeable services in accordance with Regulations of the Cabinet of Ministers No 555 of 17 January 2006. Similar activity in the past years was establishment of Latvian Agricultural Advisory and Education Centre (LAAC).</p>
(121) Modernisation of agricultural holdings	* Investments in acquisition and installation of new equipment, facilities, information technologies and software intended for production of agricultural	<p><b>- Investments into agricultural holdings (SPD)</b></p> <p>778 projects are submitted, 714 - approved, 686 - implemented, the mean amount of public financing - LVL 47401<sup>2</sup>, the total sum of the project eligible costs per one beneficiary from the Structural Funds in the period of time from 2004 to 2006 cannot exceed EUR 800 000, intensity</p>

	<p>products; * building,, reconstruction and renovation of agricultural products production buildings: acquisition of building materials</p>	<p>of the public support – 50-65% of eligible project costs<sup>6</sup>. The measure is terminated on 20.08.2004. (the financing has been exhausted in 4 application rounds)<sup>3</sup>. It is a popular measure among farmers. The major investments are made in acquisition of agricultural machinery.</p> <p><b>- Modernization of agricultural machinery, equipment and construction of buildings (SAPARD)</b></p> <p>903 projects were submitted, 808 - approved, 803 - implemented, the mean project costs - LVL 65296<sup>7</sup>, during the program implementation condition were changed several times to make eligibility condition easier and to utilize the provided financing, as in 2002 activity of applicants was insufficient. In 2003 the project sum was changed from EUR 180 000 to EUR 1,5 million, cancelling also limits on the number of projects (not more than 3 projects per one beneficiary), the formula of economic viability of establishments has also been changed thus, enabling a larger number of applicants to qualify for the support. The rate of public financing shall not exceed 45-50% of the total sum of eligible costs<sup>8</sup>. Investments were mainly focused on acquisition of agricultural machinery, using 92.8% of the total financing, construction of buildings - 6.3,%, acquisition of agricultural animals – 0.9%<sup>9</sup>.</p> <p><b>-National Subsidies</b></p> <p>More favourable eligibility conditions, lower co-financing rate (25-35% differences in various years)<sup>10, 11</sup>, a simpler procedure for receipt of the support, the measure is popular among farmers and good expertise has been acquired.</p>
(122) Improvement of economic value of forests	<p>* Precommercial thinning (naturally and artificially regenerated)</p>	<p><b>- Afforestation of agricultural land (SAPARD)</b></p> <p>This could be a similar measure, as it was planned not only to afforest the abandoned agricultural land areas but also tending of the afforested areas for the first five years after planting. Within this subprogram, 292 projects were submitted, 281 - approved, 251 - implemented, the mean project amount - LVL 12443<sup>7</sup>, 3969 ha were afforested<sup>9</sup>. The maximum permitted area – 50 ha per one beneficiary per year. Standard rates per ha provided for both planting of forests and tending depending on the number of trees and species of planted trees<sup>8</sup>.</p> <p><b>- Development of forestry (SPD) activity “Afforestation of Agricultural Land”.</b></p> <p>Similar, as not only acclimatization of forest stands but also their tending and protection for two years was planned, including the year of their rooting and tending, and protection for two years of naturally planted forest stands<sup>13</sup>.</p> <p>In general, it is a popular measure among forest owners, 472 projects were submitted, 372 – approved the mean amount of the public financing - LVL 4072<sup>2</sup>.</p>



		Financing per one beneficiary in total does not exceed 50 ha for acclimatization and tending of forest stands in one year, forest acclimatization rate is 400 EUR/ha, costs of tending and protection of artificially planted and naturally planted forest stand is 140 EUR/ha per year <sup>13</sup> .
	* Replacement of low value forest stands	- <b>Development of forestry (SPD)</b> activity “Support to the replacement of low value forest stands or tree species to increase biological diversity and ecological value”.  The financing per one beneficiary in general does not exceed 50 ha for improvement of the forest stands in one forest stand year, improvement rate 350 EUR/ha <sup>13</sup> .
	* Replacement of un-productive forest stands with targeted productive stands	Previous expertise - none.
	* New machinery, instruments, accessories and/or equipment intended for maintenance of young forest stands, replacement of low value stands and substitution of un-productive stands with targeted productive stands	- <b>Development of forestry (SPD)</b> activity „Contributions to improvement and rationalization of wood felling, wood pre-treatment and marketing”.  On the whole, this is a popular measure among forest owners. 175 projects were submitted, 138 – approved, the mean value of the public financing is LVL 14693 <sup>2</sup> .  The activity provides for financing of investments in entrepreneurship of forest owners (natural and legal persons and local communities) and their unions. The public financing does not exceed 50% of the total eligible costs. The maximum eligible payment sum per one beneficiary of the Structural Funds shall not exceed EUR 50 000 during the SPD functioning period <sup>13</sup> .
(123) Increase in added value of agricultural and forestry products	* Investments into acquisition and installation of new equipment, outfit, information technologies and software intended for processing of agricultural products;  * reconstruction, renovation and acquisition of the required building materials for processing facilities of agricultural products	- <b>Improvement of processing and marketing of agricultural products (VPD)</b>  40 projects were submitted, 32 - approved, 25 – implemented fully or partly, the mean sum of the public financing is LVL 663028 per project, the maximum project amount foreseen - EUR 6 million., intensity of the public financing – 50% of the eligible project costs <sup>14</sup> . The measure was terminated on 20.08.2004 (the financing was exhausted in 4 application rounds <sup>3</sup> , afterwards it was re-opened for 1 round in specific processing areas. Popular measure among processing establishments, good expertise acquired.  - <b>Improvement of processing and marketing of agricultural and fishery products (SAPARD)</b>  141 were submitted, 105 - approved, 96 - implemented, the mean amount of public financing - LVL 498652 <sup>7</sup> . Of 105 approved projects in 67% cases investments were made in technological equipment, 33% - in construction and reconstruction of buildings <sup>9</sup> . Initially, there were support ceiling laid down per one beneficiary depending on the sector in question: EUR 500 – 4000 thousand, later the restrictions were cancelled, the rate of the public

		financing - 50% of the total eligible costs <sup>8</sup> . This was a rather popular measure among processing plants, good expertise acquired.
(125) Infrastructure, related to the development and adjustment of agriculture and forestry	* Improvement of amelioration systems of the national and local-government significance and improvement of their functioning	<p><b>- Promotion of transformation and development of rural territories (SPD)</b></p> <p>Applicable only to the State amelioration systems together with the activity „Liming of acid soils”. 83 projects were submitted, 77 - approved, the mean sum of the public financing LVL 47035 per project<sup>2</sup>, this is a popular measure, as the beneficiary is the Rural Support Service (RSS) –which is responsible for management of the State amelioration systems.</p> <p><b>- National subsidies</b></p> <p>A good experience in reconstruction and renovation of amelioration systems possessed by private land owners. Still interest in this measure is not diminishing because the support rate was reduced from 80% in 2001 to 40% in 2006<sup>10,11</sup>.</p>
	* Construction of access roads and sites or reconstruction on/at agricultural production units	<p><b>- General improvement of rural infrastructure (SAPARD)</b></p> <p>173 projects were submitted, 150 - approved, 142 - implemented, the mean sum of the project was LVL 56692<sup>7</sup>.</p> <p>The subprogram envisaged construction and improvement of motor roads and streets belonging to rural local governments, establishments/entrepreneurial societies, households; installation and improvement of water supply and sewerage systems; setting up and improvement of rural communication centres; reconstruction and modernization of hydro-technical constructions in polders; electricity supply to rural households. Initially financial ceiling was laid down per one beneficiary - EUR 100000, in 2003 it was cancelled, the rate of public financing – projects not yielding income – private entrepreneurs – up to 75%, but for local governments – up to 90%<sup>8</sup>.</p> <p>Of the total number of projects, 107 projects or 62% were submitted for construction and reconstruction of roads, 92 of them were approved, within 87 implemented projects 467 km of roads have been constructed<sup>9</sup>.</p>
	* Construction/reconstruction of water/electricity supply systems	<p><b>- General improvement of rural infrastructure (SAPARD)</b></p> <p>Of the total number of projects, 48 projects or 28% were focusing on improvement of water supply, 42 of them were approved, as the result of 38 implemented projects water supply has been improved in 405 farms<sup>9</sup>.</p>

(141) Support to restructuring of semi-subsistence farms	* acquisition of equipment and outfit; construction, reconstruction and renovation of buildings; acquisition of the necessary construction materials; investments into agricultural animals and perennial plantings	<p><b>- Support to restructuring of semi-subsistence farms (RDP)</b></p> <p>The measure was ongoing from 1 October 2004 to 7 July 2006, in 8 application rounds 16063 projects were submitted, 13592 were approved, 702 - rejected, 1769 – undergoing assessment process<sup>15</sup>. Relatively simple package of application documents, minimum requirements to the beneficiary, support amounts to EUR 1000 per year, not longer than for five years. After the third year, compliance with requirements will be verified, acquisition of current assets is also permitted<sup>16</sup>, and thus the measure is envisaged to cover production costs.</p>
(142) Producer groups	* The activity to be supported in respect of producer groups is their administrative and economic activity, securing the adaptation of production and products to market requirements and joint placing of products on the market	<p><b>- Support to producer groups (RDP)</b></p> <p>In 2005, there were 2 application rounds, 64 projects were submitted, 63 - approved, in total LVL 788413, have been paid out, on the average LVL 12515 per project<sup>15</sup>. In 2006, one application round was announced, which was concluded on May 22, 41 projects were submitted, their evaluation is in process<sup>21</sup>. Producer groups approved by the MoA receive the support to cover their operational costs<sup>17</sup>. The expertise is fully applicable.</p>
(212) Less favoured areas	* Support to agricultural activity in less favoured areas	<p><b>- Less favoured areas (RDP)</b></p> <p>There are 3 categories of less favoured areas envisaged, the rate per ha is 33 - 64 EUR/ha, the application for support shall be submitted together with SAP application and the support is received for areas, which are qualified for SAP with various additional conditions provided in the RDP<sup>18</sup>. RDP<sup>18</sup> The measure has been running for 2 years – 2004 and 2005, but as it has promoted mere mowing of grass on respective territories instead of production of agricultural goods, in 2005 conditions were changed – envisaging payments for areas exceeding 30 ha if a minimum stocking rate of animals is ensured which makes at least 0.20 animal units per 1 permanent meadow and grazing land or 1 ha of perennial grasses sown on arable land declared for SAP. This commitment is not binding if permanent meadows and grazing lands or of perennial grasses sown on arable land are used for fodder production or in beekeeping for nectar collection.</p> <p>For the year 2004, payments were made amounting to EUR 40.6 million, for 2005 - EUR 50.9 million. In 2005, there were 64409 applications submitted for this type of support and 1009 060 ha were declared, in 2006 there were 66622 applications submitted for this type of support and 1086 353 ha were declared 21.</p>
(213) Payments according to <i>Natura 2000</i> and payments in compliance	* Support to environmentally friendly agricultural activities in areas with environmental restrictions in connection	<p><b>- Areas with environmental restrictions (RDP)</b></p> <p>In 2005, the measure was first introduced, 6780 applications were submitted, 68960 ha were declared for support. In total EUR 2013 420 were paid out, the mean amount per 1 application –</p>

with Directive 2000/60/ECC	with implementation of Directives 79/409/EEK; 92/43/EEC and 2000/60/EC	EUR 297; in 2006, there were 7778 applications submitted with the total area 82520 ha. 21.
(214) Agri-environment	<ul style="list-style-type: none"> <li>* Development of organic farming (DOF)</li> <li>* Maintaining of biodiversity in grasslands (MBDG)</li> <li>* Setting-up of buffer zones (BZ)</li> <li>* Preservation of livestock genetic resources (PLGR)</li> <li>* Control of erosion (CE)</li> </ul>	<p><b>- Agri-environment (RDP)</b></p> <p>The measure has been running since 2004. In 2004, the payments amounted to LVL 4. 4 million<sup>22</sup>, in 2005 - LVL 10. 6 million to 6598 beneficiaries<sup>21</sup> were disbursed.</p> <p>In 2005, the number of applications submitted – OA 2842 (area 101914 ha), MBDG 2461 (area 20163 ha), BZ 249 (306 km), PLGR – 508 (1277 relative animal units<sup>21</sup>).</p> <p>DOF – amount of support per hectare is so high that stimulates transferby farms to this type of operation; rapidly growing number of applications – from 1061 applications in 2004 to 4070 applications in 2006, but the areas have increased from 41434 ha to 147728 ha respectively (3.6 times)<sup>21</sup>.</p> <p>BZ – a small number of applications increases administration costs.</p> <p>CE – new measure – its implementation is planned late in 2006, therefore no experience is available at the moment.</p> <p>Administration, using IACS, excluding PLGR. The experience is fully applicable.</p>
(223) Initial afforestation of land not utilised for agricultural production	* Afforestation of the land not utilised for agricultural production	<p><b>- Forestry development (SPD)</b></p> <p>(see the comment on the measure 1.6.)</p> <p><b>- Afforestation of agricultural land (SAPARD))</b></p> <p>(see the comment on the measure 1.6.)</p> <p>It is necessary to define the agricultural land.</p> <p>Risk – areas are not reflected in GIS of the Land Register, it is necessary to prepare a new administration <b>system</b>.</p>
	* Maintenance of and additional planting in self-established forest stands	<p>None</p> <p>Risk – areas are not reflected in GIS of the Land Register, it is necessary to prepare a new administration system.</p>
(224) <i>Natura 2000</i> payments to forest owners	* Support environmentally friendly management of forest land on <i>Natura 2000</i> territories	<p>None</p> <p>Risk – areas are not reflected in GIS of the Land Register.</p> <p>Administration should be based on IACS to avoid overlapping with area payments for cultivated agricultural land.</p>
(226) Restoration of forestry production potential and	* Restoration of forestry potential in sites damaged by fires and/or natural disasters, implementation of fire prevention	<p><b>- Forestry development (SPD)</b></p> <p>activity “Restoration of forestry production potential in sites damaged by fires and/or natural</p>

implementation of preventive measures	measures	disasters”. This activity is not popular therefore, to utilize more efficiently the financing provided for this activity it is merged with the activity “Afforestation of Unused Agricultural Land” <sup>13</sup> , see the information on the measure 1.6. Forest restoration rate - 420 EUR/ha <sup>13</sup> .
(312) Support to set up and development of establishments	* Set up of new and development of the existing establishments	<b>- Diversification of rural economic activities providing alternative income (SAPARD)</b> Within this sub-program several measures were available – Provision of technical services, Rural tourism, Crafts, Non-traditional agriculture, Production of alternative fuel <sup>8</sup> . Initially, the amount of the project to be supported was fixed as EUR 100 000, afterwards it was extended to EUR 180000 and a maximum of 3 projects per 1 beneficiary was foreseen; in 2003, these restrictions were cancelled and other changes were introduced to enable to qualify as many applicants as possible. This was the only measure where natural persons could also be beneficiaries with a view of setting up of a new establishment therefore, this measure was relatively popular.  In total, 586 projects were submitted, 442 - approved, 391 - implemented, the mean amount of the project LVL 89729 <sup>7</sup> .
	* Promotion of energy production from biomass	Previous expertise in implementing such activity - none.
	* Promotion of fuel production from agricultural and forestry products	<b>- Diversification of economic activities providing alternative income (SAPARD)</b> Within this measure, 30 projects were submitted or 5% of the total number, 27 - approved, within 25 implemented projects, 202 new jobs were created, 435 existing jobs were preserved and the total capacity 33899 t of fuel <sup>9</sup> .
(322) Restoration and development of villages	* Reconstruction and renovation of roads, streets and access roads on the territory of the rural municipality	<b>- Improvement of general rural infrastructure (SAPARD)</b> See Measure 125 - Infrastructure in relation to development and adaptation of agriculture and forestry.
	* Construction, reconstruction, renovation and furnishing of meeting, places, communication centres and similar objects (recreation, sports and cultural) of the local incentive groups	<b>- Improvement of general rural infrastructure (SAPARD)</b> See the comment on the measure 1.8. Within this measure, 10 projects were submitted or 6% of the total number, 9 - approved, 9 - implemented projects have influenced 352 establishments <sup>9</sup> .
	* Upgrading of territory	Previous expertise - none.

	* Construction, re-construction and renovation of energy supply systems based on renewable resources	Previous expertise - none.
(313) Facilitating of tourism activities	<p>* Reconstruction and renovation of tourist housing focusing on flush lavatories, showers and catering;</p> <p>* Setting up and maintenance of tourism infrastructure;</p> <p>* Investments into solution of environmental issues in connection with tourist accommodations</p>	<p>- <b>Diversification of rural economic activities providing alternative income (SAPARD)</b> (See the preceding comment on the measure 1.17.)</p> <p>Within this subprogram, 319 projects were submitted or 54% of the total number, 219 – approved; the mean amount of the project LVL 109106. Within 177 implemented projects, housing for 1801 tourists have been furnished, improved conditions in 455 cases, accommodated 185470 tourists in a year<sup>9</sup>.</p> <p>-<b>Transformation of rural territories and promotion of the development (SPD)</b> activity “Promotion of rural tourism and crafts”.</p> <p>Within this activity, 336 projects were submitted or 60% of the total number within this measure, 98 - approved, the mean amount of the public financing - LVL 35508<sup>2</sup>.</p> <p>The total sum of eligible costs of the project per one beneficiary of the Structural Funds in the period from 2004 to 2006 shall not exceed EUR 540 000, intensity of the public financing – 50% of the project eligible costs<sup>23</sup>. This measure was terminated on 03.09.2004. (financing was exhausted in 4 application rounds)<sup>3</sup>. This is a popular measure.</p>
(323) Preservation of rural heritage	* Promotion of the development of museums associated with agricultural, forestry, fisheries or processing sector	Previous expertise in implementation of such measure - none
Early retirement	* Description is not available on the moment of evaluation	<p>- <b>Early retirement (RDP)</b></p> <p>394 projects were submitted, the declared amount - LVL 1 789 524 per year * 15 years = approximately LVL 27 million.</p> <p>The majority applied for 15 years. Currently, about 30-40 persons will not receive retirement benefit for 15 years (30 of them have applied for the maximum retirement benefit, thus they can receive it only for 10 years)<sup>21</sup>.</p> <p>The amount of projected commitments can considerably influence funding of the next programming period.</p>
Leader	* Description is not available on the moment of evaluation	<p>- <b>Development of local incentives (SPD)</b></p> <p>1 National program has been approved, which is implemented by the MoA, the total financing amounts to LVL 1389641<sup>2</sup>. Foreseen activities – a deeper system analysis, setting up of internet portal, development of training programs, and implementation of experimental development</p>

		strategy for local action groups. No practical experience has yet been acquired as on 01.07.2006.
Technical assistance	* Preparation, management, supervision, assessment, information and control measures	<p><b>- SAPARD supporting measure 2 "Technical Assistance"</b></p> <p>5 projects were submitted, approved and implemented, the public financing - LVL 116146. Measures –Organization and ensuring of activities of Monitoring Committees – 4 projects, their financing - LVL 4866, SAPARD Program mid-term evaluation was carried out – LVL111280<sup>9</sup>.</p> <p><b>- Technical assistance (SPD)</b></p> <p>As on 01.07.2006. ERDF funding is being used, the experience is sufficient, publicity measures and development and maintenance of information systems are financed, salaries of employees, etc. costs associated with execution of their functions. Nevertheless, there are administration problems because employees performing relevant functions must be fully segregated as well as costs and this is not a simple task<sup>21</sup>.</p> <p><b>- Technical assistance (RDP)</b></p> <p>As on 01.07.2006, the expenses of the RDP measure "Technical assistance" declared to EC were approved amounting to LVL 842 314. Technical assistance is used for the planned MoA and RSS activities. According to the financial plan, each institution has access to resources, which they can utilize and afterwards when the relevant activity has been partly or fully implemented the report must be submitted, which serves as the basis for declaration to the European Commission of these expenses as referring to the particular measure<sup>21</sup>.</p>

<sup>1</sup> <http://www.zm.gov.lv/index.php?sadala=504&id=1224>, page 11.

<sup>2</sup> <http://www.lad.gov.lv/index.php?d=1039>

<sup>3</sup> <http://www.lad.gov.lv/index.php?d=1084>

<sup>4</sup> <http://www.vmd.gov.lv/?sadala=1&PHPSESSID=10f6c6e567b87e3f66b033b1084bafb0>

<sup>5</sup> <http://www.vmd.gov.lv/?sadala=298>

<sup>6</sup> <http://www.lad.gov.lv/index.php?d=1041>

<sup>7</sup> <http://www.lad.gov.lv/index.php?d=146>

<sup>8</sup> <http://www.zm.gov.lv/index.php?sadala=339&id=958>

<sup>9</sup> SAPARD Supervisory and evaluation information as at 01.01.2006, information prepared by the RSS.

<sup>10</sup> <http://www.zm.gov.lv/?sadala=338>

<sup>11</sup> <http://www.lad.gov.lv/index.php?s=144>

<sup>12</sup> data gathered in 2006 by the State Agency "Latvijas Valsts augļkopības institūta" under the project "Agricultural Branches of Latvia and Strategy for Science Development" financed by the MoA.

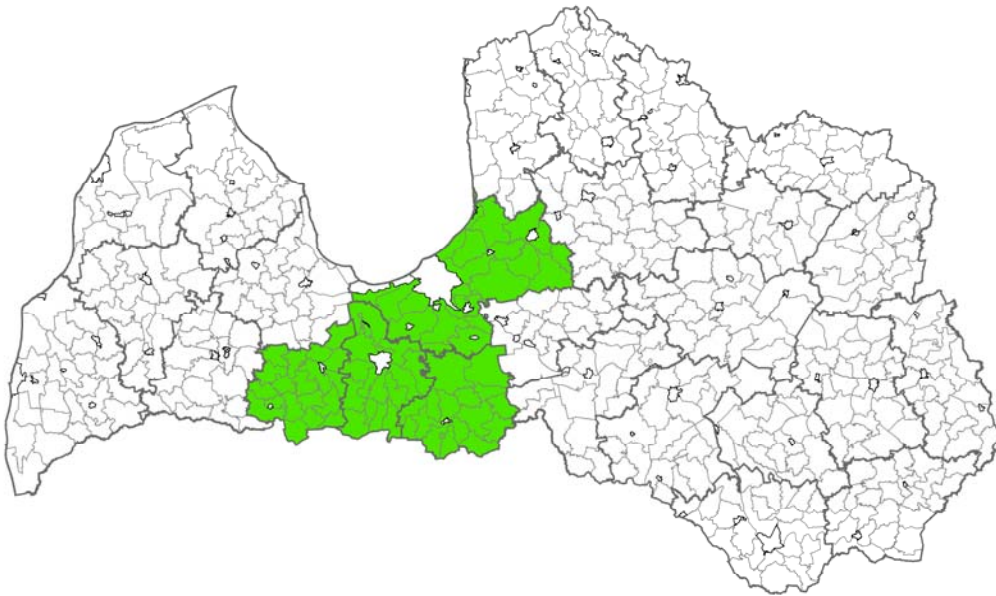
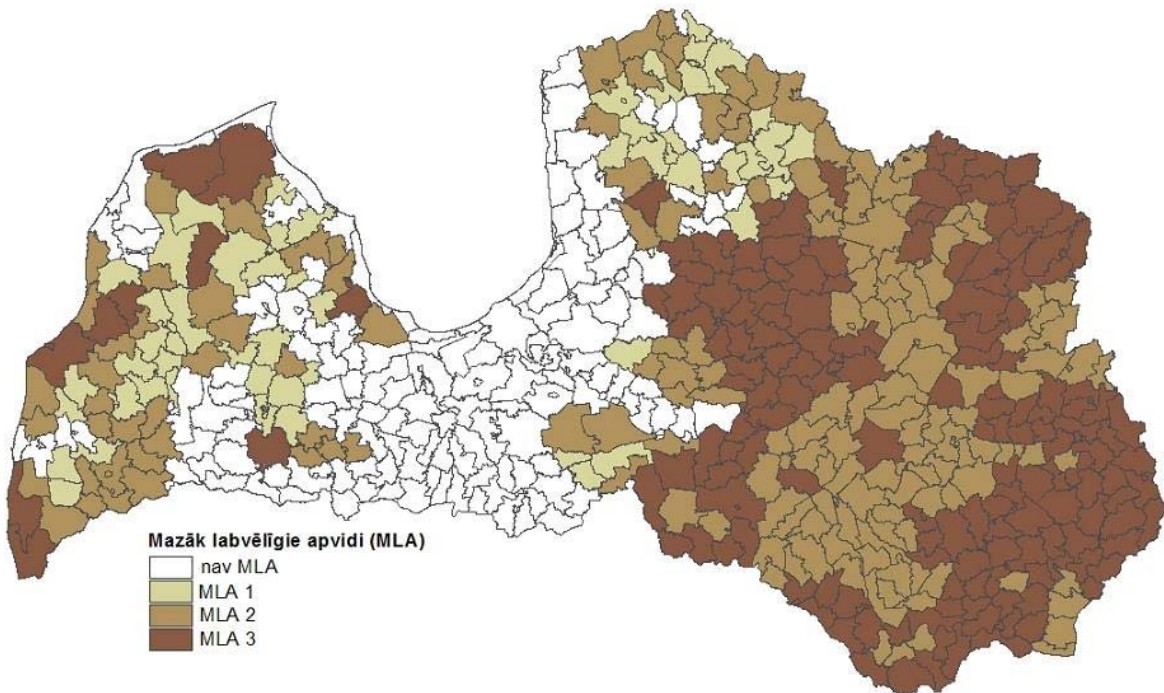
<sup>13</sup> <http://www.lad.gov.lv/index.php?d=1038>

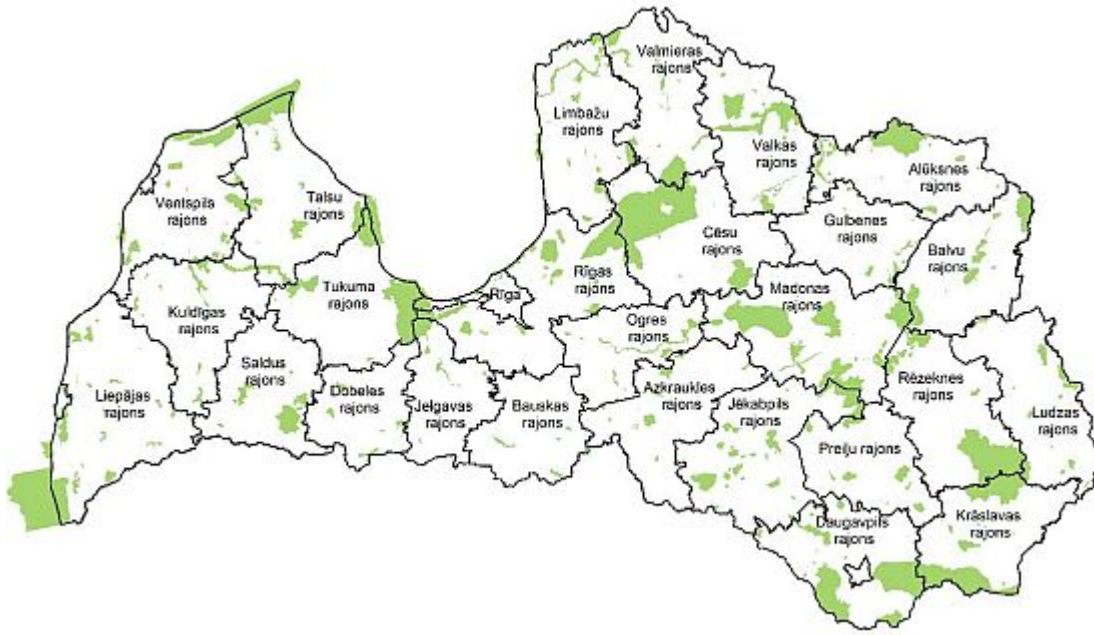
<sup>14</sup> <http://www.lad.gov.lv/index.php?d=1045>

<sup>15</sup> <http://www.lad.gov.lv/index.php?d=1120>

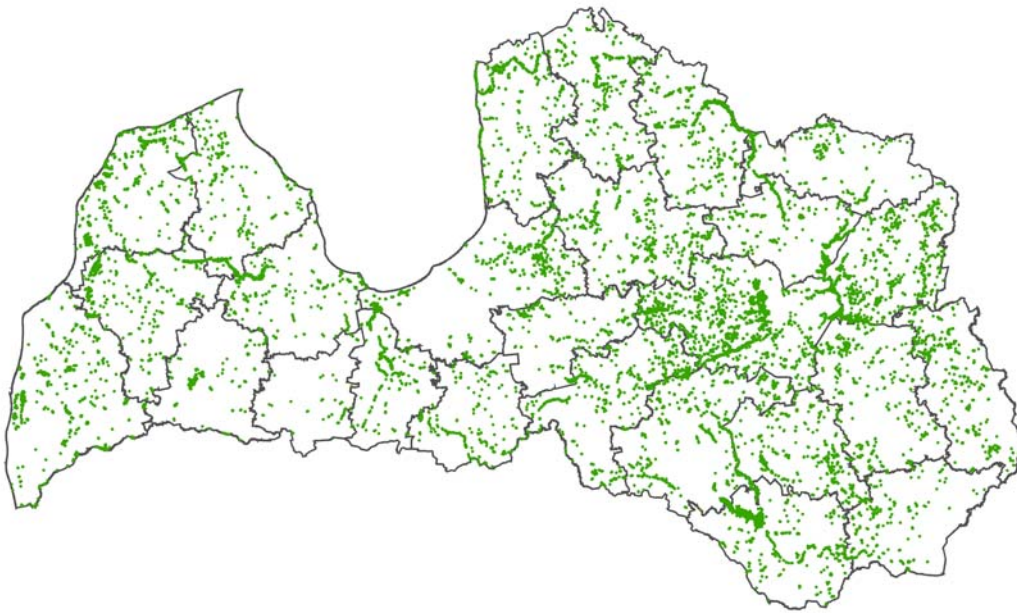
- 16 <http://www.lad.gov.lv/index.php?d=458>  
17 <http://www.lad.gov.lv/index.php?d=457>  
18 <http://www.zm.gov.lv/?sadala=496>  
19 <http://www.lad.gov.lv/index.php?d=982>  
20 <http://www.lad.gov.lv/index.php?d=1242>  
21 operative information by the RSS, 2006.  
22 <http://www.lad.gov.lv/index.php?d=1255>  
23 <http://www.lad.gov.lv/index.php?d=1043>



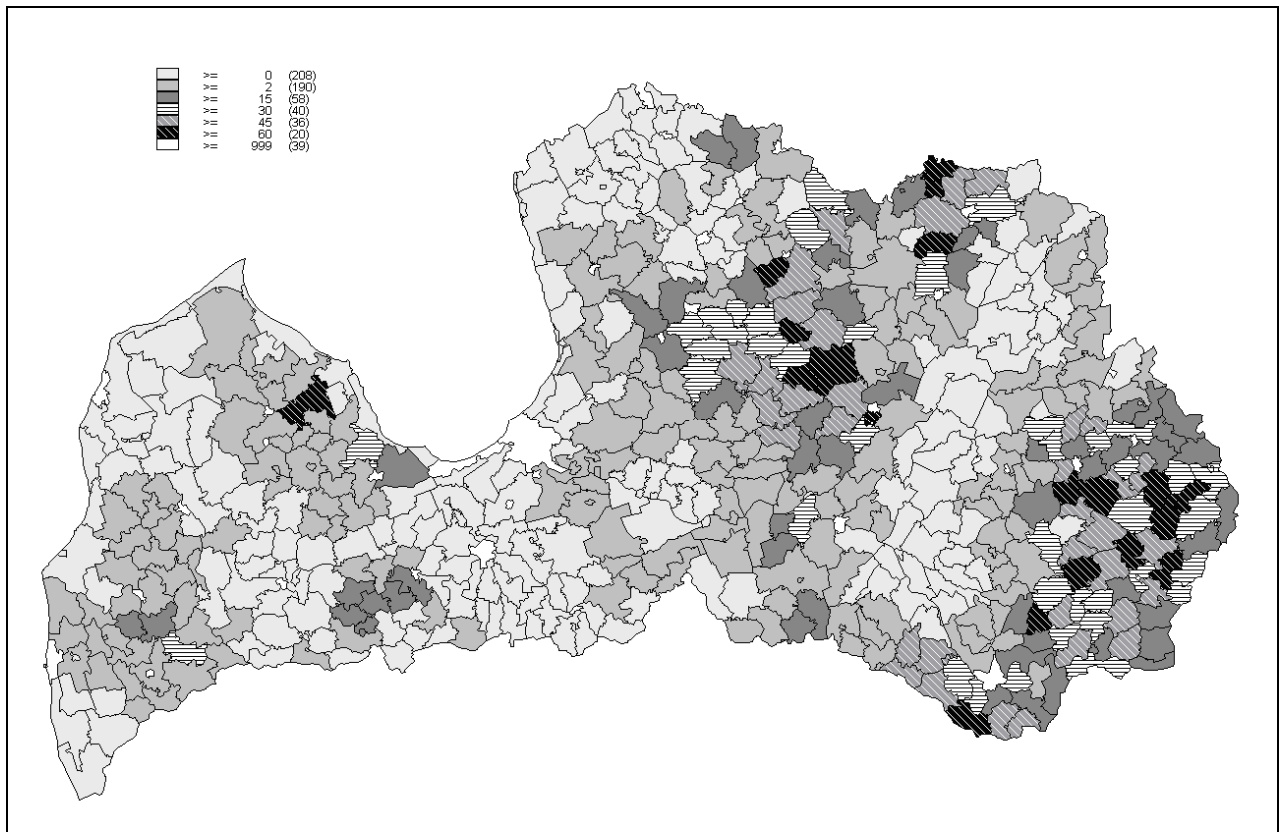
**ANNEX 5. MAPS****Map 1** Nitrate vulnerable zone**Map 2** Less favoured areas



**Map 3** Natura 2000 territories

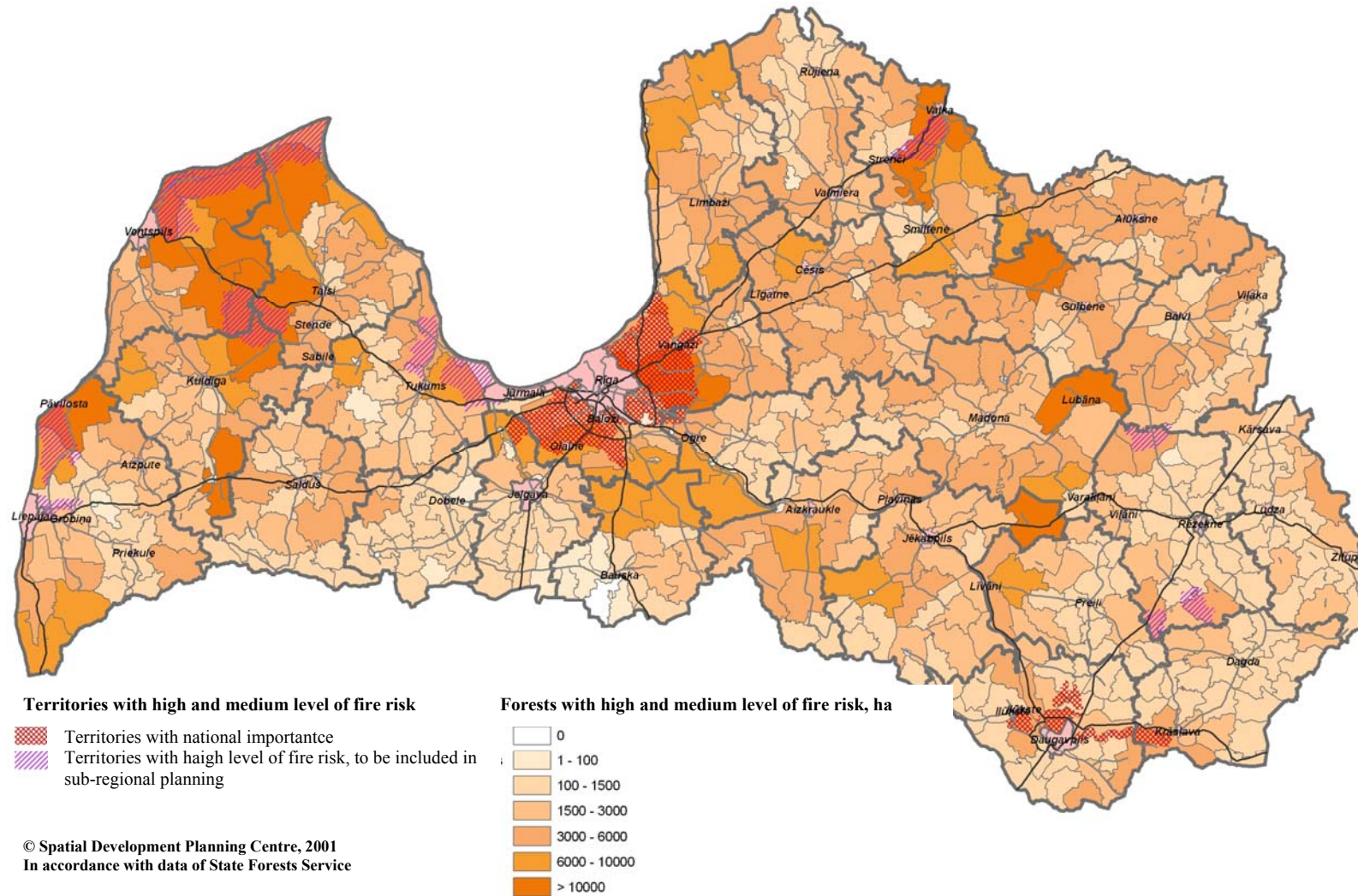


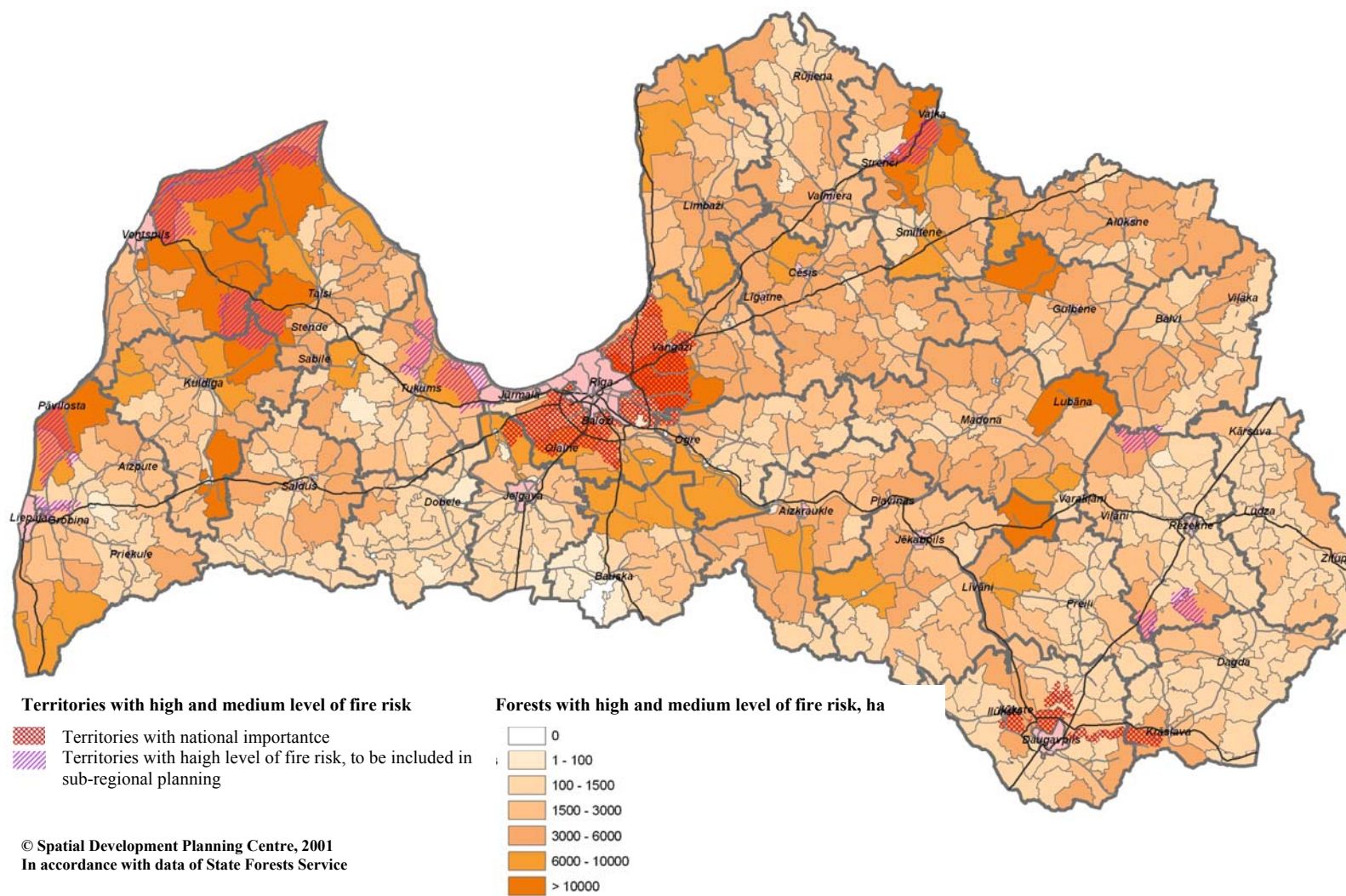
**Map 4** Biologically valuable grasslands



**Map 5** Areas of eroded agricultural land and agricultural land subject to erosion in local municipalities, % (Boruks A. (2004))

## ANNEX 6. TERRITORIES WITH FORESTS OF HIGH AND MEDIUM LEVEL OF FIRE RISK IN STATE CIVIL DEFENCE PLAN





## ANNEX 7. LIST OF LESS FAVOURED AREAS (LFA) ACCORDING COUNCIL REGULATION NO 1257/1999 OF 17 MAY 1999

### 1st category LFA

Code	Local authority	District
329000	Valles pagasts	Aizkraukles district
404400	Bārbeles pagasts	Bauskas district
408400	Stelpes pagasts	Bauskas district
427600	Raunas pagasts	Cēsu district
620100	Kuldīga	Kuldīgas district
626000	Kurmāles pagasts	Kuldīgas district
626400	Laidu pagasts	Kuldīgas district
627200	Padures pagasts	Kuldīgas district
627400	Pelču pagasts	Kuldīgas district
627800	Raņķu pagasts	Kuldīgas district
628400	Rumbas pagasts	Kuldīgas district
629000	Snēpeles pagasts	Kuldīgas district
629200	Turlavas pagasts	Kuldīgas district
640500	Aizpute	Liepājas district
644400	Bārtas pagasts	Liepājas district
644600	Bunkas pagasts	Liepājas district
644800	Cīravas pagasts	Liepājas district
645000	Dunalkas pagasts	Liepājas district
645600	Gaviezes pagasts	Liepājas district
646800	Kazdangas pagasts	Liepājas district
660700	Aloja ar lauku teritoriju	Limbažu district
664800	Brīvēzemnieku pagasts	Limbažu district
665200	Katvaru pagasts	Limbažu district
748800	Suntažu pagasts	Ogres district
840500	Brocēnu novads	Saldus district
845200	Gaiķu pagasts	Saldus district
848800	Šķēdes pagasts	Saldus district
880100	Talsi	Talsu district
881700	Valdemārpils ar lauku teritoriju	Talsu district
885400	Ģibuļu pagasts	Talsu district
886800	Laidzes pagasts	Talsu district
887200	Libagu pagasts	Talsu district
887400	Lubes pagasts	Talsu district
888600	Strazdes pagasts	Talsu district
889400	Vandzenes pagasts	Talsu district
907400	Pūres pagasts	Tukuma district
908800	Vānes pagasts	Tukuma district
909000	Viesatu pagasts	Tukuma district
941300	Seda ar lauku teritoriju	Valkas district
941500	Smiltene	Valkas district
941700	Strenči	Valkas district
947600	Plāņu pagasts	Valkas district
948000	Smiltenes pagasts	Valkas district
948400	Trikātas pagasts	Valkas district
949200	Vijciema pagasts	Valkas district
961100	Mazsalaca ar lauku teritoriju	Valmieras district
961500	Rūjiena	Valmieras district
964400	Bērzaines pagasts	Valmieras district
964600	Brenģuļu pagasts	Valmieras district
965200	Dikļu pagasts	Valmieras district
965800	Jeru pagasts	Valmieras district
966400	Kocēnu pagasts	Valmieras district
966600	Ķoņu pagasts	Valmieras district
966800	Lodes pagasts	Valmieras district
967200	Naukšēnu pagasts	Valmieras district
969200	Vecates pagasts	Valmieras district
969600	Zilākalna pagasts	Valmieras district
986000	Puzes pagasts	Ventspils district
987000	Ugāles pagasts	Ventspils district

## 2nd category of LFA

Code	Local authority	District
210000	Rēzekne	
324600	Bebru pagasts	Aizkraukles district
326200	Kurmenes pagasts	Aizkraukles district
328000	Sērenes pagasts	Aizkraukles district
329600	Zalves pagasts	Aizkraukles district
360500	Ape ar lauku teritoriju	Alūksnes district
364400	Annas pagasts	Alūksnes district
364800	Gaujienas pagasts	Alūksnes district
365200	Ilzenes pagasts	Alūksnes district
365800	Jaunannas pagasts	Alūksnes district
367200	Malienas pagasts	Alūksnes district
368400	Trapenes pagasts	Alūksnes district
369000	Virešu pagasts	Alūksnes district
384400	Baltinavas pagasts	Balvu district
385200	Briežuciema pagasts	Balvu district
386600	Lazdulejas pagasts	Balvu district
388200	Šķīlbēnu pagasts	Balvu district
388600	Tilžas pagasts	Balvu district
409400	Vecumnieku pagasts	Bauskas district
427400	Raiskuma pagasts	Cēsu district
428200	Straupes pagasts	Cēsu district
445200	Dubnas pagasts	Daugavpils district
445400	Dvietes pagasts	Daugavpils district
446000	Kalkūnes pagasts	Daugavpils district
446200	Kalupes pagasts	Daugavpils district
446400	Laucesas pagasts	Daugavpils district
446800	Līksnas pagasts	Daugavpils district
447000	Maļinovas pagasts	Daugavpils district
447600	Nīcgales pagasts	Daugavpils district
449200	Tabores pagasts	Daugavpils district
449400	Vaboles pagasts	Daugavpils district
449800	Višķu pagasts	Daugavpils district
466400	Īles pagasts	Dobeles district
467600	Lielauces pagasts	Dobeles district
468000	Naudītes pagasts	Dobeles district
469800	Zebrenes pagasts	Dobeles district
500100	Gulbene	Gulbenes district
504800	Daukstu pagasts	Gulbenes district
505600	Galgauskas pagasts	Gulbenes district
506000	Jaungulbenes pagasts	Gulbenes district
506400	Lejasciema pagasts	Gulbenes district
507200	Lizuma pagasts	Gulbenes district
507600	Līgo pagasts	Gulbenes district
508800	Stāmerienas pagasts	Gulbenes district
509000	Stradu pagasts	Gulbenes district
509400	Tirzas pagasts	Gulbenes district
560100	Jēkabpils	Jēkabpils district
560500	Aknīste ar lauku teritoriju	Jēkabpils district
564400	Asares pagasts	Jēkabpils district
565200	Dignājas pagasts	Jēkabpils district
565400	Dunavas pagasts	Jēkabpils district
566200	Gārsenes pagasts	Jēkabpils district
566600	Kalna pagasts	Jēkabpils district
566800	Krustpils pagasts	Jēkabpils district
567000	Kūku pagasts	Jēkabpils district
567400	Leimaņu pagasts	Jēkabpils district
567600	Mežāres pagasts	Jēkabpils district
568200	Rubenes pagasts	Jēkabpils district
568600	Salas pagasts	Jēkabpils district
568800	Saukas pagasts	Jēkabpils district
569400	Variešu pagasts	Jēkabpils district
569600	Vīpes pagasts	Jēkabpils district

569800	Zasas pagasts	Jēkabpils district
604600	Asūnes pagasts	Krāslavas district
604800	Aulejas pagasts	Krāslavas district
606200	Indras pagasts	Krāslavas district
608400	Piedrujas pagasts	Krāslavas district
608600	Robežnieku pagasts	Krāslavas district
625000	Gudenieku pagasts	Kuldīgas district
625400	Īvandes pagasts	Kuldīgas district
625800	Kabiles pagasts	Kuldīgas district
626800	Nīkrāces pagasts	Kuldīgas district
628000	Rendas pagasts	Kuldīgas district
628200	Rudbāržu pagasts	Kuldīgas district
629600	Vārmes pagasts	Kuldīgas district
641500	Priekule	Liepājas district
644200	Aizputes pagasts	Liepājas district
645200	Dunikas pagasts	Liepājas district
645400	Embūtes pagasts	Liepājas district
645800	Gramzdas pagasts	Liepājas district
646400	Kalētu pagasts	Liepājas district
646600	Kalvenes pagasts	Liepājas district
647200	Lažas pagasts	Liepājas district
647600	Medzes pagasts	Liepājas district
648000	Otaņķu pagasts	Liepājas district
648200	Priekules pagasts	Liepājas district
649200	Vaiņodes pagasts	Liepājas district
649400	Vecpils pagasts	Liepājas district
649600	Vērgales pagasts	Liepājas district
649800	Virgas pagasts	Liepājas district
661700	Staicele ar lauku teritoriju	Limbažu district
666800	Pāles pagasts	Limbažu district
668000	Umurgas pagasts	Limbažu district
680900	Kārsava	Ludzas district
685400	Goliševas pagasts	Ludzas district
686800	Malnavas pagasts	Ludzas district
688800	Pureņu pagasts	Ludzas district
689400	Salnavas pagasts	Ludzas district
700700	Cesvaine ar lauku teritoriju	Madonas district
701300	Lubāna	Madonas district
701700	Varakļāni	Madonas district
704400	Barkavas pagasts	Madonas district
705000	Dzelzavas pagasts	Madonas district
705800	Indrānu pagasts	Madonas district
707000	Ļaudonas pagasts	Madonas district
707600	Mētrienas pagasts	Madonas district
707800	Murmastienes pagasts	Madonas district
708200	Ošupes pagasts	Madonas district
709400	Varakļānu pagasts	Madonas district
744400	Birzgales pagasts	Ogres district
745200	Krapes pagasts	Ogres district
745600	Ķeipenes pagasts	Ogres district
746000	Lauberes pagasts	Ogres district
746800	Madlienas pagasts	Ogres district
747600	Meņģeles pagasts	Ogres district
749200	Taurupes pagasts	Ogres district
761100	Līvānu novads	Preiļu district
764800	Galēnu pagasts	Preiļu district
765200	Jersikas pagasts	Preiļu district
766200	Riebiņu pagasts	Preiļu district
766800	Rudzātu pagasts	Preiļu district
767400	Saunas pagasts	Preiļu district
767600	Silajāņu pagasts	Preiļu district
767800	Sīļukalna pagasts	Preiļu district
768000	Stabulnieku pagasts	Preiļu district
768200	Sutru pagasts	Preiļu district
769200	Vārkavas novads	Preiļu district
769400	Vārkavas pagasts	Preiļu district
781700	Viļāni	Rēzeknes district



784800	Dekšāres pagasts	Rēzeknes district
785400	Gaigalavas pagasts	Rēzeknes district
785600	Griškānu pagasts	Rēzeknes district
787500	Nautrēnu pagasts	Rēzeknes district
787800	Ozolmuižas pagasts	Rēzeknes district
788200	Rikavas pagasts	Rēzeknes district
788600	Sakstagala pagasts	Rēzeknes district
788800	Silmalas pagasts	Rēzeknes district
789000	Sokolku pagasts	Rēzeknes district
789800	Viļānu pagasts	Rēzeknes district
885800	Īves pagasts	Talsu district
886400	Ķūļciema pagasts	Talsu district
887000	Laucienes pagasts	Talsu district
889200	Valdgales pagasts	Talsu district
908200	Smārdes pagasts	Tukuma district
909200	Zantes pagasts	Tukuma district
909600	Zentenes pagasts	Tukuma district
940100	Valka	Valkas district
944400	Bilskas pagasts	Valkas district
944600	Blomes pagasts	Valkas district
945200	Ērgemes pagasts	Valkas district
945400	Ēveles pagasts	Valkas district
946200	Jērcēnu pagasts	Valkas district
946600	Kārķu pagasts	Valkas district
947400	Palsmanes pagasts	Valkas district
948800	Valkas pagasts	Valkas district
949000	Variņu pagasts	Valkas district
949600	Zvārtavas pagasts	Valkas district
965600	Ipiķu pagasts	Valmieras district
966200	Kauguru pagasts	Valmieras district
967600	Ramatas pagasts	Valmieras district
967800	Rencēnu pagasts	Valmieras district
968200	Sēļu pagasts	Valmieras district
968400	Skaņkalnes pagasts	Valmieras district
969400	Vilpulkas pagasts	Valmieras district
985000	Jūrkalnes pagasts	Ventspils district
985600	Popes pagasts	Ventspils district
987800	Užavas pagasts	Ventspils district
989400	Zlēku pagasts	Ventspils district

### 3rd category of LFA

Code	Local authority	District
50000	Daugavpils	
321300	Pļaviņas	Aizkraukles district
324200	Aiviekstes pagasts	Aizkraukles district
325000	Daudzseses pagasts	Aizkraukles district
325400	Iršu pagasts	Aizkraukles district
325800	Klintaines pagasts	Aizkraukles district
326600	Mazzalves pagasts	Aizkraukles district
327000	Neretas pagasts	Aizkraukles district
327400	Pilskalnes pagasts	Aizkraukles district
327800	Seces pagasts	Aizkraukles district
328400	Staburaga pagasts	Aizkraukles district
328600	Sunākstes pagasts	Aizkraukles district
329200	Vietalvas pagasts	Aizkraukles district
360100	Alūksne	Alūksnes district
364200	Alsviķu pagasts	Alūksnes district
365600	Jaunalūksnes pagasts	Alūksnes district
366000	Jaunlaicenes pagasts	Alūksnes district
366400	Kalnecmpju pagasts	Alūksnes district
366800	Liepnas pagasts	Alūksnes district
367400	Mārupes pagasts	Alūksnes district
367600	Mārkalnes pagasts	Alūksnes district
368000	Pededzes pagasts	Alūksnes district
368800	Veclaicenes pagasts	Alūksnes district
369400	Zeltiņu pagasts	Alūksnes district

369600	Ziemera pagasts	Alūksnes district
380100	Balvi	Balvu district
381500	Viļaka	Balvu district
384600	Balvu pagasts	Balvu district
384800	Bērzkalnes pagasts	Balvu district
385000	Bērzpils pagasts	Balvu district
385600	Krišjāņu pagasts	Balvu district
385800	Kubuļu pagasts	Balvu district
386000	Kupravas pagasts	Balvu district
386400	Lazdukalna pagasts	Balvu district
387000	Medņevas pagasts	Balvu district
387400	Rugāju pagasts	Balvu district
387800	Susāju pagasts	Balvu district
389000	Vectilžas pagasts	Balvu district
389200	Vecumu pagasts	Balvu district
389400	Vīksnas pagasts	Balvu district
389800	Žīguru pagasts	Balvu district
424200	Amatas novads	Cēsu district
424800	Drustu pagasts	Cēsu district
425000	Dzērbenes pagasts	Cēsu district
425400	Inešu pagasts	Cēsu district
425600	Jaunpiebalgas pagasts	Cēsu district
425800	Kaives pagasts	Cēsu district
426800	Nītaures pagasts	Cēsu district
427800	Skujenes pagasts	Cēsu district
428000	Stalbes pagasts	Cēsu district
428600	Taurenas pagasts	Cēsu district
429000	Vaives pagasts	Cēsu district
429200	Vecpiebalgas pagasts	Cēsu district
429400	Veselavas pagasts	Cēsu district
429600	Zaubes pagasts	Cēsu district
429800	Zosēnu pagasts	Cēsu district
440700	Ilūkste	Daugavpils district
441500	Subate ar lauku teritoriju	Daugavpils district
444200	Ambeļu pagasts	Daugavpils district
444400	Bebrenes pagasts	Daugavpils district
444600	Biķernieku pagasts	Daugavpils district
445000	Demenes pagasts	Daugavpils district
445600	Eglaines pagasts	Daugavpils district
447200	Medumu pagasts	Daugavpils district
447400	Naujenes pagasts	Daugavpils district
448000	Pilskalnes pagasts	Daugavpils district
448400	Salienas pagasts	Daugavpils district
448600	Skrudalienas pagasts	Daugavpils district
448800	Sventes pagasts	Daugavpils district
449000	Šēderes pagasts	Daugavpils district
449600	Vecsalienas pagasts	Daugavpils district
504400	Beļavas pagasts	Gulbenes district
505200	Druvienas pagasts	Gulbenes district
506800	Litenes pagasts	Gulbenes district
508400	Rankas pagasts	Gulbenes district
561500	Viesīte ar lauku teritoriju	Jēkabpils district
564600	Atašienes pagasts	Jēkabpils district
564800	Ābeļu pagasts	Jēkabpils district
565800	Elkšņu pagasts	Jēkabpils district
568000	Rites pagasts	Jēkabpils district
569000	Sēlpils pagasts	Jēkabpils district
600100	Krāslavas novads	Krāslavas district
600900	Dagda	Krāslavas district
604200	Andrupenes pagasts	Krāslavas district
604400	Andzeļu pagasts	Krāslavas district
605000	Bērzeņu pagasts	Krāslavas district
605400	Dagdas pagasts	Krāslavas district
605600	Ezernieku pagasts	Krāslavas district
605800	Grāveru pagasts	Krāslavas district
606400	Izvaltas pagasts	Krāslavas district
606800	Kalniešu pagasts	Krāslavas district

607000	Kaplavas pagasts	Krāslavas district
607200	Kastuļinas pagasts	Krāslavas district
607400	Kombuļu pagasts	Krāslavas district
607600	Konstantinovas pagasts	Krāslavas district
608000	Ķepovas pagasts	Krāslavas district
608800	Skaistas pagasts	Krāslavas district
609000	Svariņu pagasts	Krāslavas district
609200	Šķaunes pagasts	Krāslavas district
609400	Šķeltovas pagasts	Krāslavas district
609600	Ūdrīšu pagasts	Krāslavas district
624200	Alsungas pagasts	Kuldīgas district
624600	Ēdoles pagasts	Kuldīgas district
641300	Pāvilosta	Liepājas district
647800	Nīcas pagasts	Liepājas district
648400	Rucavas pagasts	Liepājas district
648600	Sakas pagasts	Liepājas district
680100	Ludza	Ludzas district
681800	Zilupes novads	Ludzas district
684400	Blontu pagasts	Ludzas district
684600	Brīģu pagasts	Ludzas district
684800	Ciblas novads	Ludzas district
685000	Cirmas pagasts	Ludzas district
685800	Isnaudas pagasts	Ludzas district
686000	Istras pagasts	Ludzas district
686400	Lauderu pagasts	Ludzas district
687000	Mežvidu pagasts	Ludzas district
687200	Mērdzenes pagasts	Ludzas district
687800	Nirzas pagasts	Ludzas district
688000	Ņukšas pagasts	Ludzas district
688400	Pasienes pagasts	Ludzas district
688600	Pildas pagasts	Ludzas district
689000	Pušmucovas pagasts	Ludzas district
689200	Rundēnu pagasts	Ludzas district
689800	Zvirgzdenes pagasts	Ludzas district
700100	Madona	Madonas district
704200	Aronas pagasts	Madonas district
704600	Bērzaunes pagasts	Madonas district
705400	Ērgļu pagasts	Madonas district
706000	Jumurdas pagasts	Madonas district
706200	Kalsnavas pagasts	Madonas district
706600	Lazdonas pagasts	Madonas district
706800	Liezēres pagasts	Madonas district
707400	Mārcienas pagasts	Madonas district
708600	Praulienas pagasts	Madonas district
709000	Sarkaņu pagasts	Madonas district
709200	Sausnējas pagasts	Madonas district
709600	Vestienas pagasts	Madonas district
747200	Mazozolu pagasts	Ogres district
760100	Preiļu novads	Preiļu district
764200	Aglonas pagasts	Preiļu district
765600	Pelēču pagasts	Preiļu district
767000	Rušonas pagasts	Preiļu district
784200	Audriņu pagasts	Rēzeknes district
784400	Bērzgales pagasts	Rēzeknes district
784600	Čornajas pagasts	Rēzeknes district
785000	Dricānu pagasts	Rēzeknes district
785200	Feimaņu pagasts	Rēzeknes district
785800	Ilzeskalna pagasts	Rēzeknes district
786000	Kantinieku pagasts	Rēzeknes district
786200	Kaunatas pagasts	Rēzeknes district
786600	Lendžu pagasts	Rēzeknes district
786800	Lūznavas pagasts	Rēzeknes district
787000	Maltas pagasts	Rēzeknes district
787200	Mākoņkalna pagasts	Rēzeknes district
787400	Nagļu pagasts	Rēzeknes district
787600	Ozolaines pagasts	Rēzeknes district
788000	Pušas pagasts	Rēzeknes district

789200	Stoļerovas pagasts	Rēzeknes district
789400	Stružānu pagasts	Rēzeknes district
789600	Vērēmu pagasts	Rēzeknes district
801666	Mores pagasts	Cēsu district
849800	Zvārdes pagasts	Saldus district
885000	Dundagas pagasts	Talsu district
907800	Sēmes pagasts	Tukuma district
944800	Brantu pagasts	Valkas district
945800	Grundzāles pagasts	Valkas district
947000	Launkalnes pagasts	Valkas district
984400	Ances pagasts	Ventspils district
987400	Usmas pagasts	Ventspils district

**ANNEX 8. LIST OF NATURA 2000 TERRITORIES<sup>137</sup>**

A – territories established for birds protection;

B - territories established for species, except birds, and biotops protection;

C - territories established for species, except birds, and biotops protection;

No	Type	Code	Name
1.	C	LV0000110	Ziemeļvidzemes biosfēras rezervāta dabas lieguma zona "Augstroze"
2.	C	LV0000120	Ziemeļvidzemes biosfēras rezervāta dabas lieguma zona "Vidusburtnieks"
3.	C	LV0000130	Ziemeļvidzemes biosfēras rezervāta dabas lieguma zona "Ziemeļu purvi"
4.	B	LV0100200	Moricšālas dabas rezervāts
5.	B	LV0100300	Grīņu dabas rezervāts
6.	C	LV0100400	Krustkalnu dabas rezervāts
7.	C	LV0100500	Teiču dabas rezervāts
8.	C	LV0200100	Gaujas Nacionālais parks
9.	C	LV0200200	Ķemeru nacionālais parks
10.	C	LV0200300	Slīteres nacionālais parks
11.	B	LV0300100	dabas parks "Daugavas ieleja"
12.	C	LV0300400	dabas parks "Silene"
13.	C	LV0300700	dabas parks "Tērvete"
14.	C	LV0300800	dabas parks "Sauka"
15.	B	LV0300900	dabas parks "Dridža ezers"
16.	B	LV0301100	dabas parks "Riežupe"
17.	B	LV0301200	dabas parks "Embūte"
18.	C	LV0301300	dabas parks "Istras pauguraine"
19.	B	LV0301500	dabas parks "Cīrīša ezers"
20.	B	LV0301600	dabas parks "Adamovas ezers"
21.	C	LV0301700	dabas parks "Piejūra"
22.	B	LV0301800	dabas parks "Beberbeķi"
23.	B	LV0301900	dabas parks "Dolessala"
24.	B	LV0302000	dabas parks "Talsu pauguraine"
25.	C	LV0302100	dabas parks "Abavas senleja"
26.	C	LV0302200	dabas parks "Salacas ieleja"
27.	C	LV0302800	dabas parks "Engures ezers"
28.	C	LV0302900	dabas parks "Dvietes paliene"
29.	B	LV0303000	dabas parks "Numernes valnis"
30.	B	LV0303100	dabas parks "Cārmaņa ezers"
31.	C	LV0303200	dabas parks "Svētes paliene"
32.	B	LV0303300	dabas parks "Ragakāpa"
33.	C	LV0303400	Rāznes nacionālais parks
34.	C	LV0303500	dabas parks "Pape"
35.	B	LV0303600	dabas parks "Bernāti"
36.	B	LV0303700	dabas parks "Driksnas sils"
37.	B	LV0303800	dabas parks "Pinku ezers"
38.	B	LV0304000	dabas parks "Laukezers"
39.	B	LV0304100	dabas parks "Bauska"
40.	C	LV0304200	dabas parks "Kuja"
41.	A	LV0304300	dabas parks "Užavas lejtece"
42.	B	LV0304400	dabas parks "Kurjanovas ezers"

<sup>137</sup> According to Law on Specially Protected Nature Territories

43.	B	LV0304500	dabas parks "Ogres ieleja"
44.	C	LV0304800	dabas parks "Vecumu meži"
45.	B	LV0304900	dabas parks "Vilce"
46.	C	LV0305000	dabas parks "Zvārdes meži"
47.	C	LV0305100	dabas parks "Aiviekstes paliene"
48.	B	LV0305200	dabas parks "Ogres Zilie kalni"
49.	B	LV0400400	ģeoloģiskais un ģeomorfoloģiskais dabas piemineklis "Korkuļu saugultne un pazemes upe"
50.	B	LV0401000	ģeoloģiskais un ģeomorfoloģiskais dabas piemineklis "Kalamecu-Markūzu gravas"
51.	B	LV0401900	ģeoloģiskais un ģeomorfoloģiskais dabas piemineklis "Stiglavas atsegumi"
52.	B	LV0402200	ģeoloģiskais un ģeomorfoloģiskais dabas piemineklis "Skaistkalnes karsta kritenes"
53.	B	LV0402300	ģeoloģiskais un ģeomorfoloģiskais dabas piemineklis "Kulšēnu avots"
54.	B	LV0412900	ģeoloģiskais un ģeomorfoloģiskais dabas piemineklis "Ogres dolomītu krauja"
55.	B	LV0413300	ģeoloģiskais un ģeomorfoloģiskais dabas piemineklis "Ezernieku karsta kritenes"
56.	B	LV0415600	ģeoloģiskais un ģeomorfoloģiskais dabas piemineklis "Zaņas lejtece"
57.	B	LV0415700	ģeoloģiskais un ģeomorfoloģiskais dabas piemineklis "Pavāru atsegumi"
58.	B	LV0500100	dabas liegums "Šķibu purvs"
59.	B	LV0500200	dabas liegums "Gasparsona purvs"
60.	B	LV0500300	dabas liegums "Ellītes purvs"
61.	B	LV0500500	dabas liegums "Dūņezera purvs"
62.	B	LV0500600	dabas liegums "Seržu tīrelis"
63.	B	LV0500700	dabas liegums "Vāveres ezers"
64.	B	LV0500800	dabas liegums "Mazzalvītes purvs"
65.	B	LV0500900	dabas liegums "Indzera ezera salas"
66.	B	LV0501000	dabas liegums "Gaujienas priedes"
67.	B	LV0501100	dabas liegums "Lepuru purvs"
68.	B	LV0501200	dabas liegums "Sloku purvs"
69.	B	LV0501300	dabas liegums "Bejas mežs"
70.	B	LV0501500	dabas liegums "Kupravas liepu audze"
71.	B	LV0501600	dabas liegums "Tetersalas purvs"
72.	B	LV0502100	dabas liegums "Baltais purvs"
73.	C	LV0502200	dabas liegums "Orlovas (Ērgļu) purvs"
74.	B	LV0502300	dabas liegums "Pokratas ezers"
75.	B	LV0502400	dabas liegums "Zodānu purvs"
76.	C	LV0502600	dabas liegums "Stompaku purvi"
77.	B	LV0502800	dabas liegums "Zaļezera purvs"
78.	B	LV0502900	dabas liegums "Īsīce"
79.	B	LV0503000	dabas liegums "Kalēju tīrelis"
80.	B	LV0503300	dabas liegums "Raunas Staburags"
81.	B	LV0504000	dabas liegums "Tīrās sūnas purvs"
82.	B	LV0504300	dabas liegums "Baltmuižas purvs"
83.	B	LV0504400	dabas liegums "Sasaļu mežs"
84.	C	LV0504700	dabas liegums "Viķu purvs"
85.	B	LV0504800	dabas liegums "Lielais purvs"
86.	B	LV0505200	dabas liegums "Lāču purvs"
87.	B	LV0505400	dabas liegums "Aizdumbles purvs"
88.	B	LV0505500	dabas liegums "Supes purvs"
89.	B	LV0505600	dabas liegums "Nomavas purvs"
90.	B	LV0505700	dabas liegums "Klaucānu un Priekulānu ezeri"
91.	B	LV0505800	dabas liegums "Spulģu purvs"
92.	B	LV0505900	dabas liegums "Kaušņu purvs"
93.	B	LV0506000	dabas liegums "Saltais purvs"

94.	B	LV0506100	dabas liegums "Tīreļu purvs"
95.	B	LV0506200	dabas liegums "Slapjo salu purvs"
96.	B	LV0506300	dabas liegums "Švēriņu purvs"
97.	C	LV0506400	dabas liegums "Gargrodes purvs"
98.	C	LV0506500	dabas liegums "Rožu purvs"
99.	B	LV0506600	dabas liegums "Melnais purvs"
100.	B	LV0507000	dabas liegums "Čertoka ezers (Valnezers)"
101.	B	LV0507100	dabas liegums "Ventas ieleja"
102.	B	LV0507200	dabas liegums "Ventas un Šķerveļa ieleja"
103.	B	LV0507300	dabas liegums "Gaviezes āmuļi"
104.	C	LV0507400	dabas liegums "Brienamais purvs"
105.	B	LV0507600	dabas liegums "Medze"
106.	B	LV0507700	dabas liegums "Nīcas īvju audze"
107.	C	LV0507800	dabas liegums "Liepājas ezers"
108.	B	LV0508000	dabas liegums "Rucavas īvju audze"
109.	C	LV0508100	dabas liegums "Ziemupe"
110.	C	LV0508300	dabas liegums "Dunika"
111.	B	LV0508400	dabas liegums "Purgaiļu purvs"
112.	B	LV0508500	dabas liegums "Dūņezers"
113.	B	LV0508600	dabas liegums "Vidzemes akmeņainā jūrmala"
114.	B	LV0508700	dabas liegums "Dziļezers un Riebezers"
115.	C	LV0509100	dabas liegums "Randu pļavas"
116.	B	LV0509300	dabas liegums "Limšānu purvs"
117.	B	LV0509500	dabas liegums "Dzērves purvs"
118.	C	LV0509600	dabas liegums "Pirtsmeža purvs"
119.	B	LV0509700	dabas liegums "Lielpurvs"
120.	B	LV0509800	dabas liegums "Niedrāju-Pilkas purvs"
121.	B	LV0510000	dabas liegums "Maizezers"
122.	B	LV0510200	dabas liegums "Istras ezers"
123.	C	LV0510300	dabas liegums "Klešniku purvs"
124.	C	LV0510400	dabas liegums "Gulbju un Platpirovas purvs"
125.	C	LV0510600	dabas liegums "Pildas ezers"
126.	B	LV0510700	dabas liegums "Grebļukalns"
127.	B	LV0510800	dabas liegums "Gulbinkas purvs"
128.	B	LV0510900	dabas liegums "Zvirgzdenes ezera salas"
129.	B	LV0511000	dabas liegums "Nesaules kalns"
130.	B	LV0511100	dabas liegums "Barkavas ozolu audze"
131.	B	LV0511300	dabas liegums "Jumurdas ezers"
132.	B	LV0511500	dabas liegums "Seldžu ozolu audze"
133.	B	LV0511600	dabas liegums "Lielsalas purvs"
134.	B	LV0512100	dabas liegums "Rušonu ezera salas"
135.	C	LV0512200	dabas liegums "Lielais Pelečāres purvs"
136.	C	LV0512300	dabas liegums "Ašinieku purvs"
137.	B	LV0512400	dabas liegums "Tīrumnieku purvs"
138.	C	LV0512500	dabas liegums "Salas purvs"
139.	B	LV0512700	dabas liegums "Gaiļukalns"
140.	B	LV0512800	dabas liegums "Mežmuižas avoti"
141.	B	LV0513000	dabas liegums "Lielā Baltezera salas"
142.	C	LV0513100	dabas liegums "Babītes ezers"
143.	B	LV0513400	dabas liegums "Lielie Kangari"
144.	B	LV0513600	dabas liegums "Cieceres ezera sala"
145.	B	LV0513700	dabas liegums "Dulbju acs purvs"
146.	B	LV0513800	dabas liegums "Daiķu īvju audze"
147.	B	LV0513900	dabas liegums "Kadiķu nora"
148.	C	LV0514100	dabas liegums "Kaļķupes ieleja"
149.	C	LV0514200	dabas liegums "Raķupes ieleja"
150.	B	LV0514500	dabas liegums "Zemgaļu purvs"
151.	B	LV0514800	dabas liegums "Plieņciema kāpa"
152.	B	LV0515100	dabas liegums "Riesta-Džūkstenes purvs"
153.	B	LV0515300	dabas liegums "Kārķu purvs"

154.	B	LV0515800	dabas liegums "Bednes purvs"
155.	B	LV0515900	dabas liegums "Vadaiņu purvs"
156.	B	LV0516000	dabas liegums "Oleru purvs"
157.	B	LV0516200	dabas liegums "Viķvēnu purvs"
158.	B	LV0517000	dabas liegums "Klāņu purvs"
159.	B	LV0517100	dabas liegums "Pluču tīrelis"
160.	C	LV0517200	dabas liegums "Sārnates purvs"
161.	B	LV0517300	dabas liegums "Nagļu un Ansiņu purvs"
162.	B	LV0517400	dabas liegums "Tīšezers"
163.	B	LV0517500	dabas liegums "Piešdanga"
164.	B	LV0518300	dabas liegums "Vecdaugava"
165.	C	LV0518400	dabas liegums "Lagažu-Šņitkas purvs"
166.	C	LV0518500	dabas liegums "Lielais un Pemes purvs"
167.	B	LV0518600	dabas liegums "Lielais Mārku purvs"
168.	B	LV0518700	dabas liegums "Laugas purvs"
169.	C	LV0518900	dabas liegums "Stiklu purvi"
170.	C	LV0519000	dabas liegums "Aklais purvs"
171.	B	LV0519100	dabas liegums "Kreiču purvs"
172.	C	LV0519300	dabas liegums "Īdeņas un Kvāpānu dīķi"
173.	C	LV0519500	dabas liegums "Bērzpils purvs"
174.	C	LV0519600	dabas liegums "Pededzes lejtece"
175.	C	LV0519700	dabas liegums "Lubānas ieplakas"
176.	C	LV0519800	dabas liegums "Cenas tīrelis"
177.	C	LV0520000	dabas liegums "Ābeļi"
178.	B	LV0520200	dabas liegums "Gudenieki"
179.	C	LV0520300	dabas liegums "Užava"
180.	B	LV0520500	dabas liegums "Mazie Kangari"
181.	B	LV0520900	dabas liegums "Tosmare"
182.	B	LV0521100	dabas liegums "Ojatu ezers"
183.	B	LV0521300	dabas liegums "Diļļu pļavas"
184.	C	LV0521500	dabas liegums "Ovīši"
185.	B	LV0521800	dabas liegums "Ķirbas purvs"
186.	B	LV0522000	dabas liegums "Mērmieku dumbbrāji"
187.	B	LV0522100	dabas liegums "Katlešu meži"
188.	B	LV0522300	dabas liegums "Ungurpils meži"
189.	B	LV0522600	dabas liegums "Aizkraukles purvi un meži"
190.	B	LV0522900	dabas liegums "Dvietes dumbbrāji"
191.	B	LV0523000	dabas liegums "Līvbērzes liekņa"
192.	C	LV0523100	dabas liegums "Lielupes palienes pļavas"
193.	C	LV0523200	dabas liegums "Ukru gārša"
194.	C	LV0523300	dabas liegums "Dzelves-Kroņa purvs"
195.	C	LV0523400	dabas liegums "Ances purvi un meži"
196.	C	LV0524100	dabas liegums "Mežole"
197.	B	LV0524500	dabas liegums "Ruņupes ieleja"
198.	B	LV0524600	dabas liegums "Jaunciems"
199.	B	LV0524800	dabas liegums "Vesetas palienes purvs"
200.	B	LV0524900	dabas liegums "Pilskalnes Siguldiņa"
201.	C	LV0525000	dabas liegums "Mangēnes meži"
202.	B	LV0525100	dabas liegums "Blāžģa ezers"
203.	B	LV0525200	dabas liegums "Linezers"
204.	B	LV0525300	dabas liegums "Vērenes purvi"
205.	B	LV0525400	dabas liegums "Gaiņu purvs"
206.	C	LV0525500	dabas liegums "Sātiņu dīķi"
207.	C	LV0525600	dabas liegums "Zvārde"
208.	B	LV0525800	dabas liegums "Zebus un Svētes ezers"
209.	B	LV0525900	dabas liegums "Jaunanna"
210.	C	LV0526000	dabas liegums "Pārabaine"
211.	B	LV0526100	dabas liegums "Gruzdovas meži"
212.	B	LV0526200	dabas liegums "Palšu purvs"
213.	C	LV0526400	dabas liegums "Sventājas upes ieleja"



214.	B	LV0526500	dabas liegums "Eiduku purvs"
215.	C	LV0526600	dabas liegums "Lubānas un Sūlagala purvs"
216.	B	LV0526700	dabas liegums "Pelēču ezera purvs"
217.	C	LV0526800	dabas liegums "Sedas purvs"
218.	C	LV0527000	dabas liegums "Melsalas purvs"
219.	C	LV0527100	dabas liegums "Īdiņu purvs"
220.	A	LV0527200	dabas liegums "Daugava pie Kaibalas"
221.	C	LV0527300	dabas liegums "Tāšu ezers"
222.	C	LV0527400	dabas liegums "Garkalnes meži"
223.	C	LV0527500	dabas liegums "Silabebru ezers"
224.	B	LV0527600	dabas liegums "Vjadas meži"
225.	B	LV0527700	dabas liegums "Kadājs"
226.	B	LV0527800	dabas liegums "Melturu sils"
227.	B	LV0528000	dabas liegums "Rauza"
228.	B	LV0528100	dabas liegums "Šepka"
229.	B	LV0528200	dabas liegums "Launkalne"
230.	B	LV0528300	dabas liegums "Ģipka"
231.	B	LV0528400	dabas liegums "Ģipkas lankas"
232.	B	LV0528500	dabas liegums "Kaigu purvs"
233.	C	LV0528600	dabas liegums "Kalnciema pļavas"
234.	A	LV0528700	dabas liegums "Melnā ezera purvs"
235.	C	LV0528800	dabas liegums "Mugurves pļavas"
236.	C	LV0528900	dabas liegums "Panemūnes meži"
237.	C	LV0529100	dabas liegums "Viskūžu sala"
238.	B	LV0529200	dabas liegums "Virgulīcas meži"
239.	B	LV0529300	dabas liegums "Klintaine"
240.	B	LV0529400	dabas liegums "Draugolis"
241.	B	LV0529500	dabas liegums "Spinduļu meži"
242.	B	LV0529700	dabas liegums "Raudas meži"
243.	B	LV0529900	dabas liegums "Svētes ieleja"
244.	B	LV0530000	dabas liegums "Skujaines un Svētaines ieleja"
245.	B	LV0530100	dabas liegums "Eglone"
246.	B	LV0530200	dabas liegums "Timsmales ezers"
247.	B	LV0530300	dabas liegums "Starinas mežs"
248.	B	LV0530400	dabas liegums "Ječu purvs"
249.	B	LV0530500	dabas liegums "Vitrupes ieleja"
250.	B	LV0530600	dabas liegums "Motrines ezers"
251.	B	LV0530700	dabas liegums "Kapu ezers"
252.	B	LV0530800	dabas liegums "Lielupes grīvas pļavas"
253.	B	LV0530900	dabas liegums "Jašas-Bicānu ezers"
254.	B	LV0531000	dabas liegums "Nīgrandes meži"
255.	B	LV0531100	dabas liegums "Baltezera purvs"
256.	B	LV0531200	dabas liegums "Rukšu purvs"
257.	B	LV0531300	dabas liegums "Pāces pļavas"
258.	B	LV0531400	dabas liegums "Apšuciema zāļu purvs"
259.	B	LV0531500	dabas liegums "Lapiņu ezers"
260.	B	LV0531600	dabas liegums "Taurīšu ezers"
261.	B	LV0531700	dabas liegums "Platenes purvs"
262.	B	LV0531800	dabas liegums "Pelcīšu purvs"
263.	B	LV0531900	dabas liegums "Popes zāļu purvs"
264.	C	LV0532000	dabas liegums "Sitas un Pededzes paliene"
265.	B	LV0532200	dabas liegums "Alsungas meži"
266.	B	LV0532300	dabas liegums "Ašu purvs"
267.	C	LV0532400	dabas liegums "Asūnes ezers"
268.	B	LV0532500	dabas liegums "Audīles mežs"
269.	A	LV0532600	dabas liegums "Burgas pļavas"
270.	C	LV0532700	dabas liegums "Burtnieku ezera pļavas"
271.	B	LV0532800	dabas liegums "Būšnieku ezera krasts"
272.	B	LV0532900	dabas liegums "Dimantu mežs"
273.	B	LV0533000	dabas liegums "Druviņu tīrelis"

274.	C	LV0533100	dabas liegums "Dubnas paliene"
275.	C	LV0533200	dabas liegums "Durbes ezera pļavas"
276.	B	LV0533300	dabas liegums "Dūres mežs"
277.	B	LV0533400	dabas liegums "Dzilnas dumbrāji"
278.	B	LV0533500	dabas liegums "Kalgatu purvs"
279.	B	LV0533600	dabas liegums "Kaļķu gārša"
280.	B	LV0533700	dabas liegums "Kalna purvs"
281.	B	LV0533800	dabas liegums "Kinkausku meži"
282.	B	LV0533900	dabas liegums "Krapas gārša"
283.	B	LV0534000	dabas liegums "Krojas meži"
284.	B	LV0534100	dabas liegums "Liepnas niedrāji"
285.	B	LV0534200	dabas liegums "Zepu mežs"
286.	C	LV0534300	dabas liegums "Ļubasts"
287.	B	LV0534400	dabas liegums "Matkules meži"
288.	B	LV0534500	dabas liegums "Melnupes meži"
289.	B	LV0534600	dabas liegums "Mētru mežs"
290.	B	LV0534900	dabas liegums "Paltupes meži"
291.	B	LV0535000	dabas liegums "Pašulienes mežs"
292.	B	LV0535100	dabas liegums "Plunču ezera krasts"
293.	B	LV0535200	dabas liegums "Posolnīca"
294.	C	LV0535400	dabas liegums "Rūjas paliene"
295.	B	LV0535500	dabas liegums "Sakas grīņi"
296.	A	LV0535600	dabas liegums "Skrundas zivju dīķi"
297.	B	LV0535700	dabas liegums "Sofikalna meži"
298.	B	LV0535800	dabas liegums "Tebras ozolu meži"
299.	B	LV0535900	dabas liegums "Tumes meži"
300.	C	LV0536000	dabas liegums "Užavas augštece"
301.	B	LV0536100	dabas liegums "Zāgadu kalni"
302.	B	LV0536200	dabas liegums "Zaķu riests"
303.	B	LV0536300	dabas liegums "Zilaiskalns"
304.	B	LV0536400	dabas liegums "Jaša"
305.	C	LV0600100	aizsargājamo ainavu apvidus "Vecpiebalga"
306.	C	LV0600200	aizsargājamo ainavu apvidus "Veclaicene"
307.	C	LV0600300	aizsargājamo ainavu apvidus "Augšzeme"
308.	C	LV0600400	aizsargājamo ainavu apvidus "Augšdaugava"
309.	C	LV0600500	aizsargājamo ainavu apvidus "Vestiena"
310.	C	LV0600700	aizsargājamo ainavu apvidus "Ziemeļgauja"
311.	C	LV0600800	aizsargājamo ainavu apvidus "Ādaži"
312.	B	LV0600900	aizsargājamo ainavu apvidus "Kaučers"
313.	B	LV0601000	aizsargājamo ainavu apvidus "Nīcgales meži"
314.	B	LV0804600	mikroliegums "Dzelmes"
315.	B	LV0824700	mikroliegums "Visikums"
316.	B	LV0826100	mikroliegums "Vidagas meži"
317.	B	LV0826300	mikroliegums "Gaujienas purvainie meži"
318.	B	LV0826800	mikroliegums "Melderupītes meži"
319.	B	LV0830100	mikroliegums "Ozoldārzs"
320.	B	LV0830200	mikroliegums "Vecsēlpils"
321.	B	LV0830300	mikroliegums "Silzemnieki"
322.	B	LV0830400	mikroliegums "Dubļukrogs"
323.	B	LV0830500	mikroliegums "Priedes"
324.	B	LV0830600	mikroliegums "Bērzoles riests"
325.	B	LV0830700	mikroliegums "Bērzu purvs"
326.	B	LV0830800	mikroliegums "Bulvāra riests"
327.	B	LV0830900	mikroliegums "Graviņas"
328.	B	LV0831000	mikroliegums "Šepkas riests"
329.	B	LV0831100	mikroliegums "Kaļņa riests"
330.	B	LV0831300	mikroliegums "Bānūžu Zelta avots"
331.	B	LV0831400	mikroliegums "Dravenieku avoti"
332.	B	LV0831500	mikroliegums "Elles purvs"
333.	B	LV0831600	mikroliegums "Dzirmieku pļava"

334.	B	LV0831700	mikroliegums "Maitiķu avoti"
335.	B	LV0831800	mikroliegums "Mežamatveju kadiķu pļavas"
336.	B	LV0831900	mikroliegums "Mežamatveju pļavas"

**ANNEX 9. MINIMUM REQUIREMENTS FOR APPLICATION OF FERTILISERS AND PLANT PROTECTION PRODUCTS AND OTHER OBLIGATORY REQUIREMENTS SET BY THE NATIONAL LAW**

No	Sphere	Specificity	Regulatory act	Regulatory requirement	Supervisory Authority
1.	Environment protection	Exercising economic activity close to surface water bodies the Law on Shelter Belts must be adhered	Law on Shelter Belts adopted on 05.02.1997, Article 37 Part I Paragraph 5 c) and g).	In 10 metre wide surface water body shelter belt it is forbidden to use fertilisers and chemical plant protection products, as well as wash motor vehicles and agricultural machinery.	State Environmental Service
2.	Environment protection	To reduce impact on dune ecosystems restrictions to the economic activity must be adhered	Law on Shelter Belts adopted on 05.02.1997, Article 36, Part III Paragraph 3.	It is forbidden to place and arrange fertiliser, plant protection product, fuel, lubricating oils, dangerous chemical substance or chemical content product handling and storage facilities, with the exception of cases corresponding territory planning – port territory, as well as for buildings for feed storage (excepting barns without all-round fundamentals).	State Environmental Service
3.	Environment protection	Exercising economic activity close to surface water bodies the Law on Shelter Belts must be adhered	Law on Shelter Belts adopted on 05.02.1997, Article 37 Part I Paragraph 5 (b).	In 10 metre wide surface water body shelter belt it is forbidden to make drainage constructions unless agreed with regional environmental authorities.	State Environmental Service
4.	Environment protection	Exercising economic activity at the water intake places may cause water pollution	Law on Shelter Belts adopted on 05.02.1997, Article 39 (1).	In ferule shelter belt enclosing water intake places any kind of economic activity is forbidden, with the exception of the one relating water intake in definite water supply boring well or water body for maintenance and management of water intake and supply objects.	State Environmental Service
5.	Environment protection	Applying plant protection products (hereinafter referred to as PPP) national requirements on handling and storage of PPP must be met.	Plant Protection Act adopted on 17.12.1998, Article 10 Part III.	Persons, who want to purchase and use plant protection products for fighting harmful organisms must hold certificate issued by the National Service for Plant Protection on required minimum knowledge in plant protection.	National Service for Plant Protection
6.	Environment protection	In order to prevent misapplication of PPP and PPP losing its properties specific storage	Article 63 of Regulation No 463 on “Regulations on spreading, storage and handling plant protection	Plant protection products are stored in original packaging in storage conditions defined by the producer, in the view of requirements set in Article 9 of the Plant Protection Act.	National Service for Plant Protection

		conditions must be followed	products” of 29.04.2004 issued by the Cabinet of Ministers.		
7.	Environment protection	To prevent accidents PPP must be stored in locked place.	Plant Protection Act adopted on 17.12.1998, Article 9 Part III.	Persons possessing plant protection products are responsible for it to be stored in locked places out of reach of children and animals, separately from foodstuffs.	National Service for Plant Protection
8.	Environment protection	Make sure if the sold PPP is listed among the allowed PPP.	Plant Protection Act adopted on 17.12.1998, Article 7 Part I.	In Latvia distribution and application of registered plant protection products is allowed.	National Service for Plant Protection
9.	Environment protection	In order to trace PPP handling in farming particular registration must be made.	Plant Protection Act adopted on 17.12.1998, Article 10 Part II.	First and second registration class plant protection products may be handled by persons approved and granted certificate allowing to purchase and apply particular plant protection products. These persons provide plant protection product handling registration following the procedure defined by the Cabinet of Ministers.	National Service for Plant Protection
10.	Environment protection	Organic fertilisers are forbidden to be used in especially sensitive territories if leakage of nutrient is possible.	Article 12. <sup>1</sup> 7 of Regulation No 531 “On protection of water and soil against pollution caused by nitrates from agricultural sources” issued by the Cabinet of Ministers on 18.12.2001.	In especially sensitive territories (set in line with the Nitrates Directive) bedding manure, liquid manure and slurry shall not be spread between 15 November and 1 March.	State Environmental Service
11.	Environment protection	Provide appropriate storage of manure.	Article 12. <sup>1</sup> 7 of Regulation No 531 “On protection of water and soil against pollution caused by nitrates from agricultural sources” issued by the Cabinet of Ministers on 18.12.2001.	Manure stock capacity provides storage of collected manure in bedding, manure storehouses for at least six months, but for liquid manure and slurry – seven months*.	State Environmental Service
12.	Environment protection	Provide appropriate management of special areas of conservation.	Law “On special areas of conservation” adopted on 02.03.1993, Article 24	Land owner and user are obliged to meet the regulations on protection and use of special areas of conservation and provide protection and cleaning of particular territory.	State Environmental Service
13.	Environment protection	In order to maintain biological diversity environment-friendly farming methods shall be applied.	Law on the protection of species and habitats adopted on 16.03.2000, Article 11.	Regarding animal species which are particularly protected, including birds, in every stage of development deliberate disturbance (especially in breeding period, during growth of the young, moulting, wintering and migration period) and destruction of habitats.	State Environmental Service
14.	Environment protection	No grass burning is allowed, since it debases	Article 20 and 21 of Regulations No 82 “Fire	In object territory constantly combustible waste and dry grass in 10 metre wide area enclosing building as well as rests of	Fire Fighting and Rescue Service

		essential habitats and bugs, birds and animals die.	regulations” issued by the Cabinet of Ministers on 17.02.2004.	cultivated plants are removed. Land owner (possessor) takes required measures to prevent last year’s burning in the object territory.	
15.	Recording of livestock	Livestock must be recorded	Law on Veterinary Medicine adopted on 26.04.2001, Article 59 (5).	Owners of livestock are obliged to register and mark livestock in correspondence with the procedure defined by the Cabinet of Ministers.	State Civil Service Inspection
16.	Environment protection	Placement of livestock placement, manure and silos may not harm environment.	Law “On pollution” adopted on 15.03.2001, Article 4 Part 8.	In accordance with the national law particular agriculture product producers and processors must be granted A, B or C category to perform action causing pollution.	State Environmental Service
17.	Environment protection	Total amount of nitrogen used with manure, sewage sludge or slurry in farm may not exceed defined amount.	Article 15 of Regulation No 531 “On protection of water and soil against pollution caused by nitrates from agricultural sources” issued by the Cabinet of Ministers on 18.12.2001.	Organic fertilisers used for agricultural land (including manure left by animals) may not exceed 170 kg of nitrogen per hectare per year, which equals 1.7 livestock units per hectare (in the first four years of the action program implementation permissible organic fertiliser amount containing 210 kg nitrogen per hectare, which equals 2.1 livestock units).	State Environmental Service

\* In accordance with “Action program on especially sensitive areas relating water and soil protection against pollution caused by nitrates from agricultural sources” by 2008 it is scheduled to *adjust and develop manure handling and storage facilities (80% of farms with five or more livestock units)*

**ANNEX 10. CROSS-COMPLIANCE OBLIGATIONS AND NATIONAL LEGISLATIVE REQUIREMENTS AND COMMITMENTS UNDER THE MEASURE “AGRI-ENVIRONMENT”**

<b>Cross-compliance obligations and national legislative requirements</b>			<b>Additional expenses and foregone income resulting from compliance with the requirements</b>
<b>Requirements for good agricultural and environmental conditions</b>	<b>Mandatory management requirements</b>	<b>National legislative requirements</b>	
<b><i>Development of Organic Farming</i></b>			
<p>1. During the vegetation season (normally between May and September) the land utilized for agriculture shall be cultivated and the cultivated species shall be grown on such land by utilizing sowing and crop maintenance agricultural technology that is appropriate to the species, i.e., observing the sowing periods, necessary fertilization, as well as weed restrictions and other plant protection measures.</p> <p>2. The land utilized for agriculture shall be cultivated and the cultivated species shall be grown on such land by utilizing sowing and crop maintenance agricultural technology that is appropriate to the species, i.e., observing the</p>	<p><b>Environment</b> <u>Wild birds:</u></p> <ul style="list-style-type: none"> <li>- the requirements regarding protection of specially protected animal and bird species are complied with;</li> <li>- the requirements regarding prohibited activities on the territory of micro reserves are complied with;</li> <li>- the requirements regarding hunting – hunting deadlines for bird species, hunting equipment and hunting prohibitions – are complied with;</li> </ul> <p><u>Protection of groundwater against pollution by various hazardous substances</u></p> <ul style="list-style-type: none"> <li>- the requirements regarding protection of groundwater against pollution by various hazardous substances are complied with;</li> </ul> <p><u>Environmental and particularly soil protection by using sludge in agriculture:</u></p>	<ul style="list-style-type: none"> <li>- grass burning must be prevented at all times as it degrades the valuable biotopes and destroys insects, birds and animals;</li> </ul> <p><u>When conducting economic activity near surface water objects, protection zone legislation must be complied with:</u></p> <ul style="list-style-type: none"> <li>- it is forbidden to use fertilisers and chemical plant protection products and to wash mechanical vehicles and agricultural machinery within a 10m wide belt along surface water objects;</li> <li>- it is prohibited to establish amelioration structures without a prior agreement with the regional environmental board;</li> <li>- the restrictions in the coastal dune protection zone and beach are complied with;</li> </ul>	<p><b>The measure facilitates preservation of biodiversity and reduces environmental pollution</b></p> <ul style="list-style-type: none"> <li>- additional expenses and foregone income in organic farms are generated as a result of compliance with the requirements stipulated by Council Regulation (EEC) No. 2092/91;</li> <li>- for improving fertility of the soil only fertilisers and soil improvers enumerated in Part A, Annex 2 of Council Regulation (EEC) No. 2092/91 may be used;</li> <li>- for plant protection only plant protection products permitted in organic farming and enumerated in Part B, Annex 2 of Council Regulation (EEC) No. 2092/91 may be used;</li> <li>- pests, diseases and weeds must be prevented using appropriate</li> </ul>

<p>sowing periods, necessary fertilization, as well as weed restrictions and other plant protection measures.</p> <p>3. A land drainage system subject to the responsibility of a farmer shall be maintained on the land utilized for agriculture, ensuring the regulation of the soil moisture, except in biologically valuable grasslands.</p> <p>4. Plants or plant waste and stubble shall be worked into the soil, in order to maintain the fertility of the land utilized for agriculture;</p> <p>5. Permanent grassland or pasture and perennial grasses sown on arable land:</p> <p>5.1. shall be grazed and mowed, or cut and grass is collected or chopped and spread at least once until August 1 in the current year;</p> <p>5.2. shall be grazed and mowed, or cut and grass is collected or chopped and spread at least once until September 10 in the current year, if grassland is used as pastures for bees.</p>	<p>- if sewage sludge is used in agricultural activities, the requirements regarding environmental and plant protection are complied with;</p> <p><u>Protection of natural biotopes and wild animals and plants:</u></p> <p>- the general requirements regarding protection of natural biotopes and wild animals and plants are complied with;</p> <p>- the requirements regarding prohibited activities in special areas of conservation are complied with;</p> <p><u>Requirements for highly sensitive areas</u></p> <p>- organic fertilisers are not scattered from November 15 to March 1;</p> <p>- application restrictions for any type of fertilisers (organic and chemical) are complied with;</p> <p>- the conditions of manure management are complied with;</p> <p>- the conditions of land use and agricultural practice are complied with;</p> <p>- in each farm, the annual amount of organic fertilisers used in farmland areas shall not exceed 170 kg nitrogen/ha, which equals 1.7 livestock units per hectare</p> <p>(during the first four implementation years of action programme it is permitted to apply the amount of organic fertilisers containing 210 kg nitrogen/hectare, which equals 2.1 livestock units per hectare);</p>	<p>- any economic activity within highly protected zone around water supply points is prohibited, except for those related to water collection from a definite water supply well or water source for maintenance and management purposes of the respective water collection and supply objects.</p>	<p>mechanical processing of crop rotation and soil, which is ensured by integrating fallow into the crop rotation;</p> <p>- productivity of cultivated plants tends to be lower in organic farms compared to conventional farms.</p>
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	<p>- the requirements regarding maintenance of minimum vegetation on arable land in autumn and winter seasons are complied with (30 % of UAA during the first two and 50 % of UAA in the subsequent years of action programme);</p> <p><b>Requirements for identification and registration of animals</b></p> <p>- the requirements regarding registration of animal herds and facilities and animal labelling are complied with;</p> <p><b>Public, animal and plant health</b></p> <p><u>Requirements for use of plant protection products:</u></p> <p>- a farmer purchases, stores and uses only plant protection products registered in Latvia;</p> <p>- a person using plant protection products must have a “Certificate regarding the acquisition of minimum knowledge on plant protection”, must be responsible for their storage in lockable places out of reach of children and animals separately from foodstuffs and animal feed, must follow the instructions on plant protection product labels and must maintain records of the purchased and used protection products;</p> <p><u>Requirements for market participants involved in food chain:</u></p> <p>- market participants involved in food chain, who breed, use or hunt primary</p>		
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	<p>products of animal origin, produce or collect plant products, shall comply with the specified standards of hygiene;</p> <p><u>Animal health:</u></p> <ul style="list-style-type: none"> <li>- restrictions on the use of medications for animals are complied with;</li> <li>- a data registration system of all medications used for treatment of productive animals is maintained;</li> <li>- the requirements for prevention, control and abatement of various animal diseases are complied with;</li> </ul> <p><b>Animal welfare requirements</b></p> <ul style="list-style-type: none"> <li>- the requirements for animal welfare, shelter, feeding and watering are complied with;</li> <li>- animals are cared for by expert staff.</li> </ul>		
<b><i>Introducing and promoting integrated horticulture</i></b>			
<p>1. During the vegetation season (normally between May and September) the land utilized for agriculture shall be cultivated and the cultivated species shall be grown on such land by utilizing sowing and crop maintenance agricultural technology that is appropriate to the species, i.e., observing the sowing periods, necessary fertilization, as well as weed restrictions and other plant protection measures.</p> <p>2. The land utilized for</p>	<p><b>Environment</b></p> <p><u>Wild birds:</u></p> <ul style="list-style-type: none"> <li>- the requirements regarding protection of specially protected animal and bird species are complied with;</li> <li>- the requirements regarding prohibited activities on the territory of micro reserves are complied with;</li> <li>- the requirements regarding hunting – hunting deadlines for bird species, hunting equipment and hunting prohibitions – are complied with;</li> </ul> <p><u>Protection of groundwater against pollution by various hazardous substances</u></p>	<ul style="list-style-type: none"> <li>- grass burning must be prevented at all times as it degrades the valuable biotopes and destroys insects, birds and animals;</li> </ul> <p><u>When conducting economic activity near surface water objects, protection zone legislation must be complied with:</u></p> <ul style="list-style-type: none"> <li>- it is forbidden to use fertilisers and chemical plant protection products and to wash mechanical vehicles and agricultural machinery within a 10m wide belt along surface water objects;</li> </ul>	<p><b>Additional costs and income foregone in integrated farming in compliance with certification requirements. The measure facilitates preservation of biodiversity and reduces environmental pollution</b></p> <ul style="list-style-type: none"> <li>- plant treatment for pest and disease control is conducted in accordance with the predicted pest development and using plant protection products permitted in integrated horticulture, thus reducing the use thereof by 20 - 30 %;</li> <li>- if possible, pests are combated</li> </ul>

<p>agriculture shall be cultivated and the cultivated species shall be grown on such land by utilizing sowing and crop maintenance agricultural technology that is appropriate to the species, i.e., observing the sowing periods, necessary fertilization, as well as weed restrictions and other plant protection measures.</p> <p>3. A land drainage system subject to the responsibility of a farmer shall be maintained on the land utilized for agriculture, ensuring the regulation of the soil moisture, except in biologically valuable grasslands.</p> <p>4. Plants or plant waste and stubble shall be worked into the soil, in order to maintain the fertility of the land utilized for agriculture;</p> <p>5. Permanent grassland or pasture and perennial grasses sown on arable land:</p> <p>5.1. shall be grazed and mowed, or cut and grass is collected or chopped and spread at least once until August 1 in the current year;</p> <p>5.2. shall be grazed and mowed, or cut and grass is collected or</p>	<p>- the requirements regarding protection of groundwater against pollution by various hazardous substances are complied with;</p> <p><u>Environmental and particularly soil protection by using sludge in agriculture:</u></p> <p>- if sewage sludge is used in agricultural activities, the requirements regarding environmental and plant protection are complied with;</p> <p><u>Protection of natural biotopes and wild animals and plants</u></p> <p>- the general requirements regarding protection of natural biotopes and wild animals and plants are complied with;</p> <p>- the requirements regarding prohibited activities in special areas of conservation are complied with;</p> <p><b>Public, animal and plant health</b></p> <p><u>Requirements for use of plant protection products:</u></p> <p>- a farmer purchases, stores and uses only plant protection products registered in Latvia;</p> <p>- a person using plant protection products must have a "Certificate regarding the acquisition of minimum knowledge on plant protection", must be responsible for their storage in lockable places out of reach of children and animals separately from foodstuffs and animal feed, must follow the</p>	<p>- it is prohibited to establish amelioration structures without a prior agreement with the regional environmental board;</p> <p>- the restrictions in the coastal dune protection zone and beach are complied with;</p> <p>- any economic activity within highly protected zone around water supply points is prohibited, except for those related to water collection from a definite water supply well or water source for maintenance and management purposes of the respective water collection and supply objects.</p>	<p>with organic methods including pheromone traps, which must be inspected regularly;</p> <p>- making and mounting of bird-cages, establishment of hedgerows;</p> <p>- productivity reduces in comparison with conventional farms as combined fertilisers are not used;</p> <p>- combined fertilisers are not use, which results in reduced fruit yield;</p> <p>- mechanical elimination of infection sources in orchards reduces the use of fungicides and consequently the pollution of environment and fruits.</p>
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<p>chopped and spread at least once until September 10 in the current year, if grassland is used as pastures for bees.</p>	<p>instructions on plant protection product labels and must maintain records of the purchased and used protection products;  <u>Requirements for market participants involved in food chain:</u>  - market participants involved in food chain, who produce and harvest plant products, comply with the specified standards of hygiene.</p>		
<b>Maintaining biodiversity in grassland</b>			
<p>1. During the vegetation season (normally between May and September) the land utilized for agriculture shall be cultivated and the cultivated species shall be grown on such land by utilizing sowing and crop maintenance agricultural technology that is appropriate to the species, i.e., observing the sowing periods, necessary fertilization, as well as weed restrictions and other plant protection measures.</p> <p>2. The land utilized for agriculture shall be cultivated and the cultivated species shall be grown on such land by utilizing sowing and crop maintenance agricultural technology that is appropriate to the species, i.e., observing the sowing periods, necessary</p>	<p><b>Environment</b>  <u>Wild birds:</u>  - the requirements regarding protection of specially protected animal and bird species are complied with;  - the requirements regarding prohibited activities on the territory of micro reserves are complied with;  - the requirements regarding hunting – hunting deadlines for bird species, hunting equipment and hunting prohibitions – are complied with;  <u>Protection of natural biotopes and wild animals and plants:</u>  - the general requirements regarding protection of natural biotopes and wild animals and plants are complied with;  - the requirements regarding prohibited activities in special areas of conservation are complied with;  <b>Requirements for identification and registration of animals</b>  - the requirements regarding registration</p>	<p>- grass burning must be prevented at all times as it degrades the valuable biotopes and destroys insects, birds and animals;</p> <p><u>When conducting economic activity near surface water objects, protection zone legislation must be complied with:</u>  - it is forbidden to use fertilisers and chemical plant protection products and to wash mechanical vehicles and agricultural machinery within a 10m wide belt along surface water objects;  - it is prohibited to establish amelioration structures without a prior agreement with the regional environmental board;  - the restrictions in the coastal dune protection zone and beach are complied with;  - any economic activity within</p>	<p>- the support payment covers additional expenses and foregone income resulting from a later mowing of the biologically valuable grassland (after August 1 to September 15) or extensive grazing (from 0.4-0.9 livestock units per 1 ha) compared to the traditional practice;</p> <p><u>Extensive live-stock farming</u>  - from the agronomical point of view biologically valuable grasslands are of little value with a low nutritional content;  - biologically valuable grasslands are maintained without any use of fertilisers</p> <p><u>Late mowing of grassland</u>  - mowing expenses in case of biologically valuable grasslands are higher as they are located in places with complicated management</p>

<p>fertilization, as well as weed restrictions and other plant protection measures.</p> <p>3. A land drainage system subject to the responsibility of a farmer shall be maintained on the land utilized for agriculture, ensuring the regulation of the soil moisture, except in biologically valuable grasslands.</p> <p>4. Plants or plant waste and stubble shall be worked into the soil, in order to maintain the fertility of the land utilized for agriculture;</p> <p>5. Permanent grassland or pasture and perennial grasses sown on arable land:</p> <p>5.1. shall be grazed and mowed, or cut and grass is collected or chopped and spread at least once until August 1 in the current year;</p> <p>5.2. shall be grazed and mowed, or cut and grass is collected or chopped and spread at least once until September 10 in the current year, if grassland is used as pastures for bees.</p>	<p>of animal herds and facilities and animal labelling are complied with;</p> <p><b>Public, animal and plant health</b></p> <p><u>Animal health:</u></p> <ul style="list-style-type: none"> <li>- restrictions on the use of medications for animals are complied with;</li> <li>- a data registration system of all medications used for treatment of productive animals is maintained;</li> <li>- the requirements for prevention, control and abatement of various animal diseases are complied with;</li> </ul> <p><b>Animal welfare requirements</b></p> <ul style="list-style-type: none"> <li>- the requirements for animal welfare, shelter, feeding and watering are complied with;</li> <li>- animals are cared for by expert staff.</li> </ul>	<p>highly protected zone around water supply points is prohibited, except for those related to water collection from a definite water supply well or water source for maintenance and management purposes of the respective water collection and supply objects.</p>	<p>conditions and mowing of such grasslands is more time-consuming;</p> <ul style="list-style-type: none"> <li>- due to late mowing the grass has a very low nutritional value and its use for animal feed is limited;</li> <li>- biologically valuable grasslands are maintained without any use of fertilisers.</li> </ul>
<b><i>Stubble field in winter period</i></b>			
1. During the vegetation season	<b>Environment</b>	- grass burning must be prevented at	- the support payment covers

<p>(normally between May and September) the land utilized for agriculture shall be cultivated and the cultivated species shall be grown on such land by utilizing sowing and crop maintenance agricultural technology that is appropriate to the species, i.e., observing the sowing periods, necessary fertilization, as well as weed restrictions and other plant protection measures.</p> <p>2. The land utilized for agriculture shall be cultivated and the cultivated species shall be grown on such land by utilizing sowing and crop maintenance agricultural technology that is appropriate to the species, i.e., observing the sowing periods, necessary fertilization, as well as weed restrictions and other plant protection measures.</p> <p>3. A land drainage system subject to the responsibility of a farmer shall be maintained on the land utilized for agriculture, ensuring the regulation of the soil moisture, except in biologically valuable grasslands.</p> <p>4. Plants or plant waste and</p>	<p><u>Wild birds:</u></p> <ul style="list-style-type: none"> <li>- the requirements regarding protection of specially protected animal and bird species are complied with;</li> <li>- the requirements regarding prohibited activities on the territory of micro reserves are complied with;</li> </ul> <p><u>Environmental and particularly soil protection by using sludge in agriculture:</u></p> <ul style="list-style-type: none"> <li>- if sewage sludge is used in agricultural activities, the requirements regarding environmental and plant protection are complied with;</li> </ul> <p><u>Protection of natural biotopes and wild animals and plants:</u></p> <ul style="list-style-type: none"> <li>- the general requirements regarding protection of natural biotopes and wild animals and plants are complied with;</li> <li>- the requirements regarding prohibited activities in special areas of conservation are complied with;</li> </ul> <p><u>Requirements for highly sensitive areas</u></p> <ul style="list-style-type: none"> <li>- organic fertilisers are not scattered from November 15 to March 1;</li> <li>- application restrictions for any type of fertilisers (organic and chemical) are complied with;</li> <li>- the conditions of manure management are complied with;</li> <li>- in each farm the annual amount of organic fertilisers applied to farmland must not exceed 170 kg of nitrogen per</li> </ul>	<p>all times as it degrades the valuable biotopes and destroys insects, birds and animals</p> <p><u>When conducting economic activity near surface water objects, protection zone legislation must be complied with:</u></p> <ul style="list-style-type: none"> <li>- it is forbidden to use fertilisers and chemical plant protection products and to wash mechanical vehicles and agricultural machinery within a 10m wide belt along surface water objects;</li> <li>- it is prohibited to establish amelioration structures without a prior agreement with the regional environmental board;</li> <li>- the restrictions in the coastal dune protection zone and beach are complied with;</li> <li>- any economic activity within highly protected zone around water supply points is prohibited, except for those related to water collection from a definite water supply well or water source for maintenance and management purposes of the respective water collection and supply objects.</li> </ul>	<p>additional expenses and foregone income due to changes in the production structure and ploughing in spring, which according to agronomic theory reduces productivity of crops by 15 %.</p>
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<p>stubble shall be worked into the soil, in order to maintain the fertility of the land utilized for agriculture;</p> <p>5. Permanent grassland or pasture and perennial grasses sown on arable land:</p> <p>5.1. shall be grazed and mowed, or cut and grass is collected or chopped and spread at least once until August 1 in the current year;</p> <p>5.2. shall be grazed and mowed, or cut and grass is collected or chopped and spread at least once until September 10 in the current year, if grassland is used as pastures for bees.</p>	<p>hectare, which equals 1.7 livestock units per hectare (during the first four implementation years of the action programme the permissible amount of organic fertilisers is 210 kg of nitrogen per hectare, which equals 2.1 livestock units per hectare);</p> <p>- the requirements regarding maintenance of minimum vegetation on arable land in autumn and winter seasons are complied with (30 % of UAA during the first two and 50 % of UAA in the subsequent years of action programme).</p>		
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## ANNEX 11. DESCRIPTION ON NATURA 2000 PAYMENT CALCULATIONS

Payment calculations for measures for Natura 2000 payments on agricultural land are made comparing gross margin for traditional agriculture in the territory of no farming restrictions in agricultural land and agriculture practice NATURA 2000 in the territory of national legislation setting farming restrictions. In accordance with Regulation No 415 “General protection and management regulations in special protection areas” of 22 July 2003 issued by the Cabinet of Ministers farming restrictions in special protected areas are set for permanent meadows and grassland; those may not be destroyed (even tilling or cultivating), which means that farmer may not include this area in crop rotation system).

<b>Crop rotation managing in line with regular practice</b>	<b>Gross margin LVL/ha</b>	<b>Crop rotation managing in line with NATURA 2000 regulations</b>	<b>Gross margin LVL/ha</b>	<b>Margin, LVL/ha</b>
Permanent grassland	39	Permanent meadows and grassland	30	-9
Permanent grassland	39	Permanent meadows and grassland	30	-9
Winter wheat	110	Permanent meadows and grassland	30	-80
Barley	59	Permanent meadows and grassland	30	-29
Spring wheat	60	Permanent meadows and grassland	30	-30
<b>Average</b>	<b>61</b>	<b>Average</b>	<b>30</b>	<b>-31</b>
			<b>Compensation EUR/ha</b>	<b>44.00</b>



**GRASSLANDS**

NEL – 1 kg hay = 5.36 MJ/kg dry matter 1 kg hay = 0.50 b. v.	Unit of measure	Permanent grassland sew in arable land			Permanent meadows and grassland		
		Amount	Price, LVL	Total, LVL	Amount	Price, LVL	Total, LVL
<b>INCOME</b>							
Hay	t b.v.	3.0 1500	30.0	90.00	1.9 950	30.0	
<b>VARIABLE COSTS</b>							
Seed (for arrangement 30 kg)	kg	14.0	2.20	30.80	6.0	2.20	
Fertilizer:							
Pure crop	kg	N:P <sub>2</sub> O <sub>5</sub> :K <sub>2</sub> O (32:32:32)			N:P <sub>2</sub> O <sub>5</sub> :K <sub>2</sub> O (52:37:74)		
NPK 16:16:16	kg	150	0.137	20.55	100	0.137	
Manure	t						
<b>TOTAL per 1ha</b>				<b>51.35</b>			
<b>GROSS MARGIN</b>				<b>38.65</b>			

**WINTER WHEAT**

	Unit of measure	Traditional			Biological		
		Amount	Price, LVL	Total, LVL	Amount	Price, LVL	Total, LVL
<b>INCOME</b>							
Grain	t	3.80	60.0	228.00	1.24	60.0	74.40
<b>TOTAL</b>				<b>228.00</b>			<b>74.40</b>
<b>VARIABLE COSTS</b>							
Seed	kg	250	0.14	35.00	250	0.15	37.50
Fertilizer:							
Pure crop	kg	N:P <sub>2</sub> O <sub>5</sub> :K <sub>2</sub> O (70:60:60)			N:P <sub>2</sub> O <sub>5</sub> :K <sub>2</sub> O (70:49:99)		
NPK 4:20:20	kg	350	0.142	49.70			
Ammonium nitrate	kg	200	0.117	23.40			
Manure	t				40	1.82	72.80
Plant protection:							
Mordant				3.73			
<i>Premis</i>	l	0.37	10.08	3.73			
Herbicides				6.33			
<i>Sekators</i>	l	0.3	21.08	6.33			
<i>Granstars</i>	kg						
Biological PPP							
<i>Trihodermine</i>	l				5.0	1.36	6.80
<b>TOTAL</b>				<b>118.16</b>			<b>118.16</b>
<b>GROSS MARGIN</b>				<b>109.84</b>			<b>109.84</b>

**SPRING BARLEY**

	Unit of measure	Traditional			Biological		
		Amount	Price, LVL	Total, LVL	Amount	Price, LVL	Total, LVL
<b>INCOME</b>							
Grain	t	2.50	60.0	150.00	1.75	60.0	105.00
<b>TOTAL</b>				<b>150.00</b>			<b>105.00</b>
<b>VARIABLE COSTS</b>							

Seed	kg	250	0.14	35.00	250	0.15	
Fertilizer:							
Pure crop	kg	N:P <sub>2</sub> O <sub>5</sub> :K <sub>2</sub> O (50:50:50)			N:P <sub>2</sub> O <sub>5</sub> :K <sub>2</sub> O (56:40:80)		
NPK 16:16:16	kg	350	0.137	47.95			
Ammonium nitrate	kg						
Manure	t				35	1.82	
Plant protection:							
Mordant				3.03			
<i>Premis</i>	l	0.30	10.08	3.03			
Herbicides				5.18			
<i>Mustangs</i>	l	0.5	10.36	5.18			
Biological PPP							
<i>Trihodermine</i>	l				5.0	1.36	
Other variable costs							
<b>TOTAL</b>				<b>91.16</b>			
<b>GROSS MARGIN</b>				<b>58.84</b>			

## SPRING WHEAT

	Unit of measure	Traditional			Biological		
		Amount	Price, LVL	Total, LVL	Amount	Price, LVL	Total, LVL
<b>INCOME</b>							
Grain	t	2.43	60.0	145.80	1.55	60.0	
<b>TOTAL</b>				<b>145.80</b>			
<b>VARIABLE COSTS</b>							
Seed	kg	250	0.14	35.00	250	0.15	
Fertilizer:							
Pure crop	kg	N:P <sub>2</sub> O <sub>5</sub> :K <sub>2</sub> O (50:50:50)			N:P <sub>2</sub> O <sub>5</sub> :K <sub>2</sub> O (61:44:87)		
NPK 16:16:16	kg	310	0.137	42.47			
Ammonium nitrate	kg		0.117	0.00			
Manure	t				35	1.82	
Plant protection:							
Mordant				3.53			
<i>Premis</i>	l	0.35	10.08	3.53			
Herbicides				5.18			
<i>Mustangs</i>	l	0.5	10.36	5.18			
Biological PPP							
<i>Trihodermine</i>	l				5.0	1.36	
<b>TOTAL</b>				<b>86.18</b>			
<b>GROSS MARGIN</b>				<b>59.62</b>			

## **ANNEX 12. DESCRIPTION OF CALCULATION OF PAYMENTS METHODOLOGY OF AGRI-ENVIRONMENT, AGRONOMICAL AND ZOOTECNICAL ASSUMPTION**

Calculations of Support Payments for Agri-environment are done according to the additional costs and lost income. Additional costs and lost income ensure to meet commitments of Agri-environment which are higher than demands of cross-compliance. These demands of cross-compliance are definite with Articles 4 and 5 of Regulation (EC) No 1782/2005.

### **SUB-MEASURE: DEVELOPMENT OF ORGANIC FARMING**

#### **Description and amount of Support Payments**

<b>No</b>	<b>Groups of crops</b>	<b>Payment EUR/ha</b>
1	Permanent meadows and pastures, nectar plant (if minimum of livestock abundance is assured)	<b>138</b>
2	Field crops (int. al. industrial crops), other crops in arable land, perennial grassland and grassland in arable land for seed production	<b>108</b>
3	Vegetables, herbs and household gardens	<b>357</b>
4	Potatoes, potatoes for starch	<b>318</b>
5	Fruit crops and bush fruits	<b>419</b>

#### **Commitments for rules to manage farm with organic farming methods**

Calculations of Support Payments for Agri-environment are done comparing gross margins of conventional growing methods with gross margins of organic growing methods. Additional costs and lost income ensure according to the commitments due to the organic farming which are defined in Regulation (EEC) No 2092/91 (24 June 1991) „On organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs” and amendments of this Regulation.

The fertility and the biological activity of the soil must be maintained or increased, in the first instance, by:

- a) Cultivation of legumes, green manures or deep-rooting plants in an appropriate multi-annual rotation programme;
- b) Incorporation of livestock manure from organic livestock production.

For compost activation may appropriate plant-based preparations or preparations of micro-organisms which are not genetically modified.

Pests, diseases and weeds shall be controlled by a combination of the following measures:

- choice of appropriate species and varieties,
- appropriate rotation programme,
- mechanical cultivation procedures,
- protection of natural enemies of pests through provisions favourable to them (e.g. hedges, nesting sites, release of predators etc.),
- flame weeding.

Only in cases of immediate threat to the crop may recourse be had to products referred to in Annex II of Regulation (EEC) No 2092/91.

Livestock production forms an integral part of many agricultural holdings practising organic farming. Livestock production must contribute to the equilibrium of agricultural production systems by providing for the nutrient requirements of crops and by improving the soil's organic matter. It can thus help establish and maintain soil-plant, plant-animal and animal-soil interdependence. Balanced livestock and land area proportion must be provided – up to 1,7 animal units per ha. Livestock must be fed on grass, fodder and feedingstuffs produced in accordance with the rules of organic farming. The feeding of young mammals must be based on natural milk, preferably maternal milk.

Rearing systems for herbivores are to be based on maximum use of pastures according to the availability of pastures in the different periods of the year. At least 60% of dry matter in daily rations is to consist of roughage, fresh or dried fodder, or silage.

Certification of Organic Farms must be realized according to the provisions laid down in Regulation (EEC) No 2092/91 and amendments of this Regulation. There are two recognised control and certification institutions of organic farming in Latvia: agency „Environment Quality” and State Ltd. “Certifying and Testing Centre”.

Data of crop's productivity have been taken from the Central Statistical Bureau's information about year 2005. Data of crop's productivity growing by organic farming methods have been taken from information about year 2005 of certification institutions. In the calculation of payment costs of certification has been included.

*The calculation for permanent meadows and pasture, perennial grassland in arable land*

Calculation is done according to the gross margins of grassland and dairy cows presuming that on average 0,3 dairy cows are kept on 1 ha in organic farming for providing balance of livestock and land area proportion.

Crop	Gross margin LVL/ha		Difference, LVL/ha	Difference, EUR	Costs of certification/ha	Premium, EUR
	Conventional agriculture	Organic agriculture				
<b>Permanent meadows and pasture, grassland in arable land (if minimum of livestock abundance is assured)</b>	$-3.4+(0.3*382.86)=111.46$	$-31.5+(0.3*188.47)=25.04$	86.42	122.96	15	<b>138</b>

## Grassland

	Unit of measurement	Conventional agriculture			Organic agriculture			Difference	Additional comments
		Quantity	Cost, LVL	Total, LVL	Quantity	Cost, LVL	Total, LVL		
<b>INCOME</b>									
Hay	t	2.4	20.0	48.00	1.9	20.0	38.00	-10.00	The productivity of hay in average is lower in organic farms – data according to statistical information of certification institutions of organic farming Cost of hay is according to facts of experts. There is no difference between hay cost in conventional and organic farming
<b>VARIABLE COSTS</b>									
Seed (for installing 30 kg)	kg	7.5	2.20	16.50	7.5	2.20	16.50	0.00	Costs of seed and seeding rate are according to facts of experts There is no difference between costs of seed and seeding rate in conventional and organic farming
Seed for surface crop (for installing 200 kg/ha)	kg	50	0.15	7.50	50	0.15	7.50	0.00	
<b>Fertiliser:</b>									
NPK 16:16:16	kg	200	0.137	27.40				27.40	The fertility of the soil must be increased by incorporation of livestock manure from organic livestock production. Manuring rate is calculated according to productivity of hay using fertilizers planning program. Costs of fertilisers are according to summary of costs offer of several companies

Manure	t				25	1.82	45.50	-45.50	Cost of manure is calculated corresponding to prices of manure nutrition elements
<b>TOTAL per 1ha</b>				<b>51.40</b>			<b>69.50</b>	<b>-18.10</b>	
<b>GROSS MARGIN</b>				<b>-3.4</b>			<b>-31.5</b>	<b>-28.10</b>	

## DAIRY COWS

	Unit of measurement	Conventional agriculture			Organic agriculture			Difference	Additional comments		
		Quantity	Cost, LVL	Total, LVL	Quantity	Cost, LVL	Total, LVL				
<b>INCOME</b>											
Milk	kg	5040	0.175	882.00	3800	0.175	665.00	-217.00	Milk yield from cow in organic farming (data according to summary of gross margins) in average is lower than milk yield from cow (data according to information of State agency "Agricultural data centre") There is no difference between selling costs of milk and meet in organic and conventional farms		
Culled cows	kg/item.	550	0.33	0.30	54.45	550	0.33	54.45		0.00	
Calf	item		-0.33	500.0	-165.00		0.33	500.0		-165.00	0.00
Calves	item		0.80	25.00	20.00		0.80	25.00		20.00	0.00
Manure	t	13	1.82	23.66	11	1.82	20.02	-3.64			
<b>TOTAL</b>				<b>815.11</b>			<b>594.47</b>	<b>-220.64</b>			
<b>VARIABLE COSTS</b>		kg			kg						
Grain		1500	0.06	90.00	1000	0.08	80.00	-10.00	Feed rations is calculated according to milk yield At least 60% of dry matter in daily rations is to consist of roughage, fresh or dried fodder, or silage. So proportion of hay is grater in cows feed rations of organic farm but proportion of grain is lesser		
Cakes (rape, soya)		170	0.20	34.00				-34.00	Livestock must be fed on feed produced in organic farming, so cakes don't buy		
Green forage		2000	0.006	12.00	1000	0.008	8.00	-4.00	The quantity of green forage is lesser because milk yield is lower in organic farms		
Hay		1000	0.020	20.00	1800	0.020	36.00	16.00	At least 60% of dry matter in daily rations is to consist of roughage, fresh or dried fodder, or silage. So proportion of hay is grater in cows feed rations of organic farm		
Silage		7000	0.010	70.00	6000	0.012	72.00	2.00	The quantity of silage is lesser because milk yield is lower in organic farms. Costs of silage is grater in organic farms		
Pasture grass		7500	0.007	52.50	7000	0.008	52.50	0.00	Rearing systems for herbivores are to be based on maximum use of pastures according to the availability of pastures in the different periods of the year		
Molasses		150	0.075	11.25				-11.25	Livestock must be fed on feed produced in organic farming, so molasses don't buy		
Insemination (times)		1.8	20.00	36.00	1.8	20.00	36.00	0.00			
Other variable costs:											
Mineral feed		55.0	0.50	27.50	40	0.70	28.00	0.50	The quantity of additives is limited in organic farms and allowed additives are more expensive		
Bedding		800	0.005	4.00	700	0.005	3.50	0.50	The quantity of bedding is calculated according to milk yield		

Veterinary costs			45.00			45.00	0.00	Allowed disinfectants which have to use in organic farms are more expensive
Milk hygiene			30.00			30.00	0.00	
<b>TOTAL</b>			<b>432.25</b>			<b>406.00</b>	<b>-26.25</b>	
<b>GROSS MARGIN</b>			<b>382.86</b>			<b>188.47</b>	<b>194.39</b>	

*The calculation for field crops (int. al. industrial crops), other crops in arable land, perennial grassland and grassland in arable land for seed production*

Calculation is done according to gross margins of field crops considering proportion of specified field crops in organic farms (according as statistical data from certification institutions of organic farming). There are considered field crops which proportion of area is greater than 1% in the calculation.

Crop	Gross margin LVL/ha		Difference, LVL/ha	Difference, EUR	Costs of certification/ha	Total EUR	Area	Proportion	Premium
	Conventional agriculture	Organic agriculture							
Summer wheat	59.62	-14.98	74.60	106.15	15	116.15	1223.5	3.8	4.60
Winter wheat	78.45	-42.68	121.13	172.35	15	182.35	2418.7	7.6	14.24
Rye	74.74	28.1	46.64	66.36	15	76.36	1766.8	5.5	4.47
Barley	50.26	-2.98	53.24	75.75	15	85.75	4096.2	12.8	11.62
Oats	42.34	8.9	33.44	47.58	15	57.58	5705.5	17.9	11.20
Triticale	79.73	14.68	65.05	92.56	15	102.56	765.7	2.4	2.58
Buckwheat	71.13	5.72	65.41	93.07	15	103.07	1205.8	3.8	4.11
Peas	191.08	19.13	171.95	244.66	15	254.66	498.8	1.6	4.15
Mix of cereals for grain	49.64	7.2	42.44	60.39	15	70.39	1802.9	5.7	4.30
Fallow	0	-102.98	102.98	146.53	15	156.53	4405.49	13.8	22.29
Perennial grassland and grassland for seed in arable land	-15.44	-72.6	57.16	81.33	15	91.33	7963	25	24.08
<b>Total field crops and perennial grassland in arable land</b>	x	x	x	x	x	x	31852.3	99.9	<b>108</b>





<b>INCOME</b>									
Grain	t	3.10	60.0	186.00	1.24	60.0	74.40	111.60	Productivity of grain in organic in average is lower (statistical data according to certification institutions of organic farming)
<b>KOPĀ</b>				<b>186.00</b>			<b>74.40</b>	<b>111.60</b>	Price of grain is according to experts' data. There is no difference between price of grain in conventional and organic growing
<b>VARIABLE COSTS</b>									
<b>Seed</b>	kg	250	0.14	35.00	250	0.15	37.50	-2.50	Price of seed and seeding rate are according to experts' data. Organic seed is more expensive (until 10%) because costs of organic growing seed is greater
<b>Fertiliser:</b>									The fertility of the soil must be increased by incorporation of livestock manure from organic livestock production
NPK 4:20:20	kg	300	0.142	42.60				42.60	Manuring rate is calculated according to productivity of grain using fertilizers planning program.
Ammonium nitrate	kg	170	0.117	19.89				19.89	Cost of manure is calculated corresponding to prices of manure nutrition elements
Manure	t				40	1.82	72.80	-72.80	
<b>Crop protection:</b>									
Chemical treatment									
<i>Premis</i>	l	0.37	10.08	3.73				3.73	In case of need organic farms can use only in organic management allowed crop protection aids
Herbicides									Rates of crop protection aids are according to its using recommendations
<i>Sekators</i>	l	0.3	21.08	6.33				6.33	Prices of crop protection aids are according to summary of costs offer of several companies
Organic crop protection									Rates of organic crop protection aids are according to its using recommendations
<i>Trihodermīns</i>	l				5.0	1.36	6.78	-6.78	Prices of organic crop protection aids are according to summary of costs offer of several companies
<b>TOTAL</b>				<b>107.55</b>			<b>117.08</b>	<b>-9.53</b>	
<b>GROSS MARGIN</b>				<b>78.45</b>			<b>-42.68</b>	<b>121.13</b>	

<b>RYE</b>									
Unit of		Conventional agriculture			Organic agriculture			Difference	Additional comments
measurement	Quantity	Cost, LVL	Total, LVL	Quantity	Cost, LVL	Total, LVL			
<b>INCOME</b>									
Grain	t	2.14	60.0	<b>128.40</b>	1.93	60.0	<b>115.80</b>	<b>-12.60</b>	Productivity of grain in organic farms in average is lower (statistical data according to certification institutions of organic farming)
<b>TOTAL</b>			<b>128.40</b>			<b>115.80</b>	<b>-12.60</b>		Price of grain is according to experts' data. There is no difference between price of grain in conventional and organic growing
<b>VARIABLE COSTS</b>									
Seed	kg	160	0.14	<b>22.40</b>	160	0.15	<b>24.00</b>	<b>-1.60</b>	Price of seed and seeding rate are according to experts' data. Organic seed is more expensive (until 10%) because costs of organic growing

							seed is greater		
<b>Fertiliser:</b>									
<b>NPK 6:26:30</b>	kg	150	0.146	<b>21.90</b>		<b>21.90</b>	Price of seed and seeding rate are according to experts' data. Organic seed is more expensive (until 10%) because costs of organic growing seed is greater		
Ammonium nitrate	kg	80	0.117	<b>9.36</b>		<b>9.36</b>			
Manure	t				35	1.82	<b>63.70</b>	<b>-63.70</b>	The fertility of the soil must be increased by incorporation of livestock manure from organic livestock production
								Crop protection aids don't use at such a level of rye productivity	
<b>TOTAL</b>				<b>53.66</b>		<b>87.70</b>	<b>-34.04</b>		
<b>GROSS MARGIN</b>				<b>74.74</b>		<b>28.10</b>	<b>46.64</b>		

## SUMMER BARLEY

	Unit of measurement	Conventional agriculture			Organic agriculture			Difference	Additional comments
		Quantity	Cost, LVL	Total, LVL	Quantity	Cost, LVL	Total, LVL		
<b>INCOME</b>									
Grain	t	2.22	60.0	133.20	1.75	60.0	105.00	28.20	Productivity of grain in organic farms in average is lower (statistical data according to certification institutions of organic farming)
<b>TOTAL</b>				<b>133.20</b>			<b>105.00</b>	<b>28.20</b>	Price of grain is according to experts' data. There is no difference between price of grain in conventional and organic growing
<b>VARIABLE COSTS</b>									
<b>Seed</b>	kg	250	0.14	35.00	250	0.15	37.50	-2.50	Price of seed and seeding rate are according to experts' data. Organic seed is more expensive (until 10%) because costs of organic growing seed is greater The fertility of the soil must be increased by incorporation of livestock manure from organic livestock production
<b>Fertiliser:</b>									
NPK 16:16:16	kg	290	0.137	39.73				39.73	Manuring rate is calculated according to productivity of grain using fertilizers planning program.
Manure	t				35	1.82	63.70	-63.70	Cost of manure is calculated corresponding to prices of manure nutrition elements
<b>Crop protection:</b>									
Chemical treatment									
<i>Premis</i>	l	0.30	10.08	3.03				3.03	In case of need organic farms can use only in organic management allowed crop protection aids
Herbicides									Rates of crop protection aids are according to its using recommendations
<i>Mustangs</i>	l	0.5	10.36	5.18				5.18	Prices of crop protection aids are according to summary of costs offer of several companies
Organic crop protection									
<i>Trihodermins</i>	l				5.0	1.36	6.78	-6.78	

<b>TOTAL</b>				<b>82.94</b>			<b>107.98</b>	<b>-25.04</b>	
<b>GROSS MARGIN</b>				<b>50.26</b>			<b>-2.98</b>	<b>53.24</b>	

## OATS

	Unit of measurement	Conventional agriculture			Organic agriculture			Difference	Additional comments
		Quantity	Cost, LVL	Total, LVL	Quantity	Cost, LVL	Total, LVL		
<b>INCOME</b>									
Grain	t	1.90	55.0	104.50	1.88	55.0	103.40	1.10	Productivity of grain in organic farms in average is lower (statistical data according to certification institutions of organic farming)
<b>TOTAL</b>				<b>104.50</b>			<b>103.40</b>	1.10	Price of grain is according to experts' data. There is no difference between price of grain in conventional and organic growing
<b>VARIABLE COSTS</b>									
<b>Seed</b>	kg	210	0.12	25.20	220	0.14	30.80	-5.60	Price of seed and seeding rate are according to experts' data. Organic seed is more expensive (until 10%) because costs of organic growing seed is greater
<b>Fertiliser:</b>									
NPK 16:16:16	kg	250	0.137	34.25				34.25	The fertility of the soil must be increased by incorporation of livestock manure from organic livestock production
Manure	t				35	1.82	63.70	-63.70	Manuring rate is calculated according to productivity of grain using fertilizers planning program.
<b>Crop protection:</b>									Cost of manure is calculated corresponding to prices of manure nutrition elements
Herbicides									In case of need in organic farms pests, diseases and weed control using decent variety, crop rotation and soil tillage
<i>Kemira MCPA</i>	l	1.0	2.71	2.71				2.71	Rates of crop protection aids are according to its using recommendations
<b>TOTAL</b>				<b>62.16</b>			<b>94.50</b>	-31.66	Prices of crop protection aids are according to summary of costs offer of several companies
<b>GROSS MARGIN</b>				<b>42.34</b>			<b>8.90</b>	<b>33.44</b>	

## TRITICALE

	Unit of measurement	Conventional agriculture			Organic agriculture			Difference	Additional comments
		Quantity	Cost, LVL	Total, LVL	Quantity	Cost, LVL	Total, LVL		
<b>INCOME</b>									
Grain	t	2.80	58.0	162.40	2.22	58.0	128.76	33.64	Productivity of grain in organic farms in average is lower (statistical data according to certification institutions of organic farming)
<b>TOTAL</b>				<b>162.40</b>			<b>128.76</b>	<b>33.64</b>	Price of grain is according to experts' data. There is no difference between price of grain in conventional and organic growing



Grain	t	2.12	55.0	116.60	1.88	55.0	103.40	13.20	Productivity of grain in organic farms in average is lower (statistical data according to certification institutions of organic farming) Price of grain is according to experts' data. There is no difference between price of grain in conventional and organic growing
<b>TOTAL</b>				<b>116.60</b>			<b>103.40</b>	<b>13.20</b>	
<b>VARIABLE COSTS</b>									
Seed	kg	250	0.12	30.00	250	0.13	32.50	2.50	Price of seed and seeding rate are according to experts' data. Organic seed is more expensive (until 10%) because costs of organic growing seed is greater The fertility of the soil must be increased by incorporation of livestock manure from organic livestock production
Fertiliser:									
NPK 16:16:16	kg	250	0.137	34.25				34.25	Manuring rate is calculated according to productivity of grain using fertilizers planning program. Cost of manure is calculated corresponding to prices of manure nutrition elements
Manure	t				35	1.82	63.70	-63.70	
Crop protection:									In case of need in organic farms pests, diseases and weed control using decent variety, crop rotation and soil tillage Rates of crop protection aids are according to its using recommendations
Herbicides									
<i>Kemira MCPA</i>	l	1.0	2.71	2.71				2.71	Prices of crop protection aids are according to summary of costs offer of several companies
<b>TOTAL</b>				<b>66.96</b>			<b>90.74</b>	<b>-29.24</b>	
<b>GROSS MARGIN</b>				<b>49.64</b>			<b>12.66</b>	<b>42.44</b>	

## BUCKWHEAT

	Unit of measurement	Conventional agriculture			Organic agriculture			Difference	Additional comments
		Quantity	Cost, LVL	Total, LVL	Quantity	Cost, LVL	Total, LVL		
<b>INCOME</b>									
Buckwheat	t	1.0	124.0	124.00	0.73	124.0	90.52	33.48	Productivity of buckwheat in organic farms in average is lower (statistical data according to certification institutions of organic farming) Price of buckwheat is according to experts' data. There is no difference between price of buckwheat in conventional and organic growing
<b>TOTAL</b>				<b>124.00</b>			<b>90.52</b>	<b>33.48</b>	
<b>VARIABLE COSTS</b>									
Seed	kg	80	0.13	10.40	80	0.15	12.00	-1.60	Price of seed and seeding rate are according to experts' data. Organic seed is more expensive (until 10%) because costs of organic growing seed is greater The fertility of the soil must be increased by incorporation of livestock manure from organic livestock production
Fertiliser:									
NPK 16:16:16	kg	310	0.137	42.47				42.47	Manuring rate is calculated according to productivity of grain using fertilizers planning program. Cost of manure is calculated corresponding to prices of manure nutrition elements
Manure	t				40	1.82	72.80	-72.80	
<b>TOTAL</b>				<b>52.87</b>			<b>84.80</b>	<b>-31.93</b>	
<b>GROSS MARGIN</b>				<b>71.13</b>			<b>5.72</b>	<b>65.41</b>	

**PEAS**

	Unit of measurement	Conventional agriculture			Organic agriculture			Difference	Additional comments
		Quantity	Cost, LVL	Total, LVL	Quantity	Cost, LVL	Total, LVL		
<b>INCOME</b>									
Peas	t	1.74	170.0	295.80	0.77	195.0	150.15	145.65	Productivity of peas in organic farms in average is lower (statistical data according to certification institutions of organic farming) Price of peas growing with organic methods according to experts' data is 15% greater
<b>TOTAL</b>				<b>295.80</b>			<b>150.15</b>	<b>145.65</b>	
<b>VARIABLE COSTS</b>									
<b>Seed</b>	kg	200	0.30	60.00	200	0.33	66.00	-6.00	Price of seed and seeding rate are according to experts' data. Organic seed is more expensive (until 10%) because costs of organic growing seed is greater The fertility of the soil must be increased by incorporation of livestock manure from organic livestock production Manuring rate is calculated according to productivity of grain using fertilizers planning program. Cost of manure is calculated corresponding to prices of manure nutrition elements In case of need organic farms can use only in organic management allowed crop protection aids Rates of crop protection aids are according to its using recommendations Prices of crop protection aids are according to summary of costs offer of several companies Rates of organic crop protection aids are according to its using recommendations
<b>Fertiliser:</b>									
NPK 16:16:16	kg	310	0.137	42.47				42.47	
Manure	t				32	1.82	58.24	-58.24	
<b>Crop protection:</b>									
Bazagrāns 480 ll Organic crop protection	l	1.5	22.3	2.25				2.25	
Trihodermins					5.0	1.36	6.78	-6.78	
<b>TOTAL</b>				<b>104.72</b>			<b>131.02</b>	<b>26.30</b>	
<b>GROSS MARGIN</b>				<b>191.08</b>			<b>19.13</b>	<b>171.95</b>	Prices of organic crop protection aids are according to summary of costs offer of several companies

**FOLLOW**

	Unit of measurement	Green follow (oil winter radish)			Bare fallow			Additional comments
		Quantity	Cost, LVL	Total, LVL	Quantity	Cost, LVL	Total, LVL	
								The calculations are done for bare and green follow. In organic farms pests, diseases and weed have to control using crop rotation and soil mechanical tillage. These premises ensure including follow in crop rotation. As in conventional agriculture follow don't include in crop rotation, in this case additional costs of follow installation are calculated. One of the most used plants of green follow installing is oil winter radish so calculations are done according to data for oil winter radish growing

<b>VARIABLE COSTS</b>									Revenue of follow isn't calculated because revenue of follow don't get directly Costs of seed is only for green follow
Seed	kg	25	1.15	28.75					
<b>TOTAL</b>				<b>28.75</b>				<b>0.00</b>	

### MECHANICAL AND MANUAL OPERATIONS (COSTS OF SERVICES)

Types of services	Used, times	Cost, LVL	Total, LVL	Used, times, t	Cost, LVL	Total, LVL	
Cultivating	2	15.13	30.25	4	18.60	74.40	Cultivating of bare follow have to do 4 times in season and deep of cultivating is 12-14 cm according to technology. Cultivating deep of green follow before sowing is 8-10 cm. So costs of bare follow is higher Costs of cultivating, sowing and ploughing is according to LAATC annual summary of prices of mechanical services
Sowing	1	15.48	15.48		15.48	0.00	
Ploughing	1	28.58	28.58	1	28.58	28.58	
<b>TOTAL COSTS OF SERVICES</b>			<b>74.31</b>			<b>102.98</b>	
Total variable costs			103.06			102.98	
<b>GROSS MARGIN</b>			<b>-103.06</b>			<b>-102.98</b>	

### GRASSLAND IN ARABLE LAND

	Unit of measurement	Conventional agriculture			Organic agriculture			Difference	Additional comments
		Quantity	Cost, LVL	Total, LVL	Quantity	Cost, LVL	Total, LVL		
<b>INCOME</b>									
Hay	t b.v.	2.4	20.0	48.00	1.5	20.0	30.00	-18.00	Productivity of hay in organic farms in average is lower (statistical data according to certification institutions of organic farming) Price of hay is according to experts' data. There is no difference between price of grain in conventional and organic growing
<b>VARIABLE COSTS</b>									
Seed (for installing 30 kg)	kg	15.0	2.20	33.00	15.0	2.20	33.00	0.00	Price of seed and seeding rate are according to experts' data
Seed for surface crop (for installing 200 kg/ha)	kg	100	0.14	14.00	100	0.15	15.00	-1.00	There is no difference between price of seed and seeding rate in conventional and organic growing
<b>Fertiliser:</b>									
NPK 16:16:16	kg	120	0.137	16.44		0.137	0.00	16.44	The fertility of the soil must be increased by incorporation of livestock manure from organic livestock production.

Manure	t				30	1.82	54.60	-54.60	Manuring rate is calculated according to productivity of hay using fertilizers planning program. Prices of fertilisers is according to summary of costs offer of several companies Cost of manure is calculated corresponding to prices of manure nutrition elements
<b>TOTAL per 1ha</b>				<b>63.44</b>			<b>102.60</b>	<b>-39.16</b>	
<b>GROSS MARGIN</b>				<b>-15.4</b>			<b>-72.6</b>	<b>57.16</b>	

*The calculation for vegetables, herbs and household gardens*

Calculation is done according to gross margins of vegetables and herbs presuming that mainly these crops are grown in household gardens too.

Crop	Gross margin LVL/ha		Difference, LVL/ha	Difference, EUR	Costs of certification/ha	Total, EUR	Area	Proportion	Premium, EUR
	Conventional agriculture	Organic agriculture							
Vegetables	614.72	374.53	240.19	341.76	15	356.76	1103.68	97	345.50
Herbs	1666.9	1428.1	238.80	339.78	15	354.78	36	3	16.19
<b>Total vegetables</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>x</b>	<b>1139.68</b>	<b>100</b>	<b>356</b>

**VEGETABLES**

	Unit of measurement	Conventional			Organic			Difference	Comments
		Quantity	Price, LVL	Total, LVL	Quantity	Price, LVL	Total, LVL		
<b>WHITE CABBAGE</b>									Calculations are based on dates of white cabbage production because white cabbages are widespread vegetables in Latvia
<b>INCOME</b>									
White cabbage	t	25.8	59.0	1,522.20	20.6	74.3	1533.55	-11.35	Productivity of vegetables in organic farms in average is lower (statistical dates of organic certification agencies). In accordance with opinion of experts prices of organic vegetables are 25% higher.
<b>TOTAL</b>				<b>1,522.20</b>			<b>1533.55</b>	<b>-11.35</b>	
<b>VARIABLE COSTS</b>									
<b>Plants</b>	1000	30	20.25	607.50	30	20.25	607.50	0.00	Costs of plant production are the same (opinion of experts).
<b>Fertilizer:</b>									To increase fertility of the soil in the organic farms only organically produced manure or compost can be used (with addition of some herb or germ preparations). Amount of fertilizers is calculated with
NPK 12:11:18	kg	550	0.219	120.45				120.45	
NK 13:13	kg	200	0.237	47.40				47.40	



Nitrabor	kg	115	0.168	19.32				19.32	fertilizers planning program.  Price of compost is calculated corresponding to prices of compost nutrition elements.  For crop protection in organic farms only licensed organic crop protection aids can be used. Applied doses of crop protection aids are based on using recommendations. Prices of crop protection aids come from traders price offers.  Applied doses of organic crop protection aids are based on using recommendations. Prices of organic crop protection aids come from traders price offers.
Omex Super	l	9	2.034	18.31				18.31	
Compost	t				35	3.00	105.00	-105.00	
Crop protection									
Herbicides									
<i>Butizāns</i>	kg	2.5	15.18	37.94				37.94	
Insecticides									
<i>Sumi-Alfa</i>	l	1	8.14	8.14				8.14	
Fungicides									
<i>Sumileks</i>	kg	3	16.14	48.42				48.42	
Biological crop protection									
<i>Needle powder SM87</i>	kg				60.00	0.50	30.00	-30.00	
<i>Bio-4</i>	kg				13.70	29.66	406.36	-406.36	
<i>Trihogrammas</i>	kg				0.002	5,084.75	10.17	-10.17	
<b>TOTAL</b>				<b>907.48</b>			<b>1159.03</b>	<b>-251.55</b>	
<b>GROSS MARGIN , LVL</b>				<b>614.72</b>			<b>374.53</b>	<b>240.19</b>	

**HERBS**

	Unit of measurement	Intensive			Organic			Difference	Comments
		Quantity	Price, LVL	Total, LVL	Quantity	Price, LVL	Total, LVL		
<b>DILL</b>									
<b>IEŅĒMUMI</b>									
Dill	t	2.7	847.0	2,286.90	2.3	847.0	1,948.10	338.80	The herbs yield in the organic farms is about 20% lower because the fertility of the soil must be maintained or increased by cultivation of legumes, green manure plants and plants with deep roots system in perennial crop rotation, by incorporation of livestock manure from organic livestock production or compost. For restriction of pests, diseases and weeds appropriate plant species and varieties and crop rotation are used.
<b>TOTAL</b>				<b>2,286.90</b>			<b>1,948.10</b>	<b>-338.80</b>	
<b>VARIABLE COSTS</b>									
Seed	kg	25	17.8	445.00	25	17.8	445.00	0.00	Price of seed and seeding rates are based on opinion of experts.
Fertilizer:									
NPK 12:11:18	kg	680	0.219	148.92				148.92	To increase fertility of the soil in the organic farms only organically produced manure or compost can be used (with addition of some herb

Calcium nitrate	kg	160	0.163	26.08				26.08	or germ preparations).
Compost	t				25	3.00	75.00	-75.00	Amount of fertilizers is calculated with fertilizers planning program.
<b>TOTAL</b>				<b>620.00</b>			<b>520.00</b>	<b>100.00</b>	Price of compost is calculated corresponding to prices of compost nutrition elements.
<b>GROSS MARGIN</b>				<b>1,666.90</b>			<b>1,428.10</b>	<b>238.80</b>	

### The calculation for potatoes

Calculation is done according to gross margins of potatoes.

Crop	Gross margin LVL/ha			Difference, EUR	Costs of certification/ha	Total, EUR	Premium, EUR
	Conventional agriculture	Organic agriculture	Difference, LVL/ha				
Potatoes, potatoes for starch	702.31	489.24	213.07	303.17	15	318.17	<b>318</b>

## POTATOES

	Unit of measurement	Conventional agriculture			Organic agriculture			Difference	Additional comments
		Quantity	Cost, LVL	Total, LVL	Quantity	Cost, LVL	Total, LVL		
<b>INCOME</b>									
Potatoes	t	18	85.0	1,530.00	18	102.0	1,836.00	306.00	Productivity of potatoes in organic farms in average is lower (statistical data according to certification institutions of organic farming). Price of potatoes growing by organic methods is 20% higher according to experts' data
<b>TOTAL</b>				<b>1,530.00</b>			<b>1,836.00</b>	<b>306.00</b>	
<b>VARIABLE COSTS</b>									
Seed	kg	3,000	0.17	510.00	3,000	0.19	570.00	-60.00	Price of seed and seeding rate are according to experts' data. Organic seed is more expensive (until 10%) because costs of organic growing seed is greater
Fertiliser:									The fertility of the soil must be increased by incorporation of livestock manure from organic livestock production or compost from manure. For compost activation may appropriate plant-based preparations or preparations of micro-organisms
NPK 12:11:18	kg	800	0.219	175.20				175.20	Manuring rate is calculated according to productivity of grain using fertilizers planning program.
Calcium nitrate	kg	200	0.163	32.60				32.60	
Hydro plus	l	3	2.119	6.36				6.36	
Compost	t				40	3.00	120.00	-120.00	Cost of compost is calculated corresponding to prices of compost nutrition elements
<b>Crop protection:</b>									
Chemical treatment									In case of need organic farms can use only in organic

<i>Maksims</i>	kg	0.6	12.20	7.32			7.32	management allowed crop protection aids
Herbicides								Rates of crop protection aids are according to its using recommendations
<i>Zenkors</i>	kg	0.32	31.03	9.93			9.93	Prices of crop protection aids are according to summary of costs offer of several companies
<i>Titus</i>	kg	0.03	595.59	17.87			17.87	
Fungicides								
<i>Ridomils Gold MC</i>	kg	2.5	11.29	28.23			28.23	
<i>Tanos</i>	kg	0.6	36.86	22.12			22.12	
<i>Penkocebs</i>	kg	5.0	2.80	14.00			14.00	
Insecticides								
<i>Sumi-Alfa</i>	l	0.5	8.14	4.07			4.07	
<i>Aktara</i>	kg							
Organic crop protection								
<i>Trihodermins</i>	kg				0.3	211.86	63.56	Rates of organic crop protection aids are according to its using recommendations
<i>Bio-5</i>	kg				20.0	29.66	593.20	Prices of organic crop protection aids are according to summary of costs offer of several companies
<b>TOTAL</b>							<b>1,346.76</b>	<b>-519.07</b>
<b>GROSS MARGIN</b>							<b>489.24</b>	<b>213.07</b>

### The calculation for fruit crops and bush fruits

Calculation is done according to gross margins of fruit crops.

Crop	Gross margin LVL/ha		Difference, LVL/ha	Difference, EUR	Costs of certification/ha	Total, EUR	Premium, EUR
	Conventional agriculture	Organic agriculture					
<b>Fruit crops and bush fruits</b>	2799.72	2516	283.72	403.7	15	418.7	<b>419</b>

### FRUIT CROPS

Semidwarf orchard (4.-19.year)	Unit of measurement	Conventional agriculture			Organic agriculture			Difference	Additional comments
		Quantity	Cost, LVL	Total, LVL	Quantity	Cost, LVL	Total, LVL		
<b>INCOME</b>									
Apple	t	15.0	210.0	3,150.00	12.0	230.0	2,760.00	390.00	Productivity of fruit crops is 20% lower growing with organic methods because the fertility of the soil must be maintained or increased by incorporation of livestock manure from organic livestock production or compost. Pests, diseases and weed control using appropriate species and varieties

<b>TOTAL</b>				<b>3,150.00</b>			<b>2,760.00</b>	<b>390.00</b>	and crop rotation Price of apples growing with organic methods is 10% higher
<b>VARIABLE COSTS</b>									
<b>Fertiliser:</b>									The fertility of the soil must be increased by incorporation of livestock manure from organic livestock production or compost from manure. For compost activation may appropriate plant-based preparations or preparations of micro-organisms Manuring rate is calculated according to productivity of fruit crops using fertilizers planning program.
Calcium nitrate	kg	200	0.163	32.60				32.60	
NPK 10:10:20	kg	300	0.194	58.20				58.20	
Compost	kg				25	3.0	75.00	-75.00	Cost of compost is calculated corresponding to prices of compost nutrition elements
Crop protection:									
<b>Herbicides</b>									In case of need organic farms can use only in organic management allowed crop protection aids Rates of crop protection aids are according to its using recommendations Prices of crop protection aids are according to summary of costs offer of several companies
<i>Basta 2x</i>	l	6.00	8.43	50.58				50.58	
<b>Fungicides</b>									
<i>Čempions</i>	kg	5.00	3.46	17.30				17.30	
<i>Ditāns 3x</i>	kg	3.00	3.28	9.84				9.84	
<i>Kandits 3x</i>	kg	0.75	100.06	75.05				75.05	
<i>Horuss</i>	kg	0.25	77.54	19.39				19.39	
<b>Insecticides</b>				<b>36.75</b>				<b>36.75</b>	
<i>Calipsel</i>	l	0.50	65.53	32.77				-32.77	
<i>Sumi alfa 2x</i>	l	0.50	7.97	3.99				3.99	
<b>Preparations of organic crop protection</b>									Prices of organic crop protection aids are according to data from organic producers
	1				1.0	140.0	140.0	-140.00	
<b>Other variable costs:</b>									To control pests protection of natural enemies has been done in order to improved them enabling environment (for example, fences, nesting ground, use of predators etc.)
Bird cage, etc. mechanical subsidiaries for pest control					1.0	29.0	29.0	-29.00	
<b>TOTAL</b>				<b>350.28</b>			<b>244.00</b>	<b>106.28</b>	
<b>GROSS MARGIN</b>				<b>2799.72</b>			<b>2,516.00</b>	<b>283.72</b>	

## SUB-MEASURE: INTRODUCING AND PROMOTING INTEGRATED HORTICULTURE

Amount of support

No	Groups of crops	Payment EUR/ha
1.	Apple, pear	<b>390</b>
2.	Cherry, plum, raspberry, Black and red currants, gooseberries, cranberry, strawberry, gooseberry, Japanese guince	<b>278</b>
3.	Cabbages	<b>24</b>
3.	Field cucumbers, carrots, red beets, root vegetables, cauliflower, onions, garlic	<b>70</b>

Crop	Total EUR	Area ha*	Proportion	Payment EUR/ha
Apple, pear	390	996,6	100	<b>390</b>
	Total, ha	996,6		
Cherry, plum	318	102,4	5,34	48,78
raspberry	340	115,3	17,27	58,72
Black and red currants, gooseberry, Japanese guince	209	232,9	34,89	72,91
gooseberries	327	154,7	23,17	75,77
cranberry	294	38,2	5,72	16,82
strawberry	143	24,1	3,61	5,16
	Total, ha	667,6		<b>278,17</b>
Cabbages	24	564	100	<b>24</b>
	Total, ha	564		
cauliflower	27	84	8,37	2,25
carrots, red beets	77	535	53,34	40,87
Field cucumbers	109	16	1,60	1,74
onions, garlic	68	368	36,69	24,90

	Kopā, ha	1003		69,75
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\*The data from Rural Support Service submissions to state aid on 2005

### Apple, pear

	Conventional		Explanation on 2004	Integrated growing		Difference		Explanation on 2004	Positive impact on environment	
	2004	2005		2004	2005	2004	2005			
Expenses			Expenses							
		Gross margin, LVL/ha			Gross margin, LVL/ha					
	Fertilizer			Fertilizer						
1	NPK	55,80	58,20	NPK is broadcasted once in the early spring - 300kg/ha in the form of combined fertilizers.	NPK	0,00	0,00	-55,80	-58,20	Combined fertilizers are not used for pome fruits in IP.
2	Ca nitrate	32,80	32,60	Calcium nitrate is supplied in the amount of 200kg/ha in order to improve quality of the fruits and their storage.	Ca nitrate	32,80	32,60	0,00	0,00	Calcium nitrate 200kg/ha is needed in order to improve quality of the fruits and their storage, and lower the acidity of the soil.
3	<i>Plant protection:</i>			Applications of fungicides and insecticides are carried out based on the plants growing stage and following the schedule.	Plant protection:					Spraying for the control of pests and diseases must be made only following the pest development prognoses and only using the pesticides allowed in integrated production. As far as it is possible, pests must be controlled by biological methods, including pheromone traps. Synthetic pyrethroids are not used without extreme need and no more than once in a season.
4	herbicides	50,04	50,59	Herbicides are being applied first in May, second time at the end of July, on average 6L/ha, applying sprays on 2x2m around the trees.	herbicides	25,00	25,00	-25,04	-25,59	Herbicides used only in zone where the row meets the lawn, 3l/per ha.  The use of mulch and mechanical treatment reduce use of herbicides 2 times ( <i>linked with rows 12;18;19;22</i> )

5	fungicides	121,15	121,56	When buds are starting to break, Champion is used 5kg/ha, before and after blooming Candit 3 times 0.75 kg/ha and Dithan 3kg/ha, one month before the harvest 0.25kg/ha, all together 9kg/ha which is applied in 6 applications.	fungicides	90,86	80,91	-30,29	-40,65	Timely removal of cancer damaged branches, destroying of scab infected leaves, gathering rotten fruit, spraying according to the scab prognosis	Reduce use of fungicides by 25% (linked with rows 15;19)
6	insecticides	15,30	36,75	Insecticides to control blossom weevil, codling moth and aphids are used 3 times using 2.5kg per ha.	insecticides	9,18	18,34	-6,12	-14,70	Establishment of bird nesting boxes in hedges, trichogram and pheromone trap usage, providing beneficial environment for natural enemies of pests in the hedges all reduce amount of used insecticides by 40%.	Reduced use of insecticides by 40% (linked with rows 16;17;21)
7	<i>Labour costs:</i>										
8	<i>Tree training</i>	25,00	27,00	Tools and wound treatment necessary in tree training.	<i>Tree training</i>	25,00	27,00	0,00	0,00	Tools and wound treatment necessary in tree training.	
9		70,00	280,00	Tree training in spring.		70,00	280,00	0,00	0,00	Tree training in spring.	
10	<i>Fertilizing</i>	12,56	17,62	Broadcast fertilizing 2 times.	<i>Fertilizing</i>	6,28	8,81	-6,28	-8,81	In the IP broadcast fertilizing is done only once (Ca nitrate)	
11	<i>Spraying</i>	34,60	57,48	Spraying is done 6 times, applying insecticides together with fungicides.	<i>Spraying</i>	25,95	57,48	-8,65	0,00	Spraying 4 times with pesticides and 2 times with fertilizers, Ca salts	
12	rototilling of grass free stripe	50,00	60,00	Rototilling of grass-free strip only once.	rototilling of grass free stripe	100,00	120,00	50,00	60,00	If herbicides are not used, grass-free strips must be rot tilled at least 2 times. Rotolling of grass free stripe additionally has to be done late in autumn to destroy the over wintering insects	Mechanical treatment of soil significantly reduces the use of herbicides for weed control and reduces the pollution of soil and underground waters
13	spraying of grass free stripe	17,30	20,76	Spraying two times - in May and in July.	spraying of grass free stripe	8,65	10,38	-8,65	-10,38	Needs to be sprayed only once in May	
14	Grass moving	77,50	93,05	Grass is mowed in the alleyways 5 times.		77,50	93,05	0,00	0,00	Grass is mowed 5 times.	

15	Thinning of fruit lets	180,00	180,00	Blossoms and fruit lets are not thinned out, so the trees have periodical harvests.	hand thinning of fruit lets	180,00	180,00	0,00	0,00	In average there is about 660 – 1250 trees/per ha, work takes 5-20 min./per tree, (900 trees/per ha x 6 min./per tree) = approximately 90 hours/per ha and the price is 2.00 LVL/per hour = 180,00 LVL	Annual, average size harvests improve the health of the trees, their winter hardiness and disease resistance and reduce use of fungicides (because of moderate pressure on the branches, they are not bent to the ground, and humidity is not trapped by the canopy of the tree, and tree are more resistant to fungi diseases.
16	Establishment of hedges	0,00	0,00	Hedges are not planned. Wind breaking lines because of the relief and forest clusters are not effective.	Establishment of hedges	50,00	50,00	50,00	50,00	Measure includes establishment of hedgerows, using plants which prevent pollution from highways (like lilacs), or which are hosts for the natural enemies of orchard pests, e.g. hazels host predatory mites, which are the natural enemies of red spider mite. Seedling plants for hedges, as shown in by nursery catalogues, cost 1-2 LVL and must be planted at distances of 1-2 m. As the majority of orchards are 2-5 ha in size, their configuration varies along with the land relief, in a farmers 'poll we found that the length of hedge rows may be 100-200 m for 1 hectare and the planting expenses of a hedge are 200-300 LVL (in average 250 LVL)/5 year period = 50 LVL	Measure for the maintenance of biological diversity and reduce of environment pollution
17		0,00	0,00	Establishment of bird nesting boxes or perches is not considered.	Establishment of bird cages and nesting boxes	20,00	20,00	20,00	20,00	A list of options includes nesting boxes and/or perches for birds. Birdcages and perches must be established in the hedges. There must be 10 on 1 ha=2 LVL per birdcage x 10 = 20 LVL. Bird nesting boxes have to be cleaned every year 5 hour per/10boxes x 2LVL/per hour = 10LVL The nesting boxes have to change every second year: 20LVL/2 year period + 10LVL = 20LVL	Measure for the maintenance of biological diversity and reduce of environment pollution



18		0,00	0,00	Rows are sprayed with herbicides, not mulched.	mulching with organic matter	100,00	100,00	100,00	100,00	For the calculation of mulching costs please see appendix on mulching costs.	Measure reduces use of herbicides.
19		0,00		Since the control of insects and diseases is done according to the schedule, no monitoring is considered.	monitoring pests and diseases	60,00	60,00	60,00	60,00	Monitoring of pests and diseases 30 h. in period of vegetation; 30X2,0 LVL =LVL 60 once during a week (~2 h.) 15 weeks	Measure reduces use of herbicides and fungicides
20		0,00	0,00	Pheromone traps are not used. Spraying insecticides according to the schedule, there is no need for the prognoses of spreading of insects.	placement and checking of pheromone traps	40,00	40,00	40,00	40,00	Pheromone traps are necessary for the prognosis of several harmful insects. They must be regularly checked. One trap, as shown by the inquiry at firms and enemies, costs 0,8 - 2 LVL, the placement of the traps in orchard and their checking takes 20 hours during a season, because during the time when the insects are expected their presence must be checked once a day. 20 hour x 2LVL/ per hour = 40LVL/per ha.	Reduce the use of insecticides
21		0,00	0,00	Not used.	costs of trihogramms release	25,00	25,00	25,00	25,00	1 g of trichogramms costs 5 LVL, on 1 ha 3 g must be released, stopping at each second tree, 5 hours x 2 LVL = 10 LVL. The costs of necessary trihogramms 25 LVL/per ha.	The use of trihogramms reduce the use of insecticides
22		0,00	0,00	Mechanical control of the disease sources is not applied.	mechanical control of fungal infection sources	40,00	40,00	40,00	40,00	The collecting of mummified fruits from the trees and soil, as well as cutting of the infected branches from fruit trees and shrubs, the timely removal of heavily infected trees and bushes depend on the degree of infection and the crop. This work takes 20 hour/per season x20LVL/per hour = 40 LVL	Mechanical removal of infection sources from the orchard decreases the need for fungicides and the following pollution of the environment and the product.
23	Total	742,05	1035,61		Total	986,22	1268,57	244,17	236,67		
24	<b>Income</b>				<b>Income</b>						
25	apple, t	15,00	15,00		apple, t	12,00	12,00			The yield decrease because in complex fertilizers are not used .	
26	price of apple, LVL/t	210,00	210,00		price of apple, LVL/t	260,00	260,00				
27	Value of apple, LVL	3150,00	3150,00		Value of apple, LVL	3120,00	3120,00	-30,00	-30,00		

Difference	274,17	266,67
LVL	274,17	266,67
EUR	390,11	379,44
Premium for integrated production to be paid	<b>390,11</b>	

### Cherry, Plum

	Conventional			Explanation on 2004	Integrated growing			Difference	Explanation on 2004	Positive impact on environment
		2004	2005							
	Expenses				Expenses			2004	2005	
			Gross margin, LVL/ha						Gross margin, LVL/ha	
1	Fertilizer				Fertilizer					
2	NPK	55,80	58,20	NPK is broadcasted once in the early spring - 300kg/ha in the form of combined fertilizers.	NPK	0,00	0,00	-55,80	-58,20	In IP necessary nutrient applications are based on soil tests. Combined fertilizers are not used in stone fruit production in IP, for that reason the yield of fruits are less for at least 0,5 tones/per ha
3	Ca nitrate	32,80	32,60	Calcium nitrate is supplied in the amount of 200kg/ha in order to improve quality of the fruits and their storage.	Ca nitrate	32,80	32,60	0,00	0,00	The Ca nitrate is the main element for the production of the fruit tree biomass. Calcium nitrate 200kg/ha is needed in order to improve quality of the fruits and their storage, and lower the acidity of the soil.
4	<i>Plant protection</i>			Applications of fungicides and insecticides are carried out based on the plants growing stage and following the schedule.	Plant protection			0,00		Sprayings for the control of pests and diseases must be made only following the pest development prognoses and only using the pesticides allowed in integrated production. As far as it is possible, pests must be controlled by biological methods, including pheromone traps. Synthetic pyrethroids are not used without extreme need and no more than once in a season. Cultivation of fruit varieties which are highly susceptible to diseases, must be avoided.

5	herbicides	50,04	0,00			5,00	0,00	-45,04	0,00		
6	fungicides	100,45	115,53	Fungicides are applied 6 times (2 times before blossoming, 4 times after blossoming), using 5.5kg of fungicide per ha.	fungicides	50,20	57,80	-50,25	-57,73	Regular pruning and destruction of Monilia damaged branches and fruits, as well as removal of rust infected fallen leaves can diminish spraying frequency to an average by 4 times and fungicide use by 30%.	Reduce use of fungicide by 30% (linked with rows 21;24)
7	insecticides	6,31	9,13	Insecticides are used 3 times, using 0.55kg of insecticides per ha.	insecticides	4,25	6,18	-2,06	-2,95	Using pheromone traps and trichograms, as well as placing bird nesting boxes in the hedges, reduce use of insecticides.	Reduce use of insecticides by 30-40% (linked with rows 16;17;23;24)
8	Materials for crown training.	20,00	20,00		Materials for crown training.	20,00	20,00	0,00	0,00		
9	<i>Labour costs:</i>							0,00	0,00		
10	<i>Tree training</i>	50,00	200,00	Training of the crown.	<i>Tree training</i>	50,00	200,00	0,00	0,00		
11	<i>Broadcast fertilizing</i>	12,56	17,62	Broadcast fertilizing 2 times.	<i>Broadcast fertilizing</i>	6,28	8,81	-6,28	-8,81	Only calcium nitrate is broadcasted once.	
12	<i>Spraying</i>	51,90	57,45	Spraying 6 times.	<i>Spraying</i>	25,95	28,32	-25,95	-29,13	Spray 4 times fungicide together with insecticide	
13	Rot tilling of grass free stripe	50,00	60,00	Bed cultivation 1 time.	Rot tilling of grass free stripe	100,00	120,00	50,00	60,00	The rot tilling has to be done at least 2 times. Because herbicides are not used on stone fruits, the strips between the mulched beds and lawn need to be cultivated at least two times	The stone fruits are very sensitive to herbicides! The use of herbicides must be avoided.
14	Cultivation	39,99	43,71	Alleyway cultivation 3 times.	Cultivation	0,00	0,00	-39,99	-43,71	In IP is not used.	
15	Disc cultivation	17,06	17,06	Alleyway slitting in the autumn.	Disc cultivation	0,00	0,00	-17,06	-17,06	In IP is not used.	
16		0,00	0,00	Hedges are not planned. Wind breaking lines because of the relief and forest clusters are not effective.	Establishment of hedges	50,00	50,00	50,00	50,00	Planting expenses of a hedge are 200-300 LVL (in average 250 LVL)/5 year period = 50 LVL	Reduce use of insecticides. Measure for the maintenance of biological diversity and reduce of environment pollution

17		0,00	0,00		Establishment of bird cages and nesting boxes		20,00	20,00	20,00	20,00	A list of options includes nesting boxes and/or perches for birds. Birdcages and perches must be established in the hedges. There must be 10 on 1 ha=2 LVL per birdcage x 10 = 20 LVL. Bird nesting boxes have to be cleaned every year 5 hour per/10boxes x 2LVL/per hour = 10LVL The nesting boxes have to change every second year: 20LVL/2 year period + 10LVL = 20LVL	Reduce use of insecticides. Measure for the maintenance of biological diversity and reduce of environment pollution
18	Hoeing	16,00	0,00	Hoeing of beds close to the trees.		16,00	0,00	0,00	0,00	0,00	It is necessary around the very trunk, because mulch does not stop the weeds completely.	
19	Grass mowing	77,55	0,00	Grass mowing in the alleyways 5 times		77,55	93,05	0,00	93,05	93,05	Grass mowing in the alleyways 5 times	
20		0,00	0,00	Mulching with organic material is not considered.	mulching	95,80	95,80	95,80	95,80	95,80	For the calculation of mulching costs please see appendix on mulching costs.	Reduce use of herbicides.
21		0,00	0,00	Since the control of insects and diseases is done according to the schedule, no monitoring is needed.	monitoring pests and diseases	60,00	60,00	60,00	60,00	60,00	Monitoring of pests and diseases 30 h. in period of vegetation; 30X2,0 LVL=60LVL/per ha once during a week (~2 h.) 15 weeks	Measure reduces use of herbicides and fungicides
22		0,00	0,00	Pheromone traps are not used. Spraying insecticides according to the schedule, there is no need for the prognoses of spreading of insects.	placement and checking of pheromone traps	40,00	40,00	40,00	40,00	40,00	6-10 hours, on average 8 hours for one insect, 8 x 2=16, average 10 traps on ha=1,4 x 10=14, all together LVL 30.00 20 hour x 2LVL/per hour = 40LVL/per ha	Reduce use of insecticides
23		0,00	0,00	In order to fight plum codling moth, insecticides are used, no trichograms are used.	costs of trihogramms release	25,00	25,00	25,00	25,00	25,00	1 g of trichograms costs 5 LVL, on 1 ha 3 g must be released, stopping at each second tree, 5 hours x 2 LVL = 10 LVL. The use of trihogramms reduces the use of insecticides. The costs of necessary trihogramms 25 LVL/per ha.	Reduce use of insecticides
24		0,00	0,00	Mechanical control of fungal infection sources is not considered, diseases are controlled with fungicides.	mechanical control of fungal infection sources	110,00	110,00	110,00	110,00	110,00	Regular cutting of the twigs infected with Monilia and collecting of rotten fruits from trees and soil, as well as destroying of virus-infected trees reduces the need of fungicide use. This work takes 55 hours per ha x 2 LVL per hour = 110 LVL per ha.	Destroying of virus-infected trees reduces the of use fungicide

25	Total	580,46	631,30		Total	788,83	967,56	208,37	336,26	
26	<b>Income</b>				<b>Income</b>					
27	Cherries, plums t	5,00	5,00		Plums ,cherries, plums	4,50	4,50			
28	Price of cherries, plumsLVL/t	525,00	525,00		Price LVL/t	580,00	580,00			
29	Value of cherries, LVL	2625,00	2625,00		Value, LVL	2610,00	2610,00	-15,00	-15,00	
								Difference	223,37	351,26
								LVL	223,37	351,26
								EUR	317,83	499,80
								Premium for integrated production to be paid		<b>317,83</b>

### Black and red currants, gooseberries, Chenomeles japonica (yield plantations)

	Conventional		Explanation on 2004	Integrated growing		2004	Difference		Explanation on 2004	Positive impact on environment
	2004	2005		2004	2005		2004	2005		
	<b>Expenses</b>			<b>Expenses</b>						
		Gross margin, LVL/ha			Gross margin, LVL/ha					
1	Fertilizer			Fertilizer						
	NPK	27,00	48,50	NPK is broadcasted once in the early spring - 250kg/ha in the form of combined fertilizers.	PK	0,00	0,00	-27,00	-48,50	Combined fertilizers are not used in IP.
2	Ca nitrate	56,00	57,05	Calcium nitrate is supplied in the amount of 350kg/ha.	Ca nitrate	56,00	57,05	0,00	0,00	Calcium nitrate is needed in order to improve quality of the fruits, and lower the acidity of the soil.
3	Plant protection				Plant protection			0,00		

4	fungicides	48,80	49,23	Applications of fungicides and insecticides are carried out 4 times (1 time at the bud break stage, 2 times after flowering and 1 time after harvest), using 4.5 kg per ha of fungicides.	fungicides	35,89	36,01	-12,91	-13,22	By selecting disease resistant cultivars and collecting and destroying infested leaves, the number of sprays can be reduced to 2, using 3.5 kg per ha, so decreasing the fungicide use for 20-30%.	Decrease the fungicide use for 20-30% (linked to rows 9;15;16;17)
5	insecticides	4,40	9,56	Insecticides for pest control are sprayed 1 time, using 0.35 kg per ha.	insecticides	1,47	4,78	-2,93	-4,78	Establishment of bird nesting boxes in hedges and removal of pest infested branches or the whole bush (viral infection) makes one spray enough, using 0.2 kg insecticide per ha.	Decrease use of insecticides by 40% (linked to rows 10;11;16)
6	<i>Labour costs:</i>							0,00			
7	<i>Broadcast fertilizing</i>	12,56	17,62	Broadcast fertilizing is done 2 times.	<i>Broadcast fertilizing</i>	6,28	8,81	-6,28	-8,81	Only calcium nitrate must be broadcasted.	
8	<i>Spraying</i>	60,55	47,88	Fungicide and insecticide spraying 5,	<i>Spraying</i>	25,95	38,33	-34,60	-9,55	is done only 3 times with pesticides and 1 time with fertilizers	
9	Rot tilling of grass free stripe	9,00	65,15	Rot tilling of grass-free strips 1 time.	Rot tilling of grass free stripe	18,00	130,30	9,00	65,15	Second tilling is necessary to destroy after harvest the disease infected leaves in the strip between the mulched row and the lawn.	Reduce use of fungicides
10		0,00	0,00	Establishment and cultivation of hedges, establishment of bird nesting boxes is not considered.	Establishment of hedges	50,00	50,00	50,00	50,00	Planting expenses of a hedge are 200-300 LVL (in average 250 LVL)/5 year period = 50 LVL	Reduce use of insecticides. Measure for the maintenance of biological diversity and reduce of environment pollution
11		0,00	0,00		Establishment of bird cages and nesting boxes	20,00	20,00	20,00	20,00	A list of options includes nesting boxes and/or perches for birds. Birdcages and perches must be established in the hedges. There must be 10 on 1 ha=2 LVL per birdcage x 10 = 20 LVL. Bird nesting boxes have to be cleaned every year 5 hour per/10boxes x 2LVL/per hour = 10LVL The nesting boxes have to change every second year: 20LVL/2 year period + 10LVL = 20LVL	Reduce use of insecticides. Measure for the maintenance of biological diversity and reduce of environment pollution
12		50,00	60,00	Regular bush renewal by cutting old branches.		50,00	60,00	0,00	0,00	Regular bush renewal.	
13		62,04	76,99	Lawn mowing 4 times		62,04	76,99	0,00	0,00	Lawn mowing 4 times	
14		60,00	72,00	Hoeing of strips close to the bushes.		60,00	72,00	0,00	0,00	Hoeing of strips close to the bushes.	

15		0,00	0,00	Mulching is not considered.	mulching	68,00	68,00	68,00	68,00	For the calculation of mulching costs please see appendix on mulching costs.	Reduce use of pesticides.	
16		0,00	0,00	Since the control of insects and diseases is done according to the schedule, no monitoring is considered.	monitoring pests and diseases	40,00	40,00	40,00	40,00	Berry - bushes has less amount of diseases and pests and the monitoring takes 40h in period of vegetation; 20x2,0 LVL = 40 LVL once during a week (~1,5 h.)	Measure reduces use of pesticides	
17		0,00	0,00	Mechanical control of fungal and other disease infection sources is done by pesticide sprays.	control of fungal infection sources	30,00	30,00	30,00	30,00	It takes 15 hours/per ha x 2LVL/per hour =30LVL/per ha	It has to be taken into account that for the purpose to avoid use of fungicides and harm of the environment it have to be done mechanically	
18	Total	390,35	503,98		Total	523,63	692,27	133,28	188,29			
19	<b>Income</b>				<b>Income</b>							
20	t	6,00	6,00		t	5,70	5,70					
21	Price LVL/t	330,00	330,00		Price	345,00	345,00					
22	Value, LVL	1980,00	1980,00		Value	1966,50	1966,50	-13,50	-13,50			
								Difference	146,78	201,79		
								LVL	146,78	201,79		
								EUR	208,85	287,12		
								Premium for integrated production to be paid		<b>208,85</b>		

### Raspberry (yielding plantation)

	Conventional		Explanation on 2004	Integrated growing		Difference	Explanation on 2004	Positive impact to environment		
	2004	2005		2004	2005					
	<b>Expenses</b>			<b>Expenses</b>						
		Gross margin, LVL/ha			Gross margin, LVL/ha					
	Fertilizer			Fertilizer						
1	NPK	44,27	45,20	NPK is broadcasted once in the early spring - 233kg/ha in the form of combined fertilizers.	PK	24,00	32,00	-20,27	-13,20	Combined fertilizers are not used in IP. NPK in integrated system are not used , for that reason the yield of fruits are less for at least 0,3 tones/per ha. Necessary supply with potassium.

2	Ca nitrate	49,20	48,90	Calcium nitrate is supplied in the amount of 300kg/ha.	Ca nitrate	49,20	48,90	0,00	0,00	Calcium nitrate is needed in order to improve quality of the fruits.	
3	Plant protection				Plant protection			0,00			
4	fungicides	22,33	23,33	Applications of fungicides are carried out 3 times, using 3.5 kg per ha of fungicides, in total 10.5 kg/ha.	fungicides	12,88	12,99	-9,45	-10,34	By timely cutting of infected shoots, the number of sprays can be reduced to 2, and total fungicide use by 3 kg per ha, so decreasing the fungicide use for 20-30%.	Reduced use of fungicides 20-30% (links to rows 16;18)
	herbicides	9,84	16,86			4,92	9,84	-4,92	-7,02		
5	insecticides	4,32	5,58	Insecticides for pest control are sprayed 2 times after flowering.	insecticides	2,16	2,79	-2,16	-2,79	One spray is enough, so reducing the use of insecticides by 50%, as part of the raspberry bugs are eaten by the birds.	Reduce the use of insecticides by 50% (linked to rows 12;13)
								0,00			
7	Mulch	25,00	35,00	Mulching material in the raspberry rows must be regularly renewed, but not in the strips along the rows.	Mulch	50,00	70,00	25,00	35,00	Mulching is done also in the strips with the aim to reduce the herbicide use, and mulch is mixed with Trichodermin or Biomix.	Reduce use of herbicides.
8	<i>Labour costs:</i>							0,00			
9	<i>Broadcast fertilizing</i>	12,56	17,62	Broadcast fertilizing is done 2 times.	<i>Broadcast fertilizing</i>	6,28	17,62	-6,28	0,00	Broadcast fertilizing is done 2 times.	
10	<i>Spraying</i>	43,25	47,88	Spraying is done 5 times.	<i>Spraying</i>	25,95	47,88	-17,30	0,00	4 times pesticides, 1 times fertilizers.	
11	Mulch	20,00	25,00	Mulching.	Mulch	40,00	50,00	20,00	25,00	Mulching is done 2 times	
12		0,00	0,00	Establishment of hedges, establishment of bird nesting boxes is not considered.	Establishment of hedges	50,00	50,00	50,00	50,00	Planting expenses of a hedge are 200-300 LVL (in average 250 LVL)/5 year period = 50 LVL	Reduce use of insecticides. Measure for the maintenance of biological diversity and reduce of environment pollution
13		0,00	0,00		Establishment of bird cages and nesting boxes	20,00	20,00	20,00	20,00	A list of options includes nesting boxes and/or perches for birds. Birdcages and perches must be established in the hedges. There must be 10 on 1 ha=2 LVL per birdcage x 10 = 20 LVL. Bird nesting boxes have to be cleaned every year 5 hour per/10boxes x 2LVL/per hour = 10LVL The nesting boxes have to change every second year: 20LVL/2 year period + 10LVL = 20LVL	Reduce use of insecticides. Measure for the maintenance of biological diversity and reduce of environment pollution



14	Lawn mowing 4 times	62,04	76,99			62,04	76,99	0,00	0,00		
15	Plant renewal by cutting old shoots.	80,00	160,00			80,00	160,00	0,00	0,00		
16		0,00	0,00		Monitoring of pests and diseases.	40,00	40,00	40,00	40,00	Monitoring of pests and diseases 40h in period of vegetation; 20x2,0 LVL = 40 LVL/per ha once during a week (~1,5 h.)	Measure reduces use of herbicides and fungicides
17		0,00	0,00		control of fungal infection sources	30,00	30,00	30,00	30,00	It has to be taken into account that for the purpose to avoid use of fungicides and harm of the environment it's useful to do it mechanically. It takes 15 hours/per ha x 2LVL/per hour =30LVL/per ha	Regularly during the whole growth season the shoots infested by diseases must be removed, so reducing the use of fungicides.
18		0,00	0,00	Biological protection methods against root diseases are not considered.	biological protection methods against roots diseases	60,00	60,00	60,00	60,00	Biological methods for plant protections of raspberries (biomix and trichodermin protected roots of raspberries against fungal diseases) is used, the perpetrators are mixed with mulch 30 LVL/per ha x LVL 2/per ha = 60 LVL/per ha	Reduced the use of fungicides
19	Total	372,81	502,36		Total	557,43	729,01	184,62	226,65		
20	<b>Income</b>				<b>Income</b>						
21	Raspberry, t	5,00	5,00		Raspberry, t	4,70	4,7				
22	Price of raspberry, LVL/t	650,00	650,00		Price of raspberry, LVL/t	680,00	680				
23	Value of raspberry, LVL	3250,00	3250,00		Value of raspberry, LVL	3196,00	3196	-54,00	-54,00		
								Difference	238,62	280,65	
								LVL	238,62	280,65	
								EUR	339,53	399,33	
								Premium for integrated production to be paid	<b>339,53</b>		

## Strawberry

	Conventional		Explanation on 2004	Integrated growing		Difference	Explanation on 2004	Positive impact on environment		
	2004	2005		2004	2005					
	Expenses			Expenses		2004	2005			
		Gross margin, LVL/ha			Gross margin, LVL/ha					
1	Fertilizer			Fertilizer						
2	NPK	127,00	137,00	NPK is broadcasted 4 times, in total 1000 kg per ha, in the form of combined fertilizers.	NPK	63,00	78,00	-64,00	-59,00	NPK is applied 3 times. NPK in integrated system are used not so much as in conventional, for that reason the yield of fruits are less for at least 0,2 tones/per ha
3	Ca nitrate	32,80	32,60	Calcium nitrate is supplied in the amount of 200kg/ha.	Ca nitrate	32,80	32,80	0,00	0,20	Calcium nitrate is needed in order to improve quality of the fruits, it is applied before flowering.
4	Plant protection				Plant protection			0,00		
5	fungicides	35,60	144,41	Applications of fungicides are carried out 2 times, using 2 kg per ha of fungicides.	fungicides	17,80	98,90	-17,80	-45,51	By timely removal of infected plants, cutting of leaves after harvest and collecting of damaged berries, the risk if infection decreases, the number of sprays can be reduced to 1, and total fungicide use reduce for 30-50%. Total fungicide use reduced for 50% (linked to rows 16;17)
6	insecticides	7,34	2,79	Insecticides for pest control are sprayed 1 time shortly before flowering.	insecticides	0,00	0,00	-7,34	-2,79	Birds reduce the number of blossom weevils. Insecticides are not used (linked to rows 14;15)
7	Mulch	177,00	177,00	Mulching material - straw.	Mulch	177,00	177,00	0,00	0,00	
8	Labour costs:							0,00		
9	Broadcast fertilizing	25,12	35,25	Broadcast fertilizing is done 4 times.	Broadcast fertilizing	12,56	26,44	-12,56	-8,81	Fertilizers are broadcasted only 3 times.
10	Spraying	17,30	28,73		Spraying	17,30	38,32	0,00	9,59	In addition 1 time fertile.
11		79,98	87,41	Rot tilling between rows is done 6 times		79,98	87,41	0,00	0,00	
12	Weeding	66,00	132,00	Weeding by hand		66,00	132,00	0,00	0,00	
13	Mulching	120,00	240,00	Mulching with straw.	Mulching	120,00	240,00	0,00	0,00	

14		0,00	0,00		Establishment of hedges	50,00	50,00	50,00	50,00	Planting expenses of a hedge are 200-300 LVL (in average 250 LVL)/5 year period = 50 LVL	Reduce use of insecticides. Measure for the maintenance of biological diversity and reduce of environment pollution
15		0,00	0,00		Establishment of nesting boxes	20,00	20,00	20,00	20,00	A list of options includes nesting boxes and/or perches for birds. Birdcages and perches must be established in the hedges. There must be 10 on 1 ha=2 LVL per birdcage x 10 = 20 LVL. Bird nesting boxes have to be cleaned every year 5 hour per/10boxes x 2LVL/per hour = 10LVL The nesting boxes have to change every second year: 20LVL/2 year period + 10LVL = 20LVL	Reduce use of insecticides. Measure for the maintenance of biological diversity and reduce of environment pollution
16		0,00	0,00		monitoring pests and diseases	40	40,00	40,00	40,00	Monitoring of pests and diseases 40h in period of vegetation; 20x2,0 LVL=40LVL/per ha once during a week (~1,5 h.)	Measure reduces use of pesticides
17		0,00	0,00		control of fungal infection sources	40,00	40,00	40,00	40,00	Cutting and removal of infected leaves and collecting of damaged berries reduce the risk if infection and the use of pesticides. It takes 20 hours/per ha x 2LVL/per hour =40LVL/per ha	It has to be taken into account that for the purpose to avoid use of fungicides and harm of the environment the control of fungal infection sources has to be done mechanically
18	Total	688,14	1017,19		Total	736,44	1060,87	48,30	43,68		
19	<b>Income</b>				<b>Income</b>						
20	Strawberries, t	6,00	6,00		Strawberries, t	5,80	5,80				
21	Price of strawberries, LVL/t	550,00	550,00		Price of strawberries, LVL/t	560,00	560,00				
22	Value of strawberries, LVL	3300,00	3300,00		Value of strawberries, LVL	3248,00	3248,00	-52,00	-52,00		
								Difference	100,30	95,68	
								LVL	100,30	95,68	
								EUR	142,71	136,14	
								<b>Premium for integrated production to be paid</b>	<b>142,71</b>		

## Blueberry

	Conventional			Explanation on 2004	Integrated growing				Difference	Explanation on 2004	The positive impact on environment
	2004	2005			2004	2005	2004	2005			
	Expenses				Expenses						
			Gross margin, LVL/ha				Gross margin, LVL/ha				
1	Fertilizer				Fertilizer						
2	NPK	160,00	160,00	Basic fertilizers-ammonium nitrate 200 kg per ha, super phosphate 250 kg and potassium magnesium 150 kg, 60 kg calcium nitrate. Super phosphate and potassium magnesium is applied in the fall, but ammonium and Ca nitrate is applied in the spring.	NPK	100,00	100,00	-60,00	-60,00	Super phosphate and potassium magnesium is applied on the soil, but Ca and ammonium nitrate are sprayed on the leaves to reduce pollution of the bogs and amount of fertilizers	
3	Microelements	80,00	82,00	Different microelements (Fe, Cu, B, Zn) are applied 3 times per season according to the schedule which is based on the results of analysis.		80,00	101,00	0,00	19,00	All these elements are sprayed 6 times according to the schedule, which is based on the results of analysis.	
4	Plant protection	0,00			Plant protection	0,00	0,00	0,00	0,00		
5	pesticides	20,00	30,00	herbicide Roundup Gold is used	pesticides	0,00	0,00	-20,00	-30,00	In IP pesticides is not used	<b>Pesticides are not used (links to rows 6;13;18;19;20)</b>

6	Mulch	296,61	296,61	Peat mulching 70 cubic meters per ha, (depth 3 cm) which provides aeration of roots, keeps the moisture and regulates pH level in the ground.	mulch	446,61	466,10	150,00	169,49	Additional mulch using at least 110 cubic meters of mulch per ha (depth 4,5 cm) diminishes the growth of the weeds and reduces usage of pesticides.	<b>Reduce use of pesticides.</b>
7	Soil analyses	30,00	32,00	It is important to maintain correct pH level for blueberry plantations. The optimum is pH 4.2-5.2, as well as proper level of micro elements		30,00	48,00	0,00	16,00	It is important to maintain correct pH level for blueberry plantations. The optimum is pH 4.2-5.2 as well as proper level of micro elements.	
8	<b>Labour costs:</b>							0,00	0,00		
9	<i>Broadcast fertilizing</i>	12,56	17,62	Broadcasting of fertilizers 2 times.	<i>Broadcast fertilizing</i>	12,56	17,62	0,00	0,00		
10	<i>spraying of fertilizers</i>	26,44	28,73	Spraying of microelements 3 times.		20,00	57,48	-6,44	28,75	Spraying of microelements 6 times. Fertilizers are sprayed on leaves to avoid pollution of the bogs and reduce amount of fertilizers. Spraying 6 times.	
11	<i>Herbicides</i>	8,65	9,58			0,00	0,00	-8,65	-9,58	6	
12	<i>Watering</i>	500,00	500,00	It is necessary to do watering 1 time per week 250 h x LVL 2 = 500LVL		500,00	500,00	0,00	0,00	It is necessary to do watering 1 time per week, 250 h x LVL 2. = <b>500LVL</b>	
13	Mulching	25,00	25,00	The peat is broadcasted over the field. Delivery and distribution cost 12.5 h x LVL2 = LVL 25	Mulching	50,00	50,00	25,00	25,00	Additional mulching reduced using of herbicides. The peat is distributed by hands around every bush	<b>Reduce use of pesticides.</b>
14	Grass mowing	77,53	96,25	Lawn mowing 5 times between the rows that are 2 meter wide. 15,51 LVL X5 = 77,53 LVL		77,53	96,25	0,00	0,00	Lawn mowing 5 times between the rows that are 2 meter wide. 15,51 LVL x 5 = <b>77,53 LVL</b>	

15	weeding	100,00	120,00	Weeding of rows 2 times. Mulch is less effective against perennial weeds. It is necessary to weed at the beginning and end of the summer, 50 hours / per ha x 2LVL/per hour = 100 Ls		100,00	120,00	0,00	0,00	weeding of rows 2 times . Mulch is less effective against perennial weeds. It is necessary to weed at the beginning of the summer and at the end, 75 hours / per ha X 2Ls = <b>150 LVL</b>	
16	Cutting of Grass	5,17	5,58	Cutting of grass around the field. In order to prevent spreading of the weeds as well as insects 2,58 hours/ per ha X2Ls = 5,17 LVL		5,17	5,58	0,00	0,00	Cutting of grass around the field. In order to prevent spreading of the weeds as well as insects 2,58 h/ per ha x 2Ls = <b>5,17 LVL</b>	
16a		0,00	0,00		Establishment of hedges	0,00	50,00	0,00	50,00	Planting expenses of a hedge are 200-300 LVL (in average 250 LVL)/5 year period = <b>50 LVL</b>	<b>Reduce use of insecticides. Measure for the maintenance of biological diversity and reduce of environment pollution</b>
17	Cuting of branches	50,00	166,00	In order to allow the enter of light inside the bush; it must be done every fall. 0,025 LVL per bush x 2000 = 50 LVL per ha.		50,00	166,00	0,00	0,00	In order to allow the light enter inside the bush it must be done every fall. 0,025 LVL per bush X 2000 = <b>50 LVL per ha.</b>	
18		0,00	0,00	Biological protection methods against root diseases are not considered.	biological protection methods against roots diseases	80,00	80,00	80,00	80,00	Biological methods for plant protections of blueberries (trichodermin protected roots of blueberries against fungal diseases) is used, the preparate spraying 20 kg/per ha x LVL 2/per ha =	<b>Reduce use of fungicides</b>

										40 LVL/per ha and spraying 2 times per season = 40LVL/per ha x 2 = 80LVL/per ha	
19		0,00	0,00		monitoring pests and diseases	40,00	40,00	40,00	40,00	Monitoring of pests and diseases 40 h in period of vegetation; 20hour/per ha x2,0 LVL/per hour = LVL 40/per ha once during a week (~1,5 h.)	Measure reduces use of herbicides and fungicides
20					control of fungal infection sources	20,00	20,00	20,00	20,00		Mechanical removal of infection sources from the orchard decreases the need for fungicides and the following pollution of the environment and the product.
21	<b>Total</b>	<b>1391,96</b>	<b>1569,37</b>		<b>Total</b>	<b>1611,87</b>	<b>1918,03</b>	219,91	<b>348,66</b>		
22	<b>Income</b>				<b>Income</b>						
23	t	8,00	8,00		t	7,80	7,80				
24	Price; LVL/t	2000,00	2000		Price	2050,00	2050,00				
25	Value, LVL	16000,00	16000		Value	15990,00	15990,00	-10,00	-10,00		
					Difference			229,91	358,66		
					LVL			229,91	358,66		
					EUR			327,13	510,33		
					Premium for integrated production to be paid			327,13			

## Cranberry

	Conventional	Explanation on 2004		Integrated growing		Difference	Explanation on 2004	Positive impact on environment
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	2004		2005		2004		2005		2004	2005	
	Expenses		Expenses				Gross margin, LVL/ha				
			Gross margin, LVL/ha				Gross margin, LVL/ha				
1	Fertilizer				Fertilizer						
2	NPK	80,00	80,00		PK	60,00	60,00	-20,00	-20,00	Spraying of calcium nitrate reduces amount of used fertilizers and pollution of bogs. Different microelements (Fe, Cu, B, Zn ) are applied 3 times per season	
				Basic fertilizers-calcium nitrate 100 kg per ha, superphosphate 100 kg and potassium magnesium 100 kg. . is applied in the fall, but Ca nitrate in the spring.							
3	Microelements	13,00	13,00			13,00	30,00	0,00	17,00		
				Different microelements (Fe, Cu, B, Zn) are applied 3 times per season.							
4	Herbicides	3,00	3,00	Herbicides only for the edges of the field.		2,00	2,00	-1,00	-1,00	Herbicides only for the edges of the field.	<b>The use of mulch reduce use of herbicides by 30% (links to rows 15;16)</b>



5	Plant protection	5,00	5,00	Fungicide champion 1 time	Plant protection	3,00	3,00	-2,00	-2,00	Fungicide champion used	<b>The monitoring reduce use of fungicides (links to rows 16)</b>
6	Mulch	466,10	466,10	Organic mulching material (peat)	Mulch	0,00	0,00	-466,10	-466,10	Peat mulch increase fungal diseases of root, it is not recommend	
7	Soil analyses	50,00	50,00	Soil analyses 1 time annually		50,00	75,00	0,00	25,00	Soil analyses 1 time annually	
8	<b>Labour costs:</b>							0,00	0,00		
9	<i>Spraying</i>	35,24	38,30	Spraying of microelements and fungicide 4 times.	<i>Spraying</i>	24,05	76,60	-11,19	38,30	Spraying of microelements and fungicides 5 times. It can not be mixed with base fertilizers, because of interreactions of different salts	
10	<i>Mulching</i>	120,00	120,00		<i>Mulching</i>	0,00	0,00	-120,00	-120,00		
11	<i>Fertilizing</i>	24,76	35,25	Broadcasting of fertilizers 4 times.		18,57	26,43	-6,19	-8,82	Broadcasting of fertilizers 3 times.	
12	<i>Watering</i>	500,00	500,00	It is necessary watering 1 time per week 250 h x LVL 2 = 500LVL		500,00	500,00	0,00	0,00	It is necessary watering 1 time per week 250 h x LVL 2 = 500LVL	
13	<i>Weeding</i>	50,00	54,00	Weeding of wild shrub and tree seedlings		50,00	54,00	0,00	0,00	Weeding of wild shrub and tree seedlings	
14		50,00	54,00	Field combining, cutting of shoots		50,00	54,00	0,00	0,00		

15		0,00	0,00		mulching with sand	768,00	768,00	768,00	768,00	As shown in research and practice the cranberry growing is better using sand mulch. Sand 600 m <sup>3</sup> x 3.00 LVL = 1800.00 LVL + labor cost 120 LVL/ha (according Gross net) = 1920 LVL/per ha, it is necessary 2 times per five years. The sand covers old leaves and stems, improves aeration and retains moisture. It also ensure slow release of Ca. All this protects plants from diseases and fosters growth of new shoots. 1920 LVL/per ha/2 times per 1 year = <b>768 LVL/ per ha.</b>	<b>Reduce use of herbicides</b>
16		0,00	0,00		monitoring pests and diseases	40,00	40,00	40,00	40,00	Cranberries are a new crop in Latvia, therefore pests and diseases have appeared only recently. Monitoring of pests and diseases 40 h in period of vegetation; <b>20hour/per ha x2,0 LVL/per hour = LVL 40/per ha</b> once during a week (~1,5 h.)	<b>Measure reduces use of herbicides and fungicides</b>
17	<b>Total</b>	<b>1397,10</b>	<b>1418,65</b>		<b>Total</b>	<b>1578,62</b>	<b>1689,03</b>	<b>181,52</b>	<b>270,38</b>		
18	<b>Income</b>				<b>Income</b>						
19	t	10,00	10,00		t	9,50	9,50				
20	Price LVL/t	1000,00	1000,00		Price	1050,00	1050,00				
21	Value, LVL	10000,00	10000,00		Value, LVL	9975,00	9975,00	-25,00	-25,00		
<b>Difference</b>								<b>206,52</b>	<b>295,38</b>		

LVL	206,52	295,38
EUR	293,85	420,29

<b>Premium for integrated production to be paid</b>	293,851
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<b>Appendix on mulching costs</b>				
		Apple, pear	Cherries and plums	Black and red currants, gooseberries, Chenomeles japonica (yield plantations)
Number of trees per ha	trees/ ha	900	830	3000
Mulch cover per tree	m2/tree	1	1	0,5
Thickness of mulch layer	m	0,05	0,05	0,05
Volume of mulch per tree	m3	0,05	0,05	0,025
Price of mulch	LVL/m3	3	3	3
Cost of mulch	LVL/ha	135	124,5	225
Cost of mechanised mulching	LVL/ha	115	115	115
Number of mulching times per year	times/ year	0,4	0,4	0,2
Cost of mulching	LVL/ha/year	100	95,8	68

### Field cucumbers

Nr.	Expenses	Conventional Growing			Integrated growing			Difference		Positive impact on environment
		2004	2005		2004	2005		2004	2005	
		Costs, LVL/ha		Explanation on 2004 figures	Costs, LVL/ha		Explanation on 2004 figures	LVL/ha		
1	Seeds	1000,00	1000,00	In average used 25 000 seeds per ha	1000,00	1000,00	In average used 25 000 seeds per ha	0,00	0,00	
	Fertilizers									
2	NPK 11-12-18	186,00	219,00	1000 kg per ha	148,80	175,20	800 kg per ha according soil analyses	-37,20	-43,80	Reduced use of fertilizers by 20%
3	Ca nitrate	32,80	32,60	200 kg per ha twice in vegetation period	0,00	0,00	Not used in IP	-32,80	-32,60	

4	Other fertilizers		11,06			11,06			0,00	
5	Monitoring pests and diseases	4,00	4,00	Has been taken 2 hours per season	60,00	60,00	Must be taken regularly, 30hours per ha x 2LVL/per hour = LVL 60	56,00	56,00	Reduce use of fungicides and insecticides (linked to rows 6;7;18)
	Crop protection							0,00	0,00	
6	Fungicides	61,75	70,42	Used after first symptoms are being visible, intervence	46,30	56,44	Two preventive spraying per season	-15,45	-13,98	Reduce use by 20%
7	Insecticides	4,07	4,07	After first symptoms are being visible	2,26	2,26	After first symptoms are being visible	-1,81	-1,81	Reduce use by 45%
8	Placement of fertilizers	18,84	26,43	3 times per season 6,28 LVL/ha each time	12,56	17,62	2 times per season: prior to sowing and in first half of June	-6,28	-8,81	Reduce use by 30%
9	Ploughing	24,85	28,58		24,85	28,58		0,00	0,00	
10	Seed-bed preparation	40,08	45,38		40,08	30,25		0,00	-15,13	
11	Weeding	0,00	108,00		80,00	120,00	40 hours / per season	80,00	12,00	The mechanical removal of weeds reduce the use of pesticides
12	Seed-bed mulching	0,00	0,00	Not used	70,00	70,00	with plastic material 1 time per season, 35 hours/per ha x 2LVL/per hour = 70LVL	70,00	70,00	Reduced use of pesticides and erosion of soil. The soil keeps moisture and saving of water is 15% if the seed-bed mulching is used.
13	Change of mulch	0,00	0,00	Not used	80,00	80,00	1 time per season, removed material must be washed and utilized, 40 hours/per ha x 2LVL/per hour = 80 LVL/per ha	80,00	80,00	Reduced use of fungicides
14	Sowing	25,00	27,00		25,00	27,00		0,00	0,00	
15	Cultivation		56,08			56,08		0,00	0,00	
16	Seed-bed rolling	8,46	9,22	1 time per season	0,00	0,00		-8,46	-9,22	
17	Weed cutting on hedgerows	0,00	0,00	Not used	40,00	40,00	20 hours/per season by hand trimmer x 2LVL/per ha = 40 LVL	40,00	40,00	
18	Spraying	25,95	38,30	3 times per season	17,30	19,16	2 times per season	-8,65	-19,14	
19	Harvesting	350,00	390,00		350,00	390,00	The same as in conventional growing	0,00	0,00	
20	Sorting of harvest	75,00	81,25	3 LVL/t	72,00	78,00	3 LVL/t	-3,00	-3,25	
21	Transport costs	1820,00	2030,00	0,5 t/140 km, 0,26 LVL/km	1674,00	1947,00	0,5 t/140 km, 0,26 LVL/km	-146,00	-83,00	
22	Total	3676,80	4181,39		3743,15	4208,65		66,35	27,26	

23	Income			Income					
24	Yield of cucumber, t/ha	25,00	25,00	Yield of cucumber, t/ha	24,00	24,00			
25	Price of produce LVL/t	250,00	212,00	Price of produce LVL/t	260,00	219,00			
26	Value of cucumber, LVL	6250,00	5300,00	Value of cucumber, LVL	6240,00	5256,00		-10,00	-44,00
							Difference	76,35	71,26
							LVL	76,35	71,26
							EUR	108,64	101,39
Premium for integrated production to be paid								<b>108,64</b>	

### Carrots, red beets, other root vegetables

		Conventional Growing			Integrated growing			Difference LVL/ha		Positive impact on environment
		2004	2005		2004	2005		2004	2005	
Nr.	Expenses	Costs, LVL/ha		Explanation on 2004 figures	Costs, LVL/ha		Explanation on 2004 figures			
1	Seeds	300,00	320,00	Average 1 million seeds per hectare	300,00	320,00	Average 1 million seeds per hectare	0,00	0,00	
Fertilizers										
2	NPK 12-11-18	167,40	197,10	900 kg/ha, price 0,186 LVL/kg	111,60	131,40	Average 600 kg/ha according soil analyses	-55,80	-65,70	Reduce use by 30%
3	Ca nitrate	32,80	32,60	200 kg/ha, 0,164 LVL/kg	0,00	0,00		-32,80	-32,60	Reduce use in total by 100%
	Other fertilizers		17,16			17,16			0,00	
Pesticides										
4	Herbicides	68,28	68,80	2 times per season, 34,14 LVL/ha each time	54,62	55,03	2 times per season in less rates, 27,31 LVL/ha	-13,66	-13,77	Reduce use by 20%
5	Insecticides	4,07	4,07	2 times per season, 2,04 LVL/ha	3,26	3,26	2 times per season in less rates, 1,63 LVL/ha	-0,81	-0,81	Reduce use by 20%
6	Fungicides	53,40	73,64	3 times per season, 17,8 LVL/ha	35,60	49,07	2 times per season 17,8 LVL/ha	-17,80	-24,57	Reduce use by 30%
Other costs										
7	Weeding	0,00	0,00		80,00	80,00	40 hours / per season x2 LVL/per hour = 80 LVL	80,00	80,00	The mechanical removal of weeds reduce the use of herbicides
8	Placement of fertilizers	12,56	17,62	2 times per season, 6,28 LVL/ha	6,28	8,81	1 time per season, 6,28 LVL/ha	-6,28	-8,81	

9	Ploughing in autumn	24,85	28,58		24,85	28,58		0,00	0,00	
10	Ploughing in spring	24,85	28,58		24,85	28,58		0,00	0,00	
11	Cultivating	26,72	30,25	2 times per season, 13,36 LVL/ha	26,72	30,25	2 times per season, 13,36 LVL/ha	0,00	0,00	
12	Seed-bed preparation	9,60	10,40		9,60	10,40		0,00	0,00	
13	Sowing	40,00	43,00		40,00	43,00		0,00	0,00	
14	Seed-bed rolling	8,46	9,22		8,46	9,22		0,00	0,00	
15	Spraying	43,25	47,88	5 times per season, 8,65 LVL/ha each time	20,25	28,74	2-3 times per season, 8,65 LVL/ha each time	-23,00	-19,14	
	Cultivation		65,00			65,00		0,00	0,00	
16	Weed cutting on hedgerows	0,00	0,00	Not used	40,00	40,00	20 hours/per season by hand trimmer x 2LVL/per ha = 40 LVL	40,00	40,00	
17	Monitoring pests and diseases	6,00	6,00	Must be taken 2-3 times per season	60,00	60,00	Must be taken regularly, 30hours per ha x 2LVL/per hour = LVL 60	54,00	54,00	Reduce use of fungicides and insecticides (linked to rows 4;5;6;15)
18	Harvesting	350,00	378,00		350,00	378,00	The same as in conventional growing	0,00	0,00	
19	Transport	4368,00	1218,00	0,5 t/140 km, yield 60 t/ha, 0,26 LVL/km	4368,00	1218,00	0,5 t/140 km, yield 55 t/ha, 0,26 LVL/km	0,00	0,00	
	Total	5540,24	2595,90	Total	5564,09	2604,50		23,85	8,60	
	<b>Income</b>			<b>Income</b>						
	Yield, t/ha	60,00	60,00	Yield, t/ha	55,00	55,00				
	Price, LVL/t	160,00	127,00	Price, LVL/t	174,00	138,00				
	Value of produce, LVL	9600,00	7620,00	Value of produce, LVL	9570,00	7590,00		-30,00	-30,00	
							Difference	53,85	38,60	
							LVL	53,85	38,60	
							EUR	76,62	54,92	
							<b>Premium for integrated production to be paid</b>	<b>76,62</b>		

### Cauliflower

Nr.	Expenses	Conventional Growing		Explanation on 2004 figures	Integrated growing		2004	Difference LVL/ha	Positive impact on environment
		2004	2005		2004	2005			
		Costs, LVL/ha			Costs, LVL/ha				

1	Plants	1200,00	1200,00	Plant density 30000 plants per ha, price 0,04 LVL/pcs	1200,00	1200,00	Plant density 30000 plants per ha, price 0,04 LVL/pcs	0,00	0,00	
	Fertilizers							0,00		
2	NPK 12-11-18	223,20	262,80	1200 kg/ha, price 0,186 LVL/kg without VAT	178,56	210,24	960 kg/ha according soil analyses	-44,64	-52,56	Reduce use by 20%
3	Nitrabor	30,80	33,60	200 kg/ha, price 0,154 LVL/kg	23,10	25,20	150 kg/ha, 1 time, 2 weeks after planting	-7,70	-8,40	Reduce use by 25% in total
4	Suplo mono B	4,52	3,90	2 l/ha, price 2,26 LVL/l (without VAT) foliar feeding	4,52	3,90	2 l/ha, price 2,26 LVL/l, foliar feeding, 1 time	0,00	0,00	
	Other fertilizers		6,10			6,10		0,00	0,00	
	Pesticides							0,00		
5	Herbicides	37,95	37,94	1 time per season, Butisan 3 l/ha, 10 days after planting	25,30	25,30	1 time per season, Butisan 2 l/ha, 10 days after planting	-12,65	-12,64	Reduce use by 33%
6	Insecticides	165,13	76,64	Transplants drenching before planting against cabbage fly and 1 spraying against pests in field	119,77	61,31	Transplants drenching before planting against cabbage fly (by hand sprayer)	-45,36	-15,33	Reduce use by 20% in total
	Other costs							0,00		
7	Placement of fertilizers	12,56	17,62	2 times per season, 6,28 LVL/ha	12,56	17,62	Two times per season, 6,28 LVL/ha	0,00	0,00	
8	Ploughing	24,85	28,58	1 time per season	24,85	28,58	1 time per season	0,00	0,00	
9	Cultivating prior to planting	26,72	30,25	2 times per season, 13,36 LVL/ha	26,72	30,25	2 times per season, 13,36 LVL/ha	0,00	0,00	
10	Planting	57,00	61,50		57,00	61,50		0,00	0,00	
11	Monitoring pests and diseases	6,00	6,00	Usually has be taken 2-3 times per season	60,00	60,00	Must be taken regularly, 30hours per ha x 2LVL/per hour = LVL 60	54,00	54,00	Reduce use of fungicides and insecticides (linked to rows 5;6;13)
12	Weeding	30,00	32,50	One time per season	60,00	65,00	30 hours per season	30,00	32,50	
13	Spraying	17,30	19,15	Two times per season, 8,65 LVL/ha	14,50	16,05	1-2 times per season, 8,65 LVL/ha	-2,80	-3,10	
14	Harvesting	190,00	205,00		190,00	205,00	The same as in conventional growing	0,00	0,00	
15	Transport	2730,00	1218,00	Usually in Latvia by vegetable transport use small pickups, 0,2 t/140 km, 0,26 LVL/km Yield of Class I 15 t/ha	2730,00	1218,00	Usually in Latvia by vegetable transport use small pickups, 0,2 t/140 km, 0,26 LVL/km Yield of Class I 15 t/ha	0,00	0,00	
16	Weed cutting on hedgerows		0,00		40,00	40,00	20 hours/per season by hand trimmer x 2LVL/per ha = 40 LVL	40,00	40,00	

Total	4756,03	3239,58		4766,88	3274,05		10,85	34,47		
<b>Income</b>				<b>Income</b>						
Yield, t/ha	15,00	15,00		Yield, t/ha	14,20	14,20		14,20		
Price, LVL/t	152,00	340,00		Price, LVL/t	160,00	358,00		160,00		
Value of produce, LVL	2280,00	5100,00		Value of produce, LVL	2272,00	5083,60		-8,00	-16,40	
							Difference	18,85	50,87	
							LVL	18,85	50,87	
							EUR	26,82	72,38	
Premium for integrated production to be paid								<b>26,82</b>		

### Onions, garlic

Nr	Expenses	In conventional growing			In integrated growing			2004	Difference	Positive impact on environment
		2004	2005	Explanation on 2004 figures	2004	2005	Explanation on 2004 figures			
		Costs, LVL/ha			Costs, LVL/ha					
1	Planting material	806,00	806,25	Usually onions are grown from sets, 1075 kg/ha, price 0,8 LVL/kg	806,00	806,25	As same as in conventional growing	0,00	0,00	
	Fertilizers							0,00	0,00	
2	NPK 12-11-18	152,52	179,58	820 kg/ha, price 0,186 LVL/kg	120,90	142,35	650 kg/ha, according soil analyses	-31,62	-37,23	Reduce use by 20%
3	Calcium nitrate	32,80	32,60	200 kg/ha, by side dressing, 0,164 LVL/kg	16,40	16,30	100 kg/ha by side dressing in first half of June	-16,40	-16,30	Reduce use by 50%
	Other fertilizers		6,10			6,10		0,00	0,00	
	Pesticides							0,00		
4	Herbicides	49,80	50,08	Mostly used is Stomp (pendimethaline)3- 6 l/ha, after sowing	34,86	33,38	4 l/ha prior to sowing, in weeds emergency stage	-14,94	-16,70	Reduce use by 33%
5	Insecticides	4,07	4,07	Against onion fly, in mid of May, mostly used is Sumy-alpha (esfenvalerat), 0,2 l/ha 1 times per crop	4,07	4,07	As same as in conventional growing	0,00	0,00	
6	Fungicides	61,75	63,43	Mostly against downy mildew is used Dithane (mancozeb) 2 kg/ha, 2 times per crop	32,00	32,00	1 time per season Ridomil Gold (mancozeb, metalaxyl-M), 2,0 kg/ha, according to prognoses	-29,75	-31,43	Reduce use by 50%
	Other costs							0,00		



7	Placement of fertilizers	12,56	17,62	2 times per crop, 6,28 LVL/ha	12,56	17,62	As same as in conventional growing	0,00	0,00	
8	Ploughing	24,85	28,58	1 time per crop	24,85	28,58	As same as in conventional growing	0,00	0,00	
9	Cultivating prior to planting	26,72	30,25	2 times, 13,36 LVL/ha each time	26,72	30,25	As same as in conventional growing	0,00	0,00	
10	Planting	57,00	61,50	By special plant-machine	57,00	61,50	As same as in conventional growing	0,00	0,00	
11	Spraying	34,60	38,30	4 times per season, 8,65 LVL/ha each time	25,00	28,74	3 times per season	-9,60	-9,56	
12	Weeding	0,00	0,00		60,00	60,00	30 hours / per season x2 LVL/per hour = 60 LVL	60,00	60,00	
13	Monitoring pests and diseases	6,00	6,00	Usually is taken 3 times per crop, 2 LVL/h	60,00	60,00	Must be taken regularly, 30hours per ha x 2LVL/per hour = LVL 60	54,00	54,00	Reduce use of fungicides and insecticides (linked to rows 5;6;11)
14	Weed cutting on hedgerows	0,00	0,00		20,00	20,00	20 hours/per season by hand trimmer x 2LVL/per ha = 40 LVL	20,00	20,00	
15	Digging of onions by special machine	29,40	31,75	Onions are digged from soil and than harvested by hand. Onion harvesters usually don't be used in Latvia	29,40	31,75	The same as in conventional growing	0,00	0,00	
16	Harvesting by hand	350,00	378,00		350,00	378,00	The same as in conventional growing	0,00	0,00	
17	Transport	2184,00	609,00	0,5 t/140 km. Usually in Latvia by vegetable transport use small pickups. 0,26 LVL/km Average yield 30 t/ha	2184,00	609,00	The same as in conventional growing, yield 28 t/ha	0,00	0,00	
18	Total	3832,07	2343,11		3863,76	2365,89		31,69	22,78	
19	<b>Income</b>									
20	Yield, t/ha	30,00	30,00	Yield, t/ha	28,00	28,00				
21	Price, LVL/t	190,00	144,00	Price, LVL/t	203,00	153,20				
22	Value of produce, LVL	5700,00	4320,00	Value of produce, LVL	5684,00	4289,60		-16,00	-30,40	
								Difference	47,69	53,18
								LVL	47,69	53,18
								EUR	67,86	75,67
								<b>Premium for integrated production to be paid</b>	<b>67,86</b>	

## White, red and Savoy cabbages

Nr.	Expenses	Conventional growing			Integrated growing			Difference	Positive impact on environment	
		2004	2005	Explanation on 2004 figures	2004	2006	Explanation on 2004 figures			
		Costs, LVL/ha			Costs, LVL/ha					
1	Transplants	800,00	1200,00	Average 40 000 plants per ha	800,00	1200,00	Average 40 000 plants per ha	0,00	0,00	
	Fertilizers							0,00		
3	NPK 12-11-18	204,60	240,90	1100 kg/ha, price 0,186LVL/kg	170,80	175,20	800 kg/ha, according soil analyses	-33,80	-65,70	Reducing of use by 27%
4	NK 13-11	112,00	94,80	400 kg/ha, 0,28 LVL/kg	84,00	71,10	300 kg/ha, according soil analyses	-28,00	-23,70	Reducing of use by 25%
5	Nitrabor	38,50	42,00	250 kg/ha, price 0,154 LVL/kg	0,00	0,00		-38,50	-42,00	In total reducing of use by 100%
	Other fertilizers		18,31			18,31		0,00	0,00	
8	Monitoring pests and diseases	6,00	6,00	Usually has be taken 2-3 times per season	60,00	60,00	Must be taken regularly, 30hours per ha x 2LVL/per hour = LVL 60	54,00	54,00	Reduce use of fungicides and insecticides (linked to rows 9;11;12;18)
	Crop protection							0,00		
9	Herbicides	37,95	37,94	2 times per season: prior to cultivation and 10 days after transplanting	26,57	26,57	1 time per season: 10 days after transplanting	-11,38	-11,37	Reduce use by 30%
10	Weeding	0,00	0,00		80,00	80,00	40 hours / per season x2 LVL/per hour = 80 LVL	80,00	80,00	
11	Insecticides	8,14	8,14	2 times per season with esfenvalerat, 4,07 LVL/ha	8,14	4,07	2 times per season 4,07 LVL/ha	0,00	-4,07	
12	Fungicides	53,40	72,98	Used after first symptoms are being visible, intervence, 3 times per crop	37,38	48,68	Two preventive spraying per season	-16,02	-24,30	Reduce use by 30%
	Other costs							0,00		
13	Placement of fertilizers	18,84	26,43	3 times per season, 6,28 LVL/ha each time	12,56	17,62	2 times per season:prior to transplanting and 2 weeks after it.	-6,28	-8,81	Reduce use by 30%
14	Ploughing	24,85	28,58		24,85	28,58		0,00	0,00	
15	Seed-bed preparation	26,72	30,25	2 times 13,36 LVL/ha per time	26,72	30,25	2 times, 13,36 LVL/ha x2	0,00	0,00	
16	Planting	57,00	61,50		57,00	61,50		0,00	0,00	

18	Spraying	43,25	47,88	5 times per season, 8,65 LVL/ha each time	30,25	33,50	2-3 times per season	-13,00	-14,38
	Cultivation		40,00			40,00			0,00
19	Weed cutting on hedgerows	0,00	0,00		40,00	40,00	20 hours/per season by hand trimmer x 2LVL/per ha = 40 LVL	40,00	40,00
20	Harvesting	350,00	375,00		350,00	375,00		0,00	0,00
21	Transport	595,00	630,00	4 t/140 km, 0,34 LVL/km	545,00	577,00	4 t/140 km, 0,34 LVL/km	-50,00	-53,00
22	Total	2376,25	2960,71		2353,27	2887,38		-22,98	-73,33
<b>23</b>	<b>Income</b>			<b>Income</b>					
24	Yield, t/ha	50,00	50,00	Yield, t/ha	40,00	40,00			
25	Price, LVL/t	60,00	75,00	Price, LVL/t	74,00	91,00			
26	Value of produce, LVL	3000,00	3750,00	Value of produce, LVL	2960,00	3640,00		-40,00	-110,00
							Difference	17,02	36,67
							LVL	17,02	36,67
							EUR	24,22	52,18
							Premium for integrated production to be paid	<b>24,22</b>	

## SUB-MEASURE: MAINTAINING BIODIVERSITY IN GRASSLANDS

Type and amount of support

	EUR/ ha
Biologically valuable grassland	123

Requirements for sub-measure “Maintaining biodiversity in grasslands”.

The calculation of the biodiversity compensation is made comparing it with the managing praxis of common grassland. Additional costs and foregone income are building reposing on the fact, that managing biodiversity grassland it is recommended to notice these extra conditions:

- applying for support in the sub-measure, there shall be 0.4 – 0.9 grazing livestock units per 1 ha biologically valuable grassland;
- and/or biologically valuable grassland should be mowed after August 1 to September 15, and the mowed grass or the prepared mast shall be collected and removed from the field or chopped.

*The calculation for activity “Extensive animal production”*

Common praxis		Agri - environment		Difference	Additional comments
Costs		Costs			According to the common praxis the grassland is grazed at least two times in the season. First time in June and second time in July or August. But according to the Agri - environments conditions, it is possible to graze the grassland only one time per season and the mowing has to be done after August 1. One mowing costs in Agri - environments activities are higher, because in natural grasslands the mowing is encumbered, because such grasslands are usually located in difficult accessible places and for that reason it is a bigger fuel consumption and longer time to mow 1 ha necessary. The mowing costs are taken from LLKC price summary for machinery services. In contradistinction to common praxis, natural grasslands do not need installation costs. Manure doses are calculated according to the productivity of grassland.
Fertilization	66,00	Fertilization	0,00	-66,00	
Mowing (first time – June)	19,25	Mowing (after August 1)	26,00	-12,50	
Mowing (second time July – August)					
Installation	62,79		0,00	-62,79	
Total	167,29	Total	26,00	-141,29	
Income		Income			The income calculation is based on the fact, that managing grassland with several methods, the quantity of obtained protein is different. After the service data grazing and mowing accordingly to the common praxis, it is possible to obtain from the grassland at least 30 t/ha of green chop with 16% dry matter and 13,5% protein content in the dry matter, but grazing extensive or mowing late, it is possible to obtain only 7,6 t/ha of grass with 20% dry matter and 12% protein content in the dry matter (the data about biologically valuable grassland productivity was given by farms, who manage biologically valuable grassland).
Grass, t/ha	30,00	Grass, t/ha	7,6	-22,40	
Protein content in the green chop, t	0,65	Protein content in the green chop, t	0,18		
Protein price, Ls/t	500,00	Protein price, Ls/t	500,00		
Protein value in grass LVL	325,00	Protein value in grass LVL	90,00	235,00	
Net income	157,72	Net income	64,00	93,72	
		EUR		133	All other costs are considered as constant.

*The calculation for activity “Late mowing of grassland”*

**Late mowing** (smalcinot)

Normal practice		Agri-environment		Difference	Additional Comments The Agri-environment conditions and common praxis is being compared, when biologically valuable grasslands are mowed and chopped with praxis when grass is mowed and pick up. The costs of mowing biological valuable grassland are higher, because such grasslands are usually located in difficult accessible places and for that reason it is a bigger fuel consumption and longer time to mowe 1 ha necessary. The machinery costs are taken from LLKC price summary for machinery services.
<b>1st mowing (Done in the beginning of June)</b>		<b>Mowing (done once after August 1th)</b>			
<b>Costs</b>		<b>Costs</b>			
Mowing	19,25	Mowing	26,00	-6,75	
Tedding and Raking	15,00	Chopping	19,00	-4,00	
Pick up	21,00				
Total	55,25	Total	45,00	-10,25	
<b>Income</b>		<b>Income</b>			

SUB-MEASURE: STUBBLE FIELD IN WINTER PERIOD

Type and amount of the specified support

Total support	EUR/ha
Per 1 ha stubble field	87

**Requirements for sub-measure**

The calculation of compensation is based on confrontation farming according requirements for sub-measure with traditional management praxes. The supplementary costs and unearned incomes develop on conditions which define that after harvesting should leave uncultivated post-harvest residues or stubble until March 1 of the next year. In addition it is prohibited to use plant protection products and chemical fertilisers in the stubble field after harvesting.

The calculation is based on the data of gross margin 2005.

Traditional management				Containing erosion management				Comments
Culture	Gross margin LVL/ha	% of spring crops	Gross margin LVL/ ha to % of spring crops	Incomes	Lost crop -15%	Gross margin – lost crop	Gross margin-lost crop to % of spring crop	
Spring wheat	84,21	16,16	13,61	407	61,05	23,16	3,74	Managing according requirements – after harvesting leaving uncultivated post-harvest residues or stubble and made ploughing field in spring. The lost crop for spring crops is 15 % because of changed production structure and made ploughing in spring. Sowing date is later and crops are affected by diseases and weeds.
Spring barley	22,08	42,68	9,42	300	45	-22,92	-9,78	
Oats	-21,15	17,7	-3,74	220	33	-54,15	-9,58	
Buckwheat	-18,15	3,06	-0,56	186	27,9	-46,05	-1,41	
Spring rape	44,47	14,06	6,25	364	54,6	-10,13	-1,42	
Potatoes	651,3	6,34	41,29	1870	280,5	370,8	23,51	
Total	x	100	66,27	x	x	x	5,06	
							Margin, LVL	61,21
							EUR	<b>87,00</b>

### ANNEX 13. DESCRIPTION ON NATURA 2000 PAYMENT (FOR FOREST OWNERS) CALCULATIONS

1. The most appropriate species and the average site index of the type have been selected for each forest site type for calculation of growing stock. Some types have two site indexes adjusted, which have been taken into consideration in the calculations by calculating the average growing stock of two site indexes:

No.	Forest site type	Average site index of the type		Target species		
		from	to	First	Second	Rotation period
1	Dm Hylocomiosa	I		Pine	-	101
2	Db Dryopteriosa-caricosa	III	IV	Birch	Common alder	71
3	Gr Aegopodiosa	I		Spruce	Ash -tree	81
4	Gs Callunoso-sphagnosa	V		Pine	-	121
5	Ln Myrtillosa	II		Pine	-	101
6	Lk Filipendulosa	I	II	Common alder	-	71
7	Mr Vaccionosa	III		Pine	-	101
8	Am Vacciniosa mel.	II		Pine	-	101
9	Km Vacciniosa turf. mel.	II		Pine	-	101
10	Nd Caricoso-phragmitosa	IV	V	Pine	-	121
11	Ap Mercurialiosa mel.	I	II	Spruce	Ash- tree	81
12	Kp Oxalidosa turf. mel.	I		Spruce	Ash- tree	81
13	Pv Sphagosa	V		Pine	-	121
14	Sl Cladinoso-callunosa	IV	V	Pine	-	121
15	Grs Dryopteriosa	II	III	Spruce	Ash- tree	81
16	Dms Myrtilloso-sphagnosa	III		Pine	-	101
17	Mrs Vaccinio-sphagosa	IV		Pine	-	121
18	Vrs Myrtilloso-polytrichosa	III		Spruce	-	81
19	As Myrtillosa mel.	I		Pine	-	101
20	Ks Myrtillosa turf. mel.	I		Pine	-	101
21	Vr Oxalidosa	I		Spruce	-	81
22	Av Callunosa mel.	III		Pine	-	101
23	Kv Callunosa turf. mel.	III		Pine	-	101

2. Wood apportionment between the 1<sup>st</sup>, the 2<sup>nd</sup> and the final felling is calculated according to the growing course table.

Species	Site index	Total mass of the main stand and intermediary stand, m <sup>3</sup> /ha	Total growing stock with coefficient	Growing stock of intermediary felling	Growing stock of final felling
Pine	I A				
101	I	672	470,4	118	353
121	II	538	376,6	94	282
121	III	383	268,1	67	201

	121	IV		316	221,2		221
	121	V		209	146,3		146
Spruce		I A					
	81	I		649	454,3	114	341
	81	II		502	351,4	88	264
	81	III		351	245,7	61	184
	81	IV		245	171,5		172
	81	V		154	107,8		108
Birch		I A					
	71	I		378	264,6	66	198
	71	II		303	212,1	53	159
	71	III		227	158,9	40	119
	71	IV		164	114,8		115
	71	V		108	75,6		76
Common alder		I A					
	71	I		419	293,3	73	220
	71	II		329	230,3	58	173
	71	III		243	170,1	43	128
	71	IV		163	114,1		114
	71	V		98	68,6		69

3. The division into assortments of the appropriate forest site types was calculated basing on the division into assortments by the species, the site index and division between the growing stocks (previous table) ,

Species	Site index	Average diameter of dominant stand, cm	Timber	Including: Logs	Small logs	Pulpwood	Firewood	Waste
Pine								
101	I	36	79%	60%	34%	6%	13%	8%
121	II	32	77%	54%	39%	7%	14%	9%
121	III	28	76%	39%	49%	12%	14%	10%
121	IV	26	76%	31%	55%	14%	14%	10%
121	V	26	76%	31%	55%	14%	14%	10%
Spruce								
81	I	30	76%	45%	45%	10%	16%	8%
81	II	28	76%	39%	49%	12%	16%	8%
81	III	26	75%	31%	55%	14%	16%	9%
81	IV	24	75%	22%	60%	18%	16%	9%
81	V	24	75%	22%	60%	18%	16%	9%
Birch								
71	I	28	68%	41%	53%	6%	21%	11%
71	II	26	66%	29%	63%	8%	21%	13%
71	III	24	55%	11%	74%	15%	23%	21%
71	IV	22	34%	4%	69%	27%	35%	30%
71	V	22	34%	4%	69%	27%	60%	6%

Example: Calculation results of **pine** final felling assortment division in each type, m<sup>3</sup>





1	Dm Hylocomiosa	562	1537	9390							11 489
2	Db Dryopteriosa-caricosa							12	140	1268	1 420
3	Gr Aegopodiosa				384	1246	7849				9 479
4	Gs Callunoso-sphagnosa	0	0	3209							3 209
5	Ln Myrtillosa	402	1101	7125							8 628
6	Lk Filipendulosa							119	1323	3481	4 924
7	Mr Vaccionosa	261	704	4611							5 576
8	Am Vacciniosa mel.	402	1101	7125							8 628
9	Km Vacciniosa turf. mel.	402	1101	7125							8 628
10	Nd Caricoso-phragmitosa	0	0	4031							4 031
11	Ap Mercurialiosa mel.				335	1034	6848				8 218
12	Kp Oxalidosa turf. mel.				384	1246	7849				9 479
13	Pv Sphagosa	0	0	3209							3 209
14	Sl Cladinoso-callunosa	0	0	4031							4 031
15	Grs Dryopteriosa				245	638	4856				5 740
16	Dms Myrtilloso-sphagnosa	261	704	4611							5 576
17	Mrs Vaccinio-sphagosa	0	0	4852							4 852
18	Vrs Myrtilloso-polytrichosa				202	464	3886				4 551
19	As Myrtillosa mel.	562	1537	9390							11 489
20	Ks Myrtillosa turf. mel.	562	1537	9390							11 489
21	Vr Oxalidosa	0	0	0	384	1246	7849				9 479
22	Av Callunosa mel.	261	704	4611							5 576
23	Kv Callunosa turf. mel.	261	704	4611							5 576

6. The weight of the area of each type in total are is calculated basing on the statistics by State Forest Service (the proportion of the area of each type in other forests is calculated by the division between the area of each type in other forests and total in other forests.)
7. Considering income per ha in each type and being aware of the area of each type in each forest, the average income per ha is calculated.

No	Forest site type	Proportion of area in other forests	Estimated income per ha of each type, LVL, Ls	Proportion of income in each type, LVL	Theoretical growing stock, m3	Proportion of growing stock in each type, m3
1	Dm Hylocomiosa	24,6%	11 489	64 879	366	2068
2	Db Dryopteriosa-caricosa	4,0%	1 420	1 322	59	55
3	Gr Aegopodiosa	2,4%	9 479	5 297	342	191
4	Gs Callunoso-sphagnosa	0,1%	3 209	79	111	3
5	Ln Myrtillosa	4,1%	8 628	8 171	287	272
6	Lk Filipendulosa	0,2%	4 924	241	175	9
7	Mr Vaccionosa	1,7%	5 576	2 242	202	81
8	Am Vacciniosa mel.	0,6%	8 628	1 284	287	43
9	Km Vacciniosa turf. mel.	0,8%	8 628	1 528	287	51
10	Nd Caricoso-phragmitosa	5,4%	4 031	4 962	140	172
11	Ap Mercurialiosa mel.	3,6%	8 218	6 736	303	248
12	Kp Oxalidosa turf. mel.	3,4%	9 479	7 376	342	266
13	Pv Sphagosa	1,2%	3 209	909	111	31

14	Sl Cladinoso-callunosa	0,6%	4 031	540	140	19
15	Grs Dryopteriosa	0,5%	5 740	638	223	25
16	Dms Myrtilloso-sphagnosa	4,9%	5 576	6 245	202	226
17	Mrs Vaccinio-sphagosa	0,6%	4 852	676	168	23
18	Vrs Myrtilloso-polytrichosa	4,1%	4 551	4 300	182	172
19	As Myrtillosa mel.	5,2%	11 489	13 783	708	850
20	Ks Myrtillosa turf. mel.	5,1%	11 489	13 356	708	823
21	Vr Oxalidosa	26,4%	9 479	57 639	342	2081
22	Av Callunosa mel.	0,2%	5 576	258	202	9
23	Kv Callunosa turf. mel.	0,3%	5 576	359	202	13
	<b>Average</b>		<b>6751</b>	<b>8818</b>	<b>265</b>	<b>336</b>

8. The proportion of type area is taking into account in calculation of average rotation period. (result: 93 years).

9. Net income per ha:

$$8818 \text{ LVL} - 336 \text{ m}^3 * 7,4 \text{ LVL/m}^3 = 5289 \text{ LVL}$$

**10. Calculation of compensations:** It is assumed that the maximum income will be 50% higher than the average income, but the minimal income will be 50% lower than the average income. The total of income is divided with the average rotation period, obtaining total income per year, which is the rate of compensations. It is accepted that such compensation is paid during all the rotation period. On order to calculate the compensation, the average income are compared to the volume of loss, provided by the prohibition of final felling and the thinning, maximum income in case of forbidden timber cutting and minimal income in case of prohibited clear felling. That leads to the amount of the average retained income - **80 EUR/ha.**

Level of income per ha	Total average income per ha		Average income per year, EUR	Compensation, EUR	Restrictions
	LVL	EUR			
Minimum income	2644	3762,768	40,5	40	Clear felling
Average income	5289	7525,537	<b>80,9</b>	<b>80</b>	Final felling + thinning
Maximum income	7933	11288,31	121,4	120	Forestry activity

As in the territories of Natura 2000 can be found the forest stands of different age, the net present value is not calculated. The additional advantage of ignoring the present value is the non-indexation of the compensation.

**11.** On 2008 due to the administrative impediments the Rural Support Service will not be able to pay out the compensation according to the type of

restrictions, therefore before the prevention of the mentioned impediments, the compensation will be paid equally to all the contenders of support, regardless the restrictions of economic activities in the property of the contender.

**As the calculation was made according to the theoretically maximum productivity indexes, the rate is estimated 75% of the theoretical non-achieved incomes – 60 EUR/ha.**

**ANNEX 14. SOCIOECONOMIC PARTNERS**

Ministry of Economics  
Ministry of Environment  
Ministry of Finance  
Ministry of Education and Science  
Ministry of Welfare  
Ministry of Transport  
Ministry of Regional Development and Local Government  
Ministry of Foreign Affairs  
Ministry of the Interior  
Ministry of Culture  
Ministry of Justice  
European Integration Bureau  
Development Agency of Latvia  
Food and Veterinary Service  
State Forest Service  
National Board of Fisheries  
Latvian Environmental Investment Fund  
Environment Protection Fund of Latvia  
Environmental Consulting and Monitoring Centre  
Central Statistical Bureau of Republic of Latvia  
Latvian Association of Local and Regional Governments  
Regional Development Agencies  
District and local municipalities  
Latvian Agricultural University, University of Latvia  
State scientific research institutes and research farms  
Professional technical schools of agriculture, forestry and processing  
Latvian State Institute of Agrarian Economics  
Latvian Agricultural Advisory and Training Centre  
Latvian Adult Education Centre  
World Nature Fund  
Agricultural establishments, farms/farmers  
Local non-agricultural establishments  
Joint Consultative Council of Agricultural Organizations  
Latvian Association of Wood Processors and Exporters  
Latvian Association of Timber Exporters  
Latvian Forest Industry Federation  
Latvian Hunters' Association  
Latvian Union of Forest Loggers  
Latvian Forest Owners' Association  
Latvian Association of Independent Forest Loggers

Latvian Ornithological Society  
Latvian Association of Local and Regional Governments  
Forest Owners' Society  
State Forest Service  
Latvian Environmental Protection Club  
Farmers Parliament  
Various meat processing establishments  
Dairies and milk processing establishments  
Grain processing establishments  
Fisheries and fish processing establishments  
Fruit and vegetable processing establishments  
Wood processing establishments  
etc.

## **ANNEX 15. STRUCTURE OF THE MONITORING COMMITTEE**

Pursuant Republic of Latvia Cabinet Regulation No 267 “Procedures for administration of the European Agricultural Guarantee Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund” adopted on 17 April of 2007 the Monitoring committee of the Rural Development programme includes representatives with the voter rights:

- two from the Ministry of Agriculture;
- two from the Ministry of Environment;
- two from the Rural Support Service;
- one from the Latvian Association of Local and Regional Governments;
- one from the Food and Veterinary Service;
- one from the State Forest Service;
- one from the Kurzeme Planning Region Development Council;
- one from the Vidzeme Planning Region Development Council;
- one from the Latgale Planning Region Development Council;
- one from the Zemgale Planning Region Development Council;
- one from the Riga Planning Region Development Council;
- four from non-government agricultural organisations;
- two from non-government environmental organisations;
- one from the Ministry of Regional Development and Local Government.

The Monitoring committee of the Rural Development programme includes representatives with adviser rights:

- one from the Ministry of Finance;
- one from the Ministry of Economics;
- one from the Ministry of Education and Science;
- one from the Ministry of Culture;
- one from the Ministry of Transport;
- one from the Secretariat Special Assignments Minister for Electronic Government Affairs;
- one from the Latvian State Institute of Agrarian Economics;
- one from the State Employment;
- one from the Latvian rural forum;
- one from the Environmental Consulting and Monitoring Centre;
- one from the Latvian Forest Industry Federation;

- two from the Rural Support Service.

The Ministry of Agriculture may include members with adviser rights from other socio-economic partners and government bodies in addition to socio-economic partners mentioned in Cabinet Regulation No 267 “Procedures for administration of the European Agricultural Guarantee Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund” adopted on 17 April of 2007 and statute of the Monitoring committee of the Rural Development programme.



## ANNEX 16 LIST OF LAWS AND REGULATIONS RELATED TO SPECIALLY PROTECTED AREAS

### Laws of the Republic of Latvia

Name	Date of Adoption
Law on Protected Natural Areas	02.03.1993.
Law on Ķemeri National Park	30.05.2001.
Law on Gauja National Park	16.12.1999.
Law on Slītere National Park	16.03.2000.
Law on Rāzna National Park	02.11.2006.
On Northern Vidzeme Biosphere Reserve	11.12.1997.
Law on Grīņi Nature Reserve	16.03.2000.
Law on Moricsala Nature Reserve	16.03.2000.
Law on Teiči Nature Reserve	16.03.2000.
Law on Krustkalni Nature Reserve	16.03.2000.
Law on Protection Zones	05.02.1997.
Forest Law	24.02.2000.
Species and biotopes protection Law	16.03.2000.
Hunting Law	08.07.2003.

### Cabinet Regulations of the Republic of Latvia

Name	Date of Adoption	Regulations No.
„General rules for protection and use of the protected natural areas	22.07.2003.	415
Regulations on Formation, Protection and Management of Micro reserves	30.01.2001.	45
Procedures for Conclusion of Agreements for Ensuring the Protection of Nature Territories under Special Protection	25.07.2000.	247
Regulations on Individual Protection and Use of Gauja National Park	07.08.2001.	352
Regulations on Individual Protection and Use of Slītere National Park	13.03.2001.	116
Regulations on Individual Protection and Use of Northern Vidzeme Biosphere Reserve	10.10.2000.	353
Regulations on Individual Protection and Use of Individual Regulations On Ķemeri National Park	18.06.2002.	236
Regulations on Individual Protection and Use of Individual Regulations On Rāzna National Park	26.06.2007.	447
Regulations on Individual Protection and Use of Nature Reserve Mežole	21.01.2003.	45

Regulations on Individual Protection and Use of Nature Reserve Maņģenes meži	20.01.2003.	23
Regulations on Individual Protection and Use of Nature Reserve Jaunanna	28.05.2002.	200
Regulations on Individual Protection and Use of Nature Reserve Ukru gārša	29.01.2002.	44
Regulations on Individual Protection and Use of Nature Reserve Ance Marshlands and Forests	02.10.2001.	426
Regulations on Individual Protection and Use of Nature Reserve Zvārde	25.09.2001.	414
Regulations on Individual Protection and Use of Nature Reserve Lowlands of Lubāna	31.10.2000.	379
Regulations on Individual Protection and Use of Nature Reserve Ābeļi	03.10.2000.	348
Regulations on Individual Protection and Use of Nature Reserve Pārabaine	18.07.2000.	241
Regulations on Individual Protection and Use of Nature Reserve Pededzes lejtece	18.07.2000.	240
Regulations on Individual Protection and Use of Nature Reserve Lake of Babīte	28.03.2000.	115
Regulations on Protection and Use of Nature Reserve Lake of Liepāja	28.03.2000.	114
Regulations on Individual Protection and Use of Nature Reserve Oviši	29.03.2005.	213
Regulations on Individual Protection and Use of Nature Reserve Mugurves pļavas	10.04.2007.	245
Regulations on Individual Protection and Use of Nature Reserve Sitas un Pededzes paliene	06.03.2007.	168
Regulations on Individual Protection and Use of Nature Reserve Burtnieku ezera pļavas	16.01.2007.	60
Regulations on Individual Protection and Use of Nature Reserve Lake of Zebrus and Lake of Svētes	16.05.2006.	390
Regulations on Individual Protection and Use of Nature Reserve Ventas ieleja	14.02.2006.	140
Regulations on Individual Protection and Use of Nature Reserve Virguļīcas meži	16.10.2007.	706
Regulations on Individual Protection and Use of Nature Park Zvārdes meži	22.02.2005.	139
Regulations on Individual Protection and Use of Nature Park Milzukulns	30.11.2004.	984
Regulations on Individual Protection and Use of Nature Park Ragakāpa	10.08.2004.	702
Regulations on Individual Protection and Use of Nature Park Pape	08.04.2004.	263
Regulations on Nature Park Lake of Engure	08.04.2004.	268
Regulations on Individual Protection and Use of Nature Reserve Lake of Engure	08.04.2004.	273

Use of Nature Park Bernāti		
Regulations on Nature Park Lake of Cirišu	24.02.2004.	94
Regulations on Individual Protection and Use of Nature Park Beberbeķi	16.12.2003.	714
Regulations on Individual Protection and Use of Nature Park Numernes valnis	22.05.2007.	333
Regulations on Individual Protection and Use of Nature Park Dvietes paliene	24.04.2007.	274
Regulations on Individual Protection and Use of Nature Park Piejūra	14.03.2006.	204
Regulations on Individual Protection and Use of Nature Park Vecumu meži	22.11.2005.	886
Regulations on Individual Protection and Use of Nature Park Driksnas sils	09.10.2007.	687

**Approved Nature protection plans (signifies “management plans” defined in Article 6 of Habitats Directive) 1996. - 2007.**

<b>Year, Number of Direction and date of confirm</b>	<b>Territory</b>
<b>2007</b>	
Direction No 637 (24.10.2007.)	"Ummis" (Part of National park of "Piejūra" )
Direction No 605 (02.10.2007.)	Nature reserve "Pededzes lejtece"
Direction No 475 (23.07.2007)	Nature park "Bauska"
	Nature park "Pape"
Direction No 408 (27.06.2007.)	Nature reserve "Šepka"
	Nature reserve "Rauza"
	Nature reserve "Launkalne"
	Nature park "Laukezers"
Direction No 362 (06.06.2007.)	Nature reserve "Raķupes ieleja"
Direction No 279 (26.04.2007.)	Nature park "Svētes paliene"
Direction No 178 (26.03.2007.)	Nature park "Užavas lejtece"
Direction No 128 (14.03.2007.)	Natural preserve "Kokneses parks"
Direction No 91(20.02.2007.)	Nature reserve "Burgas pļavas"
	Nature reserve "Rūjas paliene"
Direction No 72 (06.02.2007.)	Nature reserve „Lielie Kangari”
	Nature reserve „Lielupes palienes pļavas”
Direction No 51(30.01.2007.)	Nature park „Vilce”
Direction No 26 (18.01.2007.)	Nature reserve „Sedas purvs”
Direction No 11 (10.01.2007.)	Nature reserve "Tebras ozolu mežs"
<b>2006</b>	
Direction No 625 (11.12.2006 )	Natural reserve „Teiči”

	Natural reserve „Krustkalnu”
Direction No 628 (01.12.2006.)	Nature reserve „Kapu ezers”
	Nature reserve ”Barkavas ozolu audze”
Direction No 607(17.11.2006.)	Nature reserve "Krēmeri"
Direction No 603 (15.11.2006.)	Nature reserve „Darmštates priežu audze”
Direction No 547(06.10.2006.)	Nature reserve „Zilaiskalns”
Direction No 138 (31.03.2006.)	Nature reserve „Stiklu purvi”
	Nature reserve „Burtnieku ezera pļavas”
Direction No 133 (27.03.2006.)	Nature reserve „Klāņu purvs”
Direction No 118 (21.03.2006.)	Nature park „Dvietes paliene”
Direction No 112 (17.03.2006.)	Nature reserve "Cenas tīrelis"
Direction No 104 (10.03.2006.)	Nature reserve „Sitas un Pededzes paliene”
Direction No 87 (01.03.2006.)	Nature reserve „Kalnciema pļavas”
	dabas liegums „Posolnīca”
Direction No 86 (01.03.2006.)	Nature reserve „Stompaku purvi”
Direction No 48 (03.02.2006.)	Nature reserve „Vitupes ieleja”
	Nature reserve „Mugurves pļavas”
	Nature reserve „Paņemūnes meži”
	Nature reserve „Gaujienas priedes”
Direction No 30 (26.01.2006.)	Nature reserve „Jašas un Bicānu ezers”
	Nature restricted area zona of Northern Vidzeme Biosphere Reserve „Vidusburtnieks”
Direction No 16 (16.01.2006.)	Nature reserve „Vesetas palienes purvs”
	Nature reserve „Rucavas īvju audze”
	Nature reserve „Nīcas īvju audze”
	Dendrology plantation „Kalsnavas dendrārijs”
Direction No 3 (04.01.2006.)	Nature reserve „Klaucānu un Priekulānu ezeri”
	Nature reserve „Pliņciema kāpa”
	Nature reserve „Čužu purvs”
	Nature reserve „Ābeļi”
Direction No 2 (04.01.2006.)	Nature reserve „Užavas augštece”
	Nature reserve „Kadājs”
<b>2005</b>	
Direction No 404 (12.12.2005.)	Nature reserve „Jaunciems”
Direction No 392 (01.12.2005)	Nature reserve „Daugavgrīva”
	Nature reserve „Vecdaugava”
	Nature reserve „Vakarbulļi”
Direction No 390 (30.11.2005.)	Nature reserve „Pašulienes mežs”
Direction No 357 (04.11.2005.)	Nature park „Salacas ieleja” (Stage Staicele – Rozēni")

	Nature park „Salacas ieleja” (Stage Mazsalaca – Staicele)
	Nature park „Salacas ieleja” for stage Salacgrīva
	Nature reserve „Randu pļavas”
Direction No 356 (04.11.2005.)	Nature park „Abavas senleja”
Direction No 313 (04.10.2005.)	Geological and geomorphological natural preserve „Skaistkalnes karsta kritenes”
Direction No 288 (05.09.2005.)	Nature reserve „Kadiķu nora”
Direction No 239 (06.07.2005.)	Nature reserve „Lielupes grīvas pļavas”
Direction No 238 (06.07.2005.)	Area of protected landscape „Nīcgaļu meži”
Direction No 212 (16.06.2005.)	Nature reserve „Palšu purvs”
Direction No 201 (07.06.2005.)	Nature park „Gaiziņkalns”
	Nature reserve „Melturu sils”
	Nature reserve „Garkalnes meži”
Direction No 113 (16.03.2005.)	Nature park „Daugavas ieleja”
	Nature park „Zvārdes meži”
	Nature park „Vecumu meži”
Direction No 90 (01.03.2005.)	Nature reserve „Viskūžu sala”
	Nature reserve „Vīķu purvs”
	Nature reserve „Lielupes palienes pļavas”
	Nature reserve „Sātiņu dīķi”
	dabas parks „Adamovas ezers”
Direction No 50 (31.01.2005.)	Dendrology plantation „Igora Medņa Lāčupes dendroloģiskie stādījumi”
Direction No 15 (14.01.2005.)	Nature reserve „Baltezera purvs”
	Nature reserve „Gaviezes āmuļi”
Direction No 14 (14.01.2005.)	Nature park „Salacas ieleja” (Stage Mērniki-Rozēni)
Direction No 13 (14.01.2005.)	Natural preserve „Skrīveru dendrārijs”
Direction No 12 (14.01.2005.)	Nature reserve „Sakas grīņi”
	Nature reserve „Virguļicas meži”
	Nature park „Numernes valnis”
<b>2004</b>	
Direction No 417 (28.12.2004.)	Nature reserve „Spinduļu meži”
	Nature reserve „Salas purvs”
	Nature reserve „Kaltenes kalvas”
	Nature reserve „Ģipka”
	Nature park „Driksnas sils”
Direction No 349 (01.11.2004.)	Nature park „Piejūra”
	Nature reserve „Užava”
Direction No 308 (11.10.2004.)	National park Gauja

Direction No 263 (14.09.2004.)	Nature reserve „Īdeņas un Kvāpānu dīķi”
Direction No 243 (20.08.2004.)	Nature reserve „Vidzemes akmeņainā jūrmala”
Direction No 215 (21.07.2004.)	Nature reserve „Čertoka ezers (Valnezers)”
	Nature park „Pinku ezers”
Direction No 189 (02.07.2004.)	Nature park „Tērvete”
Direction No 164 (01.06.2004.)	Nature park „Ogres Zilie kalni”
Direction No 57 (18.02.2004.)	Nature park „Ragakāpa”
	Nature reserve „Korneti - Peļļi”
	Nature park „Milzkalns”
	Nature reserve „Mežmuižas avoti”
	Nature reserve „Mazie Kangari”
	Nature reserve „Lielā Baltezera salas”
	Nature reserve „Zebrus un Svētes ezers”
	Nature reserve “Dēliņkalns”
	Nature reserve “Gruzdovas meži”
	Nature reserve "Kaļķupes ieleja”
<b>2003 and before</b>	
Direction No 280 (28.11.2003.)	Nature park “Sauka”
rīkojums Nr.204 (01.09.2003.)	Nature reserve “Ventas un Šķerveļa ieleja”
Direction No 159 (25.06.2003.)	Nature park “Cirīši”
	Nature reserve “Ventas ieleja”
	Geological and geomorphological natural preserve “Kaltenes krasta veidojumi”
	Nature reserve “Gudenieki”
Direction No 84 (17.03.2003.)	Nature park “Beberbeķi”
	Nature reserve “Lieluikas un Mazuikas ezeri”
	Dendrology plantation “Skrīveru svešzemju koku stādījumi”
Direction No 166 (08.10.2002.)	Nature reserve “Grebļukalns”
	Nature reserve “Pārabaine”
	Nature reserve “Pededzes lejtece”
	Nature reserve “Ukru gārša”
Direction No 158 (25.09.2002.)	Nature reserve “Lubānas ieplakas”
	Ķemeri National park
	Nature reserve “Vērenes gobu un vīksnu audze”
	Nature reserve “Ziemupe”
Direction No 59 (30.03.2001.)	Nature park “Svente”
	Nature park “Engures ezers”
	Nature park “Embūtes pauguraine”
	Nature park “Embūtes pauguraine”
15.07.1999.	Teiči National park

15.07.1998.	Nature park „Daugavas loki”
22.04.1998.	Krustkalnu Nature reserve
17.10.1997.	Nature reserve „Lielais Pelečāres purvs”
26.06.1997.	Nature park „Riežupe”
	Nature reserve „Pededzes ozolu audze”
1997	Nature reserve „Adamovas ezers”
1996	Nature reserve „Lielais Liepu kalns”

**Nature protection plans (signifies “management plans” defined in Article 6 of Habitats Directive) that are in the process of elaboration**

No.	TERRITORY
1	Area of protected landscape "Ziemeļgauja"
2	Nature reserve "Ances purvi un meži"
3	National park Rāzna
4	Nature park "Embūte"
5	Nature park "Svētes paliene"
6	Nature reserve "Durbes ezera pļavas"
7	Nature reserve "Pededzes lejtece"
8	Nature reserve "Liepājas ezers"
9	Nature restricted areas „Augstrozes lielezers”
10	Nature park "Kuja"
11	Nature reserve "Jaša"
12	Nature park "Ogres ieleja"
13	Area of protected landscape "Kaučers"
14	Nature reserve "Dziļezers un Riebezers"
15	Nature reserve "Blažģa ezers"
16	Nature reserve "Ilgas"
17	Nature reserve "Īslīce"
18	Nature reserve "Karateri"
19	Nature reserve "Garākalna smilšu krupja atradne"
20	Nature reserve "Puzes smilšu krupja atradne"
21	Area of protected landscape "Vestiena"
22	Nature reserve "Ilziņa ezers"
23	Nature reserve "Kāla ezera salas"
24	Area of protected landscape "Ādaži"
25	National park "Slītere"
26	Nature reserve "Daugava pie Kaibalas"
27	Nature reserve "Svētes ieleja"





**ANNEX 17 BASELINE INDICATORS RELATED TO OBJECTIVES**

(LEAD indicators in the framework of the national strategy and strategic monitoring foreseen in Article 11(3)c and 13(2)A of Regulation (EC) No 1698/2005).

<b>Axes</b>	<b>Indicator No</b>	<b>Lead indicator</b>	<b>Measurement unit</b>	<b>Reference period (year)</b>	<b>Index level in the reference period</b>	<b>Attainable index level</b>
<b>General</b>						
	1	Economic development	GDP per capita. (PPS), % of EU-25	2005	47	57
	2	Employment (15-64):	Ratio of employed in the total number of population (respective age groups) (15-64)	2005	63,4	67
	3	Unemployment	Ratio of job-seekers against the number of economically active population, %	2005	8,7	8
			Including:			
			- women	2005	8,4	8
			- youth (15-24)	2005	12,9	12
<b>Axis 1</b>						
	4	Training and education in agriculture	Ratio of farm managers with vocational or higher education in the total number of farm managers (%)	2005	21,4	56
	6	Productivity in agriculture	Gross added value in reference prices per an employment unit per year in the sector (LVL)	2005	1774	3700
			Annual gross added value per capita of employed in the sector (LVL, in factor cost)	2005	1503	4900
	10.	Productivity in food industry	Annual gross added value per capita of employed in the sector (LVL)	2004	6281	18 000
	14.	Labour productivity in forest sector	Gross Value Added per employee in forest sector	2005	3279,4	10000
<b>Axis 2</b>						
	17	Biological diversity : population of field birds	Trend of indicator of field bird population	2001-2003	96,7	96.7
	18	Biological diversity:	Area of biologically valuable meadows (ha)	2005	18620	25000

		High added value agricultural lands				
	20	Water quality: Nitrogen balance	Average concentration of nitrates in vulnerable zones, mg N/NO <sub>3</sub> per litre	2004	0,8 – 6,4	0,8-6,4
	24	Climate changes: production of renewable energy of agricultural and forestry origin	Renewable energy resources of agricultural and forestry origin, kt	2004	1859	29 000
Axis 3						
	27	Number and ratio of farm owners employed in agriculture, having additional income	% from farms	2005	8,34	10
	28	Number of employed in agriculture in the total number of employed outside primary sectors	Number of employed in industry (secondary sectors) and service (tertiary) sectors (thousand)	2005	910,4	915
			-in industry (NACE C...F)	2005	269,7	280
			-service sectors (NACE G...P)	2005	640,7	635
	29	Gross added value outside primary sectors	Gross added value outside primary sectors (NACE C – P), MLVL	2005	7608	12500
			-in industry (NACE C...F)	2005	1749	2900
			- service sectors (NACE G...P)	2005	3771	9600
	30	Development of self-employment	Number of self-employed and employers, thousand, people	2005	96,7	110
	32	Access to Internet in rural areas	% compared to the urban areas	2003	24	60
	33	Development of service sector	Proportion of added value generated by service sector in the total added value (NACE G...P)	2005	73,8	75
	35	Life-long education in rural areas	Participation of adults in education and training (25-64) , %	2004	8,4 %	15



