



At a glance:

LATVIA'S CAP STRATEGIC PLAN

CAP Strategic Plans support the transition towards a smart, sustainable, competitive, resilient and diversified agricultural sector, while ensuring long-term food security. They also contribute to climate action, the protection of natural resources and the preservation/enhancement of biodiversity, as well as strengthen the socio-economic fabric of rural areas.

The CAP Plans support a wide range of interventions addressing the specific needs of Member States and their territories. Designed in line with a new result- and performance-oriented approach, they aim to deliver tangible results in relation to EU-level CAP specific objectives, while contributing to the European Green Deal.

For the first time, each CAP Plan defines a strategy covering all the main CAP funded instruments: direct payments, support for rural development and interventions specific to certain market sectors.

The needs of rural areas will also be addressed by other EU instruments such as the Recovery and Resilience Facility (RRF) or the European Structural and Investment Funds (ESIF).

The Russian aggression against Ukraine and the ongoing commodity price surge highlight the integral link between climate action and food security. In this context, the Commission invited Member States to review their CAP Strategic Plans to exploit all opportunities: to strengthen the resilience of the EU's agricultural sector; to reduce their dependence on synthetic fertilisers and scale up the production of renewable energy without undermining food production; and to transform their production capacity in line with more sustainable production method.

Latvia submitted its first proposal for a CAP Strategic Plan on 18 January 2022, after consultation with stakeholders. On 20 October 2022, Latvia submitted a revised proposal, addressing the Commission's observations on the first draft. The Commission approved this proposal on 11 November 2022. This document presents some of the main features of the CAP Strategic Plan of Latvia.

1. DID YOU KNOW?



The agricultural sector in Latvia is undergoing structural changes. Productivity is growing and export markets are expanding. Over the last 20 years, the average area of utilised agricultural land per holding has more than doubled.

- **67% of the population of Latvia** lives in rural and intermediate regions.
- Around **52% of Latvia's land is covered by forests.**
- There are almost **70 000 farms in Latvia**, with an average size of 28 hectares.



2. GOALS AND STRATEGY OF THE CAP STRATEGIC PLAN OF LATVIA

Latvia's strategy is aimed at increasing the competitiveness of farms, raising farm income and contributing to the achievement of environmental and climate objectives. Furthermore, the Plan will foster the development of vibrant rural areas, promote knowledge-based entrepreneurial capacity and maintain sufficient food security.

2.1 AN ECONOMICALLY SUSTAINABLE AND FAIRER CAP

Latvia is **building a fairer and simpler system of financial support for farmers**. In order to ensure a more targeted, efficient and fairer distribution of direct payments, a differentiated basic income support per hectare and a payment for small farmers will be implemented. In addition, complementary redistributive income support will also be applied, aimed at reallocating funds from large to small and medium-sized farms. Moreover, an upper limit to the amount of payments that can be given to a single farmer will be established. Under rural development, a special credit scheme will provide loans to small farms.

To help ensure adequate farm income and the resilience of Latvian agriculture, the Plan foresees additional support linked to specific production, paid per hectare or per animal, to sectors undergoing difficulty (coupled income support). The dairy, bovine, cereals and oilseeds, and fruit and vegetable sectors will benefit from this type of support

The food supply chain in Latvia is characterised by strong cooperation within some primary production sectors, such as cereals and milk. The Plan will therefore focus on boosting **cooperation among primary producers in sectors with lower levels of cooperation**, such as meat, eggs and organic farming.

- *Due to the design of the area based income support, farmers below the average size will receive 106% of the amount per hectare compared to farmers above the average size.*
- *Around 14.3% of the annual budget for direct payments will be used for coupled income support, amounting to EUR 257 million of EU funds.*
- *A total of EUR 32 million will be allocated to farmers to mitigate risks and potential losses caused by adverse climatic events, animal or plant diseases, and fires.*

2.2 A GREENER CAP

The CAP support in Latvia is designed to **contribute to achieving the environmental and climate objectives** laid down in both national and EU legislation.

The Plan contains different interventions to support various types of agricultural practices, which

contribute to climate change mitigation, pollution reduction, biodiversity conservation and sustainable forestry. Latvia has set higher targets for environmental and climate actions compared to the previous programming period.



The Plan will dedicate significant financial resources from both the rural development (43% of the related budget) and direct payments budget (25%) for this purpose. Under six different eco-schemes, farmers may receive support for agricultural practices beneficial for the environment and climate, for ecological focus areas and agro-ecological practices in organic farms.

Under rural development, funding is allocated to different agri-environmental schemes and other support measures related to the achievement of environmental and climate objectives. The further development of organic farming will also be prioritised, supporting **18.8% of Latvia's agricultural land to be cultivated organically by 2027.**



- *Over 70% of the utilised agricultural area is envisaged to be under commitments for protecting and improving soil quality, and over 24% will be under commitments to protect water quality. For example, support will be paid for 682 000 hectares to reduce the use of pesticides and thus diminish their negative impacts on the environment.*
- *About 24% (or 460 000 hectares) of utilised agricultural area is planned to contribute to the conservation and restoration of biodiversity, including through high-quality agricultural practices such as buffer strips, environmentally friendly horticulture, grassland biotopes management and more.*



2.3 SOCIALLY SUSTAINABLE CAP

In Latvia, there are significant differences between rural and urban areas, as well as between different regions, in terms of economic activity, availability of services and basic infrastructure. The overall share of young farmers is low. Therefore, **additional support to young and new farmers** is foreseen under the Plan, **with a view to developing Latvia's agricultural sector for the future.**

To support the development of rural areas, more than 7% of the entire rural development budget will be allocated to LEADER, a community-led local development approach bringing together public, private and civil-society stakeholders to find shared solutions for rural areas. LEADER will contribute to regional development and the reduction of socioeconomic disparities by **improving the business environment, as well as creating conditions for new job opportunities and services.** It will be delivered through 32 Local Action Groups (LAGs) covering 100% of the rural population. Going beyond LEADER, and in order to contribute to the creation of jobs and economic growth in rural areas, rural enterprises will be able to receive support for investments in non-agricultural activities to diversify and develop new products and services.

The Plan aims to improve **animal welfare and limit the use of antimicrobials** in livestock farming. This will be done through support to improve the cleanliness and air quality of housing, increase space, reduce competition between animals for feed, and moving to cageless housing of hens. In addition, the Plan also foresees investments in biosecurity measures.

- *In addition to income support earmarked for young farmers, more than 900 new young farmers will receive a start-up grant of EUR 40 000 and could also benefit from special loans to cover part of their initial investments.*
- *56% of all livestock units are planned to be under commitments to improve animal welfare and limit the use of antimicrobials in livestock farming.*



3. KNOWLEDGE SHARING, INNOVATION AND DIGITALISATION

Latvia has prioritised the improvement of its knowledge and innovation system in the agricultural sector, with a **particular focus on advisory services, knowledge sharing and upskilling**, as well as training of consultants and demonstration activities. Farmers could benefit from training and advisory services on topics such as competitive and efficient production, the use of environmentally and climate-friendly farming and forestry methods, or the sustainable management of natural resources.

The Plan will strengthen the link between farmers, public and private advisors and researchers. It will promote their involvement in European Innovation Partnership (EIP) Operational Groups and the development of innovation support services, training farmers in the use of **smart digital technologies and using data to increase productivity**.

At the same time, the Plan will take full advantage of investment in high-speed broadband infrastructure in Latvia. This investment is planned to be financed from other EU sources. This will not only help to implement innovative digital solutions, but also enhance the attractiveness of rural areas.

→ 23 000 persons will benefit from advice, training, knowledge exchange, or participating in innovation groups supported by the CAP related to the introduction of new technologies and working methods in agriculture.





4. FINANCIAL ANNEX

	EU budget (€)	National funding (€)	Total (€)
Direct payments	1 713 584 517	N/A	1 713 584 517
Sectoral support	5 579 699	1 579 699	7 159 398
Rural development	687 045 151	96 785 594	783 830 745
Total	2 406 209 367	98 365 293	2 504 574 660

National funding does not include additional national financing referred to in Article 146 of Regulation (EU) 2021/2115. Direct payments include allocations for cotton set out in Annex VIII of Regulation (EU) 2021/2115 and reflect possible transfers between pillars. Payments for support under Regulation (EU) No 1308/2013 are not included in the CSP. National funding for sectoral support only relates to apiculture. Rural development reflect possible transfers between pillars and include technical assistance.

EU FUNDING RESERVED FOR	In EUR
Young farmers (generational renewal)	53 757 114
Environmental and climate objectives under rural development	299 592 938
Eco-schemes under direct payments	438 138 578
LEADER	49 724 133
Complementary redistributive income support	153 704 160

The minimum financial allocations for support for young farmers can be reserved under direct payments and/or rural development. Eco-schemes under direct payments may be lower than 25% if the possibility to use the rebate mechanism from rural development is used, in line with Article 97 of Regulation (EU) 2021/2115.

More financial information can be found in section 6 and in Annex V of Latvia's CAP Strategic Plan.

