



# THE HIDDEN TRUTH – Latvia

## Environmental impact of new Rural Development Programmes – 2014-2020

One of the overarching aims of Common Agricultural Policy (CAP) reform was to make it deliver more for the environment. This factsheet therefore analyses the quality of public spending. It looks at what hides behind the official numbers and what Latvian Rural Development (RD) spending means for the environment, specifically for biodiversity.

### STATE OF PLAY FOR THE ENVIRONMENT:

In Latvia, 90% of protected grassland habitat types are not in a favourable condition, i.e. bad/declining. Most of these grassland habitats are outside of Natura 2000 sites and are under pressure either from abandonment or intensification.

High Nature Value (HNV) farmland has not been mapped, and the Latvian government is not planning to assess the impact of the CAP on HNV farmland.

### Priority 4: RURAL DEVELOPMENT BUDGET FOR 'ECOSYSTEMS': reality and practice

The implementation of EU RD programmes should fulfill a number of set objectives and priorities. While 40% of the RD money in Latvia has been allocated to measures that should directly benefit biodiversity, water and soil<sup>1</sup>, the reality is that not all measures for which this money has been earmarked have high environmental value.

These measures may, at best, benefit nature indirectly, such as payments for farming in Areas with Natural Constraints (ANC), but they are not tied to concrete environmental targets and benefits. Indeed, in Latvia the largest share of money under this priority (46.6%) will go to ANC farming.

Although ANC support may have a positive effect regarding land abandonment, it is however a strong driver of intensification and represents direct income support without any significant environmental benefits. For example, ANC is paid for grassland only to farmers who own farm animals, whereas all arable lands qualify for support independently of how intensively they are managed.

### AGRI-ENVIRONMENT SPENDING: past vs. future

In Latvia only 7% of RD money will be spent on Agri-Environment measures (AEC). Still this is an important increase (ca. €58 million) when compared to the previous spending period and a step in the right direction.

Many of the AEC measures are however not targeted directly at specific species, habitats or biodiversity problems, i.e. they are not 'dark green' and are therefore not really tackling the issues at stake. This is the case in Latvia with the support to stubble fields in the winter (60% of the budget for agri-environment measures) which provides an attractive rate of compensation but has controversial environmental benefits.

The targeted conservation of biodiversity rich grasslands however did not benefit from the general increase of agri-environment spending, and in 2015 the payment rates dropped from 123 EUR/ha to 55 EUR/ha on 90% of the areas.

<sup>1</sup> Priority 4, as foreseen by the Rural Development Regulation, Art. 5



### What do we mean by 'dark green' agri-environment measures:

The European Court of Auditors, in its special report from 2011\* looking at effectiveness of agri-environment, recommended that agri-environment schemes should be more precisely targeted and that there should be a higher rate of EU contribution for sub-measures with a higher environmental potential. In our analysis we have looked at what proportion of agri-environment budget has been allocated to targeted, as we call them 'dark green', schemes for biodiversity. As EAFRD and Rural Development plans do not recognise such a category, we have worked with regional and national experts to assess measures, using the following principles: The scheme has been considered 'dark green' if it is targeted to specific species (group of species), habitats or a specific biodiversity problem (pollinator strips).

\* **ECA Special report no 7/2011:** Is agri-environment support well designed and managed?

### FARM BIODIVERSITY CONTRACTS INSUFFICIENT TO REACH EU BIODIVERSITY STRATEGY OBJECTIVES

The EU's Biodiversity Strategy clearly states that by 2020 the area of farmland covered by biodiversity-related measures must be maximised in order to achieve a measurable improvement of species dependent on or affected by agriculture.

The Latvian government claims that 14.3% of farmland in Latvia is covered under voluntary contracts for biodiversity protection, but schemes under the new RDP which could be genuinely beneficial for biodiversity are only applicable to a small proportion of farmland. The only area based on genuine biodiversity-targeted schemes that could be identified is support to the 'maintenance of biodiversity rich grasslands' (€ 31 million) applicable to a maximum of 47,000ha, i.e. 2.6% of Utilised Agricultural Area (UAA). The low level of uptake of this scheme in 2015 (33,000ha instead of the projected 47,000ha) shows that payment rates, that can compete with the support to arable lands, would be needed to increase the attractiveness of the scheme. Currently this leaves 14,000ha of valuable grassland at risk of abandonment or conversion.

### INACTION ON NATURA 2000

6.7% of the UAA in Latvia is designated as Natura 2000, but no payments for Natura 2000 farmland have been foreseen. Some of the Natura 2000 sites may benefit from support to the 'maintenance of biodiversity rich grasslands', with the caveats mentioned above. No other measures could be identified which have been tailored to respond to the specific needs of Natura 2000 sites as required by the Rural Development Regulation<sup>2</sup>.

<sup>2</sup> Rural Development Regulation, Art. 8



## EUROPE NEEDS:

1. To ensure that a well-designed greening and reinforced cross compliance represent a firm baseline for Pillar 2 environmental measures. This could help free up money for more efficient and targeted measures that benefit the environment and biodiversity.

*These baselines should be properly set and checked so as to create an equal level playing field for all farmers in Europe – special attention is needed on issues such as integrated pest management, water and soil. The Commission should urgently start to work on including the Water Framework Directive and Sustainable Use of Pesticides Directive directly into cross compliance so that the uncertainty around what is the baseline and what is not, is removed.*

2. To ensure that the CAP is designed in a way which helps reach the EU Biodiversity Strategy goals by 2020. So far evidence shows that the agriculture target is the most problematic.

*In Pillar 2 this can only be done through proper funding of the Natura 2000 Network and the Priority 'Habitats and species' as defined in the Birds and Habitats Directives.*

3. To have a genuine system for tracking environmental spending. Only measures with clear environmental objectives and delivery can be included. Areas of Natural Constraints (ANCs) must not be counted as environmentally-beneficial measures as there are no environmental obligations or management requirements attached to the payments.

*At best, ANC has an indirect positive effect for biodiversity and the environment. However, in the worst case they are just income support which is pushing damaging intensification. The purpose of the ANC payments – to fight against abandonment or compensate farmers to work in more difficult areas – remains difficult to justify when compared to the direct income support of the first pillar. At best it is proof of the duality of the CAP where Pillar 1 is a driver for large and intensified farms and Pillar 2 a way to counter this drive. This duality should be ended and a targeted instrument should be devised which supports extensive farming systems that provide high environmental value but are not economically viable.*

4. To ensure proper monitoring of the Rural Development schemes' delivery.

*It is not possible to know if investments in rural development are really delivering benefits for biodiversity without this evaluation.*

**Conclusion:** Europe needs to take a proper look at the whole of its agricultural policy and how it is working together or against environmental commitments and priorities. Even if Rural Development can be a large part of the answer and has the potential to play a positive role in many parts of Europe, the figures unfortunately show adjustments are necessary for this policy to truly deliver towards its objectives. It is now clear that this reformed CAP still has a long way to go before it can be called green.

## LATVIA NEEDS:

1. To support appropriate management practices and to provide adequate financing for all grasslands eligible for support to "Maintenance of biodiversity-rich grasslands".
2. Additional targeted agri-environmental schemes for the protection of semi-natural habitats which are financially competitive with schemes for arable land.
3. A monitoring system which provides clear and objective data of the environmental and biodiversity benefits delivered by RD measures.



## SOURCES:

EC Fact sheet on 2014-2020 Rural development programme for Latvia:

[http://ec.europa.eu/agriculture/rural-development-2014-2020/country-files/lv/factsheet\\_en.pdf](http://ec.europa.eu/agriculture/rural-development-2014-2020/country-files/lv/factsheet_en.pdf)

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