



EUROPEAN COMMISSION  
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

The Director-General

Brussels, 7 April 2022

**Subject: Observations on the proposal by Latvia for a CAP Strategic Plan 2023-2027 - CCI: 2023LV06AFSP001**

Your Excellency,

I hereby acknowledge receipt of the proposal for the 2023-2027 CAP Strategic Plan of Latvia, submitted via SFC2021 on 18 January 2022.

An assessment by the Commission services of the proposed CAP strategic plan has identified a number of issues that require further clarification and adaptation. The enclosed annex sets out the relevant observations, which are communicated pursuant to Article 118(3) of Regulation (EU) 2021/2115.

I invite Latvia to submit a revised proposal of the CAP strategic plan for approval, taking into account these observations.

In accordance with Article 121 of Regulation (EU) 2021/2115, the time limit of 6 months for the Commission decision to approve your CAP Strategic Plan does not include the period starting on the day following the sending of these observations and ending on the date on which Latvia responds to the Commission and provides a revised proposal.

The Commission is committed to a continued structured dialogue with national authorities in the further approval process of your CAP Strategic Plan. The Commission is open to receiving your written reaction on the key elements of the observations within 3 weeks and intends to publish them subsequently alongside our observations on all the CAP Strategic Plans received in time, unless you would object to publication of your reaction. I invite your services in charge to engage in bilateral exchanges as soon as possible in order to discuss the observations set out in the Annex.

Yours faithfully,

Wolfgang BURTSCHER

Enclosure: List of observations pursuant to Article 118(3) of Regulation (EU) 2021/2115

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**EN**

**ANNEX**

**Observations on the CAP Strategic Plan submitted by Latvia**

The Russian invasion of Ukraine and the ongoing generalised commodity price surge bring to the forefront in the strongest possible way the integral link between climate action and food security. This link is recognised in the Paris Agreement and has been incorporated in the new legislation for a Common Agricultural Policy (Regulation (EU) 2021/2115) and the Farm to Fork Strategy (COM(2020) 381 final) with a view to ensuring sufficient supply of affordable food for citizens under all circumstances while transitioning towards sustainable food systems.

In this context, and in the context of the climate and biodiversity crises, Member States should review their CAP Strategic Plans to exploit all opportunities:

- to strengthen the EU’s agricultural sector resilience;
- 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 methods.

This entails, among other actions, support for carbon farming, support for agro-ecological practices, boosting sustainable biogas production<sup>1</sup> and its use, improving energy efficiency, extending the use of precision agriculture, fostering protein crop production, and spreading through the transfer of knowledge the widest possible application of best practices. The Commission assessed the Strategic Plans of Member States with these considerations of the sector’s economic, environmental and social viability in mind.

The following observations are made pursuant to Article 118(3) of Regulation (EU) 2021/2115. Latvia is asked to provide the Commission with any necessary additional information and to revise the content of the CAP Strategic Plan taking into account the observations provided below.

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<sup>1</sup> Sustainable biogas production means the production of biogas that respects the sustainability and greenhouse gas emissions saving criteria laid down in Article 29 of Directive (EU) 2018/2001 (Renewable Energy Directive).

## Key issues

### *Observations with regard to the strategic focus of the CAP Strategic Plan*

1. The Commission welcomes the CAP Strategic Plan (hereafter: the Plan) submitted by Latvia, including the considerations Latvia gave to Commission Recommendations of 18 December 2020 (SWD(2020) 386 final) and the exchanges in the framework of the structured dialogue leading up to its submission. Furthermore, the Commission notes the opportunities provided by Latvia for stakeholders' participation and consultation in the process of drafting the Plan.
2. The Commission also acknowledges the high level of completeness and coherence of the Plan. However, it considers that certain elements of the Plan require further targeting, and an increased level of ambition. Adjustments and clarifications are required in some cases to strengthen the intervention logic and ensure contributions to the relevant CAP Specific objectives.
3. The Commission recalls the importance of the targets set for result indicators as a key tool to assess the ambition of the Plan and to monitor its progress. The Commission requests Latvia to revise the proposed target values, by improving their accuracy and taking into account all the relevant interventions, and by defining an adequate ambition level in line with the identified needs.
4. The Commission notes the decision of Latvia to transfer a share (4.15%) of the first pillar funds to the second pillar.

### *Observations with regard to the fostering of a smart, competitive, resilient and diversified agricultural sector that ensures long term food security*

5. The Plan shows potential for contributing effectively to this general objective. However, the Commission considers that there is still scope to improve the redistribution of direct payments. Latvia is, therefore, invited to reassess its redistribution strategy, in particular as regards the targeting by improving the design chosen for the redistributive payment. Latvia should also supply further evidence to justify the derogation to the 10% allocation for Complementary Redistributive Income Support for Sustainability (CRISS) as laid down in Article 29(1), second sub paragraph, of Regulation (EU) 2021/2115 (Strategic Plan Regulation – SPR) by providing a quantitative analysis showing the combined effects of all proposed income support tools on redistribution.
6. The Commission welcomes the application of capping of direct payments, as well as Latvia's choice to use financial instruments under several interventions.
7. As Latvia plans simultaneous sectoral interventions and coupled income support (CIS) in sectors such as dairy, cereals, sheep and goats, it needs to explain how it plans to ensure the coherence of the support policies, and avoid overlaps and double financing for the same objective.

8. The Commission recognises the importance given to income support in the Plan as well as interventions supporting competitiveness and economic sustainability. In light of the Russian invasion of Ukraine, the Commission urges Latvia to use the possibilities offered under the SPR and consider interventions that will help reduce dependence on fossil fuels and other externally sourced inputs to preserve the long-term sustainable production capacity and viability of farms. In this context, the Commission welcomes the efforts to address the import dependency in some sectors, such as protein crops.

***Observations with regard to the support for and strengthening of environmental protection, including biodiversity, and climate action and to contribute to achieving the environmental and climate-related objectives of the Union, including its commitments under the Paris Agreement.***

9. The Commission considers that the Plan shows the potential to contribute effectively to this general objective.
10. The Commission notes that the Plan puts forward a number of relevant responses to the environmental and climate-related challenges identified in the Strengths Weaknesses, Opportunities and Threats analysis (SWOT). However, additional ambition is requested and clarifications are needed as regards the intervention logic and achievement of objectives (please see part “Detailed observations” of this Annex).
11. The Commission considers that the complementarities between conditionality, eco-schemes, agri-environment-climate commitments and other relevant rural development and sectoral interventions should be better explained.
12. Latvia has provided information as regards consistency with most of the key pieces of the EU and national environmental legislations. Latvia is asked to complement Section 3.1.4 of the Plan and provide information on all EU legislative acts listed in Annex XIII to the SPR.
13. Latvia is strongly encouraged to take into account in its Plan the national targets that will be laid down in the revised Regulation (EU) 2018/842 (the Effort Sharing Regulation) and Regulation (EU) 2018/841 (the Regulation for the Land Use, Land Use Change and Forestry (LULUCF)) (revisions which are currently discussed by the EU co-legislators) in view of the legal requirement in Article 120 of the SPR to review the Plan after their application.
14. Latvia is also requested to take better account of the Prioritised Action Framework (PAF) and further align the proposed interventions with it.
15. The Commission requests Latvia to clarify or amend certain Good agricultural and environmental conditions (GAEC) so they fully comply with the regulatory framework (please see part “Detailed observations” of this Annex).
16. In light of the needs and weaknesses identified in the SWOT analysis, Latvia is invited to set a higher level of ambition, in particular as regards the level of the

reduction of ammonia emissions, conservation of biodiversity, preserving landscape features, improvement of water quality and reduction of soil degradation. The planned budget and targets for some of the climate and environment interventions requires clarification or review. Clarification or enhancement of the scope of certain interventions is also needed in order to assess the proposed attribution to minimum required financial allocations (ring-fencing). Latvia needs to explain if other sources of financing are planned to reach environment and climate objectives.

17. Latvia is requested to better demonstrate the increased ambition of the planned green architecture as regards environmental and climate related objectives using qualitative and quantitative elements such as financial allocation and indicators.
18. The Commission takes note that some efforts are proposed concerning renewable energy production, but encourages Latvia to fully benefit from possibilities for interventions under the SPR by using them to increase sustainable domestic generation and use of renewable energy, including biogas. Moreover, the Commission calls on Latvia to support interventions that improve nutrient use efficiency, circular approaches to nutrient use, including organic fertilising as well as further steps to reduce energy consumption.

***Observations with regard to the strengthening of the socio-economic fabric of rural areas***

19. The Commission considers that the Plan may not contribute effectively to strengthening the socio-economic fabric of rural areas. While the Commission notes positively that the financial allocation to the Community-led local development (LEADER) is well above the legal minimum (8.9%), the improvements in social inclusion and basic services appear to be supported only under the LEADER intervention. Latvia is invited to elaborate on how and through which EU Funds or national instruments it will address the needs of its rural population.
20. While Latvia presented a comprehensive SWOT and needs assessment for animal welfare, respective needs are only partly addressed in the interventions. The Commission expresses its concerns as it sees that the Plan considers animal welfare as a low priority. Latvia is encouraged to revise its intervention strategy, especially in the pig sector, to enhance farm biosecurity and to promote the keeping of pigs with entire tails and the housing of animals in non-confined systems (laying hens, sows and calves).
21. The intervention strategy of the Specific Objective 7 and the generational renewal strategy need to be strengthened by providing explanations on how the identified needs related in particular to access to land and capital, infrastructure, competitiveness, tax incentives and investments will be addressed by the Plan interventions and what is the interplay with national measures.
22. The Plan does not respect the required minimum financial allocation for support for young farmers (Article 95 of the SPR). Latvia is requested to review its financial planning to ensure compliance.

***Observations with regard to fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas***

23. The transition to more resilient and sustainable agriculture and rural areas requires a substantial effort on advice, training and innovation. The Commission invites Latvia to strengthen its strategy for knowledge and innovation and particularly to foster knowledge exchange and synergies within the Agricultural Knowledge and Innovation System (AKIS) to address its fragmentation (please see part “Detailed observations” of this Annex).
24. The Commission welcomes Latvia’s strategy on digitalisation for agriculture and rural areas. At the same time, the Commission invites Latvia to quantify its level of ambition with respect to relevant interventions. Latvia is also encouraged to further elaborate on issues of digital divide and consider specific synergies with other EU national funding instruments addressed to digitalization in agriculture and rural areas.

***Information with regard to the contribution to and consistency with Green Deal targets***

25. The Commission regrets that Latvia did not make use of the possibility to provide the national values for all the relevant Green Deal targets. The Commission however welcomes the qualitative description provided and, in some cases, quantitative estimations on how the Plan’s interventions will contribute to the achievement of the Green Deal targets contained in the Farm to Fork Strategy and the Biodiversity Strategy (COM(2020) 380 final).
26. The Commission underlines the importance of the key Green Deal targets concerning pesticide use, nutrient losses, organic farming and high-diversity landscape features for achieving the CAP’s specific objectives and the Farm to Fork Strategy and requests Latvia to quantify the national contribution to all Green Deal targets.
- Anti-microbial resistance (AMR): The Commission notes that the use of anti-microbial substances is low in Latvia. Latvia provided a qualitative description of how the Plan will contribute to the related EU Green Deal target on reduction of sales of antimicrobials. Given the importance of animal and public health and, of maintaining agriculture’s strong position with consumers, the Commission encourages Latvia to strengthen certain requirements to ensure sustaining the low use.
  - Pesticides: Latvia has provided a qualitative description and some quantitative estimates of the contribution of the Plan to the Green Deal targets on reduction of the use and risk of chemical pesticides. The Commission notes that Latvia has included several relevant interventions with considerable potential to contribute to the targets. It invites Latvia to provide further reassurance on the planned actions in particular as regards the risk and use of the most hazardous substances and quantify its efforts on national level.
  - Nutrient losses: The Commission welcomes Latvia’s intention of cutting nutrient losses. Latvia has planned to reduce the use of mineral fertilisers

by 19% by 2027. However, Latvia is invited to reinforce the proposed interventions to reduce nutrient losses to the environment to secure this direction of change in practice, to contribute to the common EU target and taking account of its contribution to improving the status of the Baltic Sea.

- Organic farming: The Commission welcomes the envisaged increase in organic area of 20% of the agricultural area under organic farming by 2027.
- High-diversity landscape features: The Commission welcomes Latvia's plans to address the need to increase landscape features through eco-schemes and agri-environmental interventions, but considers that Latvia needs to clarify further and increase its ambition.
- Rural broadband: The Commission notes that Latvia plans to achieve the target of access to high speed internet to all households in rural areas by 2027 with other sources of financing.

## Detailed observations

### 1. STRATEGIC ASSESSMENT

#### 1.1. To foster a smart, competitive, resilient and diversified agricultural sector ensuring long term food security

##### 1.1.1. Strategic assessment of Specific Objective 1

27. Further to the observation on redistributive payments in the “Key issues” part of this Annex, the overview of how the aim of fairer distribution and more effective and efficient targeting of income support is addressed (“redistributive strategy”) under Section 3.4 of the Plan should not only indicate that the redistributive needs have been addressed, but also that they have been addressed sufficiently. To justify the sufficiency of the strategy and the consistency of all income support tools, a quantitative analysis showing the combined effects of all relevant income support tools on Direct Payments per hectare and income per work unit by physical size is requested (e.g. using Farm Accountancy Data Network (FADN)). Latvia is requested to provide more evidence to justify the redistributive strategy in particular as regards the different CRISS thresholds selected and their unit amounts.

28. As regards the capping of direct payments, while welcoming the approach as mentioned in the “Key issues” part of this Annex, Latvia is encouraged to provide more information on the expected effects of the capping in relation to the justification for the derogation to the 10% CRISS minimum allocation.

29. The Commission welcomes Latvia’s intention to continue its risk management scheme under rural development and planned sectoral interventions to overcome or prevent risks. Latvia is however asked to provide a more elaborate overview of the situation on risks in agriculture, including market risks, and how these will be addressed by the interventions under the Plan and national tools (if applicable).

##### 1.1.2. Strategic assessment of Specific Objective 2

30. The Commission welcomes Latvia’s intention to continue its use of financial instruments, however, it is invited to consider a higher level of ambition as regards the number of beneficiaries planned to receive support from such instruments.

31. Latvia is invited to verify the consistency of the intervention logic under this strategic objective (SO), as inconsistencies have been detected (weaknesses identified might need to be considered as threats, and the SWOT summary needs to reflect the key issues).

##### 1.1.3. Strategic assessment of Specific Objective 3

32. Latvia is invited to verify the consistency of the intervention logic and adjust it accordingly. The interventions LA1.2 and LA19 are included in the list of interventions, but not described as complementary interventions to achieve SO3 goals.

33. The information provided concerning the sector-related interventions seems to be more a list of supported actions rather than an assessment of consistency and synergies between the different interventions (sectoral types of interventions, rural development, CIS). Complementarity between interventions related to a sector should be assessed not only in a pure ‘technical’ sense (i.e. potential accumulation of support in case of interventions targeting the same sector), but in a broader, ‘strategic’ sense. Accordingly, Latvia should explain how the combination of the relevant interventions works towards the intended objective and thus fulfils the need(s) identified for the sector concerned.
34. The Commission acknowledges and welcomes Latvia’s efforts to increase the level of organisation and co-operation in various sectors. However, the Commission requests Latvia to provide additional explanations and information on how the complementarity between EAFRD and sectoral tools will be ensured.

**1.2. To support and strengthen environmental protection, including biodiversity, and climatic action and to contribute to achieving the environmental and climate-related objectives of the Union including its commitments under the Paris Agreement**

**1.2.1. Strategic assessment of Specific Objective 4**

35. Latvia is invited to include in the SWOT summary the weaknesses related to “the significant decrease of carbon removals in LULUCF sectors” and elements related to knowledge on soil management and energy efficiency.
36. As promotion of the implementation of sustainable practices in agriculture aimed at improving feed quality, planning and ensuring feed rations according to the animal’s needs is identified as a need in the Plan, it should also be addressed in the SWOT analysis.
37. Livestock emissions are planned to be addressed through extended grazing periods (linked to animal welfare) and organic production, but it is unclear whether the contribution of both interventions is direct and significant. Latvia is invited to clarify this element.
38. Latvia is required to clarify the approach as regards the reduction of livestock emissions, including methane, and how instruments to support livestock interact with each other and other support instruments. Latvia is invited to improve, if relevant, the CIS interventions’ targeting (e.g. eligibility conditions to specific types of farming within the sector and a better tailor-made CIS according to different local context).
39. As regards energy, the Plan includes a reference to the objectives of the National Energy and Climate Plan (NECP) in relation to promotion of renewable energy use and energy efficiency in the context of the sustainable transition of agriculture policy in Latvia. However, the references to energy efficiency and renewable energy actions have a rather generic nature. Latvia is requested to provide more specific information on how the links with energy policy are going to be implemented (notably, in relation with NECP). Furthermore, Latvia is strongly advised to consider putting in place

measures to promote energy efficiency and developing and using renewable energy sources (RES) given the high ambition on increasing the share of renewable energy in the gross final consumption as put forward in the Latvia's NECP.

40. While 13 of the 14 sectoral interventions are linked to SO4, insufficient information is provided as to the focus of any support under them to enable assessment of their likely effectiveness in contributing under this SO. Latvia is asked to provide further clarifications.
41. The Commission encourages Latvia to explain the links with the Best Available Techniques (BAT) conclusions including BAT-associated emission level (BAT-AEL) notably in the context of reduce emissions of pollutants from installations (e.g. ammonia).
42. Latvia is invited to provide an estimate of the mitigation potential under the concerned interventions, where these were not provided.
43. The bio-economy should be addressed under SO8. Latvia is therefore invited to move the strength 6 and opportunity 7 to SO8.

### ***1.2.2. Strategic assessment of Specific Objective 5***

44. The description of the needs identified in national instruments implementing the Water Framework Directive 2000/60/EC (WFD) and the Nitrates Directive 91/676/EEC (ND) is not clear. The description of the needs should be improved to take into account the problems described (i.e. clarify if the origin of poor status of water bodies is only nutrient leakage). Furthermore, Latvia is invited to indicate the link between the planned interventions and the current River Basin Management plans (RBMP) in view of achieving the WFD objectives.
45. The summary of the SWOT should be complemented with the threat of not achieving the WFD objectives and the current raise in pesticide sales/use. Furthermore, the SWOT analysis identifies that continued action is needed to reduce nutrient loads in the Baltic Sea. Latvia should explain how the Plan will contribute to this issue.
46. The Commission invites Latvia to consider adding an issue of hydromorphological pressures on water bodies in the SWOT and needs assessment and consider further developing the intervention strategy to address the identified needs.
47. The list of interventions linked to SO5 is very long and some, in particular sectoral interventions, are too generic and not targeted to water, raising questions on their potential contribution to the reduction of pressure on resources. Latvia is requested to clarify this by describing in detail the specific interventions aiming at addressing water related pressures, including the links to relevant indicators.

### ***1.2.3. Strategic assessment of Specific Objective 6***

48. The needs are only described as "broadly consistent with Annex XIII to the SPR", no consistency with the Prioritised Action Framework (PAF) is mentioned. As

indicated in the “Key issues” part of this Annex, Latvia is requested to take better account of the PAF and further align the proposed interventions with it.

49. Animal genetic resources are covered in the SWOT strengths and several actions to support them have already been undertaken, however, plant genetic resources are not mentioned. Latvia is asked to consider including them in the Plan.
50. The SWOT analysis is not sufficiently well translated into interventions (weaknesses 2 and 8). Need SM6V1 on biodiversity conservation in grasslands and forests lands is also not adequately addressed, although it is labelled a high priority. In this respect, Latvia is encouraged to consider the Guidelines on close-to-nature forest management and on old-growth forests currently under preparation, where relevant, and distribute them to beneficiaries and managing authorities once they are adopted and published.
51. The Commission notes that the result indicator R.30 (supporting sustainable forest management) is not included in part of the SO6 result indicators. Latvia should reflect the conservation status of forest in the weaknesses under SO6 and to take the opportunity of the Plan to introduce interventions to support and enhance forest ecosystem services, as it is referred to in the Forest Strategy.
52. The EU Biodiversity Strategy for 2030 highlights the need to reverse the decline in pollinators. Latvia is invited to further elaborate how this will be achieved in its Plan and to assure that the proposed actions are sufficient for tackling the issue.

#### ***1.2.4. Specific strategic focus***

##### ***Green architecture***

53. The description of the green architecture in Section 3.1.2 of the Plan covers all area-related interventions contributing to it and states that they are complementary to the baseline conditions. However, more detailed explanations on how the planned interventions go beyond the baseline conditions, including conditionality, is needed at the level of the relevant interventions, as well as of the complementarity envisaged between conditionality, eco-schemes and environment and climate interventions, including forestry.
54. There are several concerns regarding the foreseen implementation of conditionality: the Commission emphasises the importance of implementing GAEC 2 as soon as possible and invites Latvia to envisage its application in 2024. The proposal for GAEC 6 is not considered in line with its objective of protecting soils in periods that are most sensitive. For GAEC 7, Latvia is requested to define crop rotation requirements. GAEC 8 needs clarification and adjustment. Please see further details later in this Annex.
55. This Section of the Plan should also explain the contribution of other interventions, namely green and non-productive investments, knowledge exchange, innovation and cooperation to the environmental and climate related objectives of the Plan.

### ***Greater overall contribution***

56. Section 3.1.3 of the Plan includes a description of the instruments used to achieve the increased ambition with regard to the environmental and climate related objectives set out in Article 105 of the SPR. However, the ambition in terms of target values of result indicators is too modest, with several having rather low values. Latvia is requested to reconsider these elements and explain how the planned interventions will contribute to achieve the climate and environmental objectives.
57. The Commission doubts that target set for result indicator R.13 (reducing emissions in the livestock sector) of 15.54% of livestock units is sufficient to address the reductions required to meet the need for longer term GHG emission reductions in the agricultural sector. Likewise, the target for the indicator R.22 (sustainable nutrient management) at 25.37% of utilized agricultural area (UAA), is also rather low to achieve the increased ambition needed. Latvia is requested to reassess these target values.
58. The target value of indicator R.20 (improving air quality) is 1.09% of the UAA, and is seen as very modest and insufficient to reduce ammonia emissions. Latvia is invited to consider setting a more ambitious target for the reduction of ammonia emissions.
59. The target value for indicator R.21 (water quality) is also very limited (0.13% of UAA) and should be reviewed. Some of the practices addressing nutrient management attributed to this result indicator should likewise be reconsidered.
60. The target for R.24 (sustainable and reduced use of pesticides) is not sufficiently ambitious. Latvia is invited to consider setting a more ambitious target.
61. As regards biodiversity, Latvia should clarify the low target values for result indicators R.31 (preserving habitats and species), R.32 (investments related to biodiversity), and R. 34 (preserving landscape features). Latvia is asked to explain the low ambition in the Plan and review target values.
62. Latvia is also invited to consider adding result indicators R.12 (climate change adaptation), R.15 (renewable energy) and R.18 (investments for forest sector).
63. The description of the articulation of agri-environment-climate interventions with eco-schemes and possibilities of combination needs to be improved.
64. No interventions under Article 72 of the SPR for agricultural areas under Natura 2000 or the WFD are programmed. Given that agriculture remains the main pressure and there is a need to ensure non-deterioration of habitats and to prevent disturbance of species in the sites, Latvia is invited to consider programming compensation payments for mandatory requirements on Natura 2000 agricultural land and those resulting from the WFD). This could complement voluntary approaches under other instruments.

65. There are eight investment interventions programmed in the Plan out of which five are linked to the environmental and climate related financial ring-fencing pursuant to Article 93 of the SPR. Further clarifications are necessary as not all eligible investments seem to qualify for the environmental ring-fencing, especially regarding investments in drainage systems and investments on agricultural holdings.
66. Regarding the use of renewable energy and energy efficiency improvements, Latvia should include and improve the description of the links and complementarity of the Plan interventions with Directive (EU) 2018/2001 (Renewable Energy Directive) and Directive 2012/27/EU (Energy Efficiency Directive).
67. In relation to R.14 (carbon storage), the target of 23.41% looks to be relatively ambitious. However, it is questionable whether it will contribute in a meaningful way to carbon storage in practice since the main intervention used to contribute to it is the eco-scheme (TM4.6 promoting grassland conservation on livestock farms). Latvia is invited to clarify.

### **1.3. To strengthen the socio-economic fabric of rural areas**

#### ***1.3.1. Strategic assessment of Specific Objective 7***

68. As noted in the “Key issues” part of this Annex, the intervention strategy and the generational renewal strategy (Article 109(2)(b) of the SPR) need to be strengthened.
69. The Commission notes that support from the financial instrument is envisaged for young farmers. The target values for generational renewal need to be reviewed and confirmed.

#### ***1.3.2. Strategic assessment of Specific Objective 8***

70. In addition to the “Key issues” part of this Annex, and in line with the long-term vision for the EU’s rural areas (COM(2021) 345 final), Latvia is invited to improve the proposed strategy and the description of interventions under this SO by ensuring a clear and strong concentration and targeting of support towards the territories, beneficiaries and sectors that are most in need, based on the SWOT and specific territorial needs.
71. It seems that LEADER is envisaged as the main tool to tackle the serious needs of rural areas in Latvia. In addition, an intervention supporting non-agricultural activities through the use of financial instruments is planned, with a view to improve access to finance to develop entrepreneurship in rural areas. It is indicated that some of the needs identified are planned to be tackled by other sources of financing. Latvia is asked to provide a more comprehensive description of contributions from other funds in Section 4.5 of the Plan, in particular in relation to access to services and basic infrastructure addressing the needs of rural areas.
72. Latvia is asked to clarify the target value set of 114.2% of rural population for indicator R.38 (LEADER coverage).

73. The Commission invites Latvia to explain how the EU Green Deal 2025 connectivity objective will be reached, given the information provided on its national plan to deliver 100 Mbps by 2027. As regards access to broadband in rural areas, the Commission takes note of Latvia's intention to cover the needs through other funds. However, it is not clear how these funds will be allocated and in particular, how they will contribute to closing the regional differences regarding digitalisation in rural areas. The Commission also invites Latvia to provide further details on the quality of rural 4G mobile coverage in rural areas until 5G is operational under the national plan.

### ***1.3.3. Strategic assessment of Specific Objective 9***

74. Latvia is asked to improve the intervention logic of SO9. Some issues identified by the SWOT analysis are not reflected in the SWOT summary, and have not been tackled by relevant interventions. The Commission therefore invites Latvia to clarify the link between the SWOT, identified needs and the proposed interventions.

75. In addition, the SWOT summary identified weakness number 8 (no electronic data collection on use of antimicrobials to animals) and weakness number 10 (broilers resistance against some antimicrobials), but no relevant needs have been identified and there are no related interventions planned under the Plan. Latvia is invited to reconsider or explain the approach.

76. The need SM9V4 (animal welfare and environmentally friendly agricultural practice) is marked as a low priority and formulated in a very general way. Latvia is invited to reconsider the prioritisation and to specify the need by sectors where the animal welfare needs to be improved primarily. Latvia is asked to consider how to better target interventions tackling animal welfare issues under SO9 to these identified needs.

77. Opportunity no 14 (pig tail cutting and keeping laying hens in cages) is a weakness which Latvia is invited to address with relevant interventions promoting best practice on reducing tail docking and phasing out of cages.

78. The Commission welcomes Latvia's plans to finance biosecurity measures, however no actions are included to address the need to increase biosecurity specifically in the pig sector. Latvia is asked to specify or explain why this is not included.

79. The Commission notes that the Plan includes initiatives to address healthy and sustainable diets but in a limited way. Therefore, the Commission invites Latvia to better explain how the shift towards healthy, more plant-based and sustainable diets will be achieved.

80. The Commission invites Latvia to clarify how it intends to address food waste prevention within its Plan and how this is coordinated with any other relevant actions outside the CAP.

81. The Commission notes that the overview (Section 3.8 of the Plan) of how the Plan contributes to improving animal welfare and reducing antimicrobial resistance set out

in point (i) of Article 6(1) of the SPR, including the baseline conditions and complementarity is missing and should be completed.

#### **1.4. Modernising the sector by fostering and sharing of knowledge, innovation and digitalisation in agriculture and rural areas, and encouraging their uptake by farmers, through improved access to research, innovation knowledge exchange and training**

##### ***1.4.1. Strategic assessment of the Cross-cutting Objective***

82. The AKIS related needs are not always translated into clear interventions with sufficient detail. The Commission notes that the set of the cross-cutting objective interventions and elements are mostly a continuation of the same ones from the current period (training, advice, CAP network). Other interventions could be set up to create new opportunities for AKIS actors to meet and to fulfil the obligation in Article 114(a)(ii) of the SPR to make in particular researchers, advisors and the CAP networks work closer together on a regular and structural basis.

83. Further clarification is requested on how the implementation of advice will be organised in practice and coordinated by the AKIS Coordination Body, taking into account all obligations listed in Article 15(2), (3) and (4) of the SPR. In particular how innovation support foreseen in Article 15(4)(e) will be ensured and how Operational Groups' projects preparation will be supported.

84. The Commission notes that no financing is planned for the interventions on knowledge exchange and dissemination of information (KNOW (78)) for the year 2023. This could cause a gap between the two programming periods. Latvia is asked to clarify its approach. Latvia also is asked to reflect on the allocation of funds between the different AKIS interventions.

85. The Commission invites Latvia to clarify the value of the result indicator R.3 (digitalising agriculture) and to increase the ambition. The Commission invites Latvia to also elaborate on the support envisaged for Smart Villages initiatives and to consider selecting also R.40 (smart transition of the rural economy).

#### **1.5. Simplification for final beneficiaries**

86. Latvia is requested to provide information under Section 3.9 of the Plan on whether it foresees data sharing as required by Article 67(3), (5) and (6) of Regulation (EU) 2021/2116. Taking note of the information provided on the Electronic Application System and the Rural Support Service, Latvia is invited to confirm that the latter tool will also serve as an alert system to applicants if corrections of applications are needed.

87. Latvia is invited to clarify if new technologies will be used for non-IACS controls as well as to supply information on whether the Area Monitoring System will be used for force majeure cases as referred to in Article 3 of Regulation (EU) 2021/2116.

## **1.6. Target plan**

88. Latvia is requested to complete the target plan by adding missing values or correcting values of output and result indicators, as well as links to relevant result indicators.
89. Latvia is invited to consider introducing further indicators and links where relevant, for example to R.15, R.33, R.37, R.40, R.41 and R.42. Consistency of some result indicators with values shown in Table 2.3.2 needs to be reviewed.
90. Result indicators for direct payments (R.4, R.6, R.7) should be set from 2024 to 2028 because the target plan is by financial year. In addition, Latvia is requested to check and confirm why R.7 changes from 100.9% in 2025 to 104.4% in 2026.
91. For all result indicators, except for R.1, R.8, R.36 and R.38, the value of the numerator of milestones is not provided in year 2027 and beyond. For others the numerator is not provided in year 2026 and beyond. However, interventions and associated support are planned over the entire period. Latvia is requested to complete the missing information.
92. For all result indicators for which cumulative milestones should be set, except for R.10, the values provided do not appear to be cumulative over the 2023-2029 period. Latvia is invited to check the milestones of cumulative result indicators, and to make sure that the last milestone equals the overall target.

## **2. OPERATIONAL ASSESSMENT**

### **2.1. Minimum ring-fencing**

93. The annual indicative financial allocation per eco-scheme intervention must be filled in (Section 5.1 of the Plan), in order to be checked against the data in the financial overview table (Section 6.1 of the Plan).
94. Discrepancies have been noted between the financial data entered in Section 5.3 of the Plan and data entered in the overview table of the financial plan (Section 6.1 of the Plan), especially as concerns Articles 70 and 73 of the SPR. Latvia should ensure coherence between data.
95. As a general comment on ring-fencing, Latvia should ensure that each intervention ring-fenced under Section 5 of the Plan fully contributes to meeting one of those ring-fencing requirements (i.e. cannot only partially contribute).
96. The requirement concerning the minimum financial allocation for support for young farmers pursuant to Article 95 of the SPR is not respected. Based on the financial data from Section 5.3 of the Plan, the total allocations reserved for young-farmers do not reach the minimum set out in Annex XII to the SPR. It seems that in the overview table 6.1, under rural development the amount of public expenditure for setting up of young farmers has been entered, instead of the EAFRD contribution only. With the corrected figure, the minimum requirement is not met. Latvia is requested to review and make the necessary reallocations of funding to ensure compliance with Article 95 of the SPR.

## **2.2. Definitions and minimum requirements**

97. Latvia is invited to provide clarifications and justifications for the proposed definitions and minimum requirements, and where necessary, complete and correct these. More specifically, Latvia is asked:

- 4.1.2.1 – to provide information on the elements of agroforestry based on e.g. number of trees, their size, species in relation to pedo-climatic conditions or management practices. Whether differentiated or not, this should encompass all three types of agricultural areas.
- 4.1.3.2 – to explain how the actual and lawful use of the land will be verified. To note, farmers should be provided with possibilities to prove the lawful use of the land in accordance with the national law.
- 4.1.7.2 – on the basis of qualitative and quantitative information – to provide a justification as to how the thresholds set ensure the reduction of administrative burden and contribute to the objective of supporting ‘viable farm income’.

### **Elements related to direct payments**

98. As regards capping of direct payments, Latvia is asked to better explain the scope of the deduction (e.g. which of the elements of Article 17(3) of the SPR are concerned - non paid salary, contracting costs).

### **Technical assistance**

99. In Section 4.3 of the Plan “Technical assistance” Latvia mentions different EU networks (European Innovation partnership (EIP) and European Network for Rural development (ENRD)). References should rather be made to the single future EU CAP Network.

### **CAP network**

100. Section 4.4 of the Plan on the national CAP network lacks some details required, in accordance with Point 4.4 of Annex I to Commission Implementing Regulation (EU) 2021/2289, to fully assess the overall structure and functioning of the network. Latvia is therefore requested to provide additional information and clarifications as regards in particular the envisaged timeline of setting up the national CAP network and the activities envisaged in relation to LEADER and other territorial initiatives.

101. As regards the structure and governance of the network, Latvia is invited to provide clarifications as to the interlinkages envisaged between the Cooperation Council and the national CAP network. Attention is drawn to the obligation for national CAP networks to undertake all the tasks as specified in Article 126(4) of the SPR.

## **Coordination with other EU funds**

102. Latvia provides rather detailed information on demarcation and complementarities between the EAFRD and other EU funds active in rural areas. However, Latvia is invited to reference in Section 4.5 of the Plan the Recovery and Resilience Fund (RRF), Digital Europe Programme (DEP), Connecting Europe Facility 2 Digital (CEF2) and European Regional Development Fund (ERDF) as regards investments in broadband described in Section 2.3.3 of the Plan, as well as other EU funds to improve basic infrastructure and access to services (making the links explicit as for the investments already mentioned in the table, and in line with the Commission observations for SO8). Latvia is invited to refer to the complementarity between ERDF support for functional urban areas and LEADER support in rural areas. Latvia is also invited to complement Section 4.5 of the Plan with information on the support for restoration of peatlands under the Just Transition Fund (JTF), when approved.
103. Given the importance of Horizon Europe in tackling issues such as soil health, climate change, biodiversity, food systems and competitiveness, Latvia is invited to consider actions creating synergies between the Plan and Horizon Europe actions with specific attention to EIP Operational Groups and Horizon Thematic Networks and Multi-actor projects. Latvia is invited to provide additional information on links of the Plan with the Horizon Europe Programme, Missions and the Partnerships in particular with the Missions ‘A soil deal for Europe’, ‘Adaptation to Climate Change’, ‘Restore our Ocean and Waters by 2030’ and the partnership ‘Sustainable food systems for people, planet and climate’.

## **2.3. Interventions and baseline**

### ***2.3.1. Conditionality***

#### **GAEC 1**

104. Latvia should specify that the calculation of the ratio of permanent grassland is based on the size of the total agricultural area as laid down in Delegated Regulation (EU) 2022/126, which may be different from the UAA. Moreover, it is not clear whether the requirement to reconvert “part of the land converted from permanent grassland back into permanent grassland, in case of a decrease of the share of more than 5%” will be sufficient to respect GAEC 1 as described in Annex III to the SPR. Latvia is requested to clarify and to ensure that no conversions of permanent grassland will be conducted beyond the 5 % threshold.

#### **GAEC 2**

105. The Commission insists on the importance of implementing this GAEC as soon as possible and encourages Latvia to explore if work on the related mapping and implementation system could be advanced to permit its application in 2024.
106. The Commission considers that the proposed definition of this GAEC does not contribute sufficiently to its intended objective, namely the protection of carbon-rich soils. In particular, in light of the benefit of avoiding ploughing, the Commission asks that this practice is completely banned and not only restricted to the period of 5 years.

Moreover, new drainage and drainage restoration risks running counter to the objective to preserve the current soil organic carbon, and a complete exclusion of new drainage and restoration would therefore be relevant, unless the drainage permitted is by using dry-wetting techniques. Latvia is requested to review the definition of the GAEC taking these aspects into account and to explain the link between the drainage and organic matter preservation.

#### **GAEC 4**

107. The Commission welcomes the proposed buffer stripes' width of 10 m. The Commission invites Latvia to clarify which open ditches, watercourses and water bodies are covered by the indicated Classification of Economic Sectors of Water under this GAEC.

#### **GAEC 5**

108. Latvia proposes to apply this GAEC only to land on slopes of more than 10 % gradient. While slope gradient is a mandatory criterion to be set in the Plan under the SPR, it is not the only factor having an impact on soil erosion. Latvia is asked to clarify if there is also a risk of erosion on land with lower gradient. While the requirements with regard to plant crop vegetation or keeping the areas with stubble cover are useful, Latvia is also invited to define clearer requirements with regard to tillage management techniques which should be respected on the areas at risk of soil erosion.

109. The Commission requests further clarification of the requirements related to maintenance of drainage under this GAEC, in particular to establish whether it may entail drawbacks with regard to other objectives, such as biodiversity and natural water filtration. Latvia should clarify whether the requirements on drainage also apply on permanent grassland. The requirements related to drainage should rather be included in an additional GAEC according to second subparagraph of Article 13(2) of the SPR as the introduction of mandatory drainage measures under this GAEC is not foreseen.

#### **GAEC 6**

110. The minimum standard as defined by Latvia focuses only on specific areas: along water courses and water bodies, land on slopes and nitrate vulnerable zones. GAEC 6 concerns areas where bare soil occurs (permanent crops and arable land excluding temporary pastures). It is in principle expected that all arable land is covered. Latvia is therefore requested to revise its definition of GAEC 6 to cover permanent crops as well as all the arable land of the farm. The articulation with GAEC 4 and 5 and Statutory Management Requirement (SMR) 2 (ND) should also be further clarified. The explanation of the contribution of the practices to achieve the main objective of this GAEC should be improved.

111. The Commission considers that Latvia should envisage, at the minimum, to set requirements to ensure soil cover (by minimum vegetation such as catch crops, winter

stubble) between the period after harvesting and the sowing of the next crop. Bare fallow should also be avoided.

#### **GAEC 7**

112. GAEC 7 provides that Member States shall define requirements for crop rotation. Footnote 2 to GAEC 7 in Annex III to the SPR cannot be understood as allowing for crop diversification, let alone as the general rule or even for the whole territory of a Member State. Accordingly, Latvia is requested to define crop rotation requirements. In the case where Latvia would make use of the option to define, by exemption, requirements for crop diversification in specific regions on the basis of diversity of farming methods and agro-climatic regions, Latvia is requested to provide an explanation of the contribution of the practices to the achievement of this GAEC's objective, and a justification of the choice made. Moreover, if practices covering crop diversification would be defined in specific regions according to the above-mentioned conditions, the definition/requirements would benefit from being strengthened compared to the current suggestion (and current greening requirements) with a view to obtaining an improved environmental impact, through an increased diversification.

#### **GAEC 8**

113. Environmentally-sensitive permanent grasslands cannot be included when calculating the share of arable land devoted to non-productive areas and features, as this only applies to areas of arable land. Moreover, the Commission asks for clarification with regard to the non-productivity of certain areas and features listed, including those mentioned as 'protected areas', buffer strips and the 'green manure plants' areas.

114. The use of conversion factors and weighting factors does not appear to be applied coherently and raises certain questions, e.g. what is the minimum width of the strip along forests. It is not clear why a conversion factor is applied to a cluster of trees or bushes, land lying fallow and ponds, which can be measured as such. The approach, also with regard to weighting factors, entails a risk of inappropriate impact on the GAEC and should be reconsidered.

115. Drainage ditches must have a biodiversity value to be taken into account, particularly as the weighting factor is high (2). Latvia is requested to explain how this is ensured, or to exclude them.

#### **GAEC 9**

116. The extension of the requirements to environmentally sensitive permanent grasslands outside Natura 2000 is welcomed. Latvia is requested to include the indicative number of hectares covered by the GAEC in total. Considering the importance of this GAEC to protect the pastures of high natural value, Latvia is invited to consider a large definition of these areas taking into account the current grassland status and trends.

### **2.3.2. For direct income support**

117. In the case of basic income support (BISS), CRISS and complementary income support for Young Farmers (CISYF), not establishing minimum and/or maximum unit amounts will considerably limit the use of the financial flexibility provided for in the SPR. Latvia is invited to consider making use of this flexibility. Elements of uncertainty leading to a risk of unspent funds can be added to justify the variation. However, these elements must also be explained and where possible based on data, e.g. related to past experience related to under-execution.

#### **2.3.2.1. BISS (Articles 21-28 of the SPR, Section 5 of the Plan)**

118. Latvia is requested to provide further justifications with regard to the criteria defining the groups of territories in the sense of Article 22(2) of the SPR where additional support is foreseen. In particular, Latvia should explain how these criteria are linked to a differentiated need in terms of income support.

119. Separate BISS unit amounts should be defined for each group of territories (Article 22(2) of the SPR). The BISS is not designed to work with a top up.

120. The justification of the unit amounts should be primarily based on data related to the needs which the relevant intervention is intended to address.

121. As regards small farms, Latvia is invited to further justify the unit amount in relation to their income support needs.

#### **2.3.2.2. CRISS (Article 29 of the SPR, Section 5 of the Plan)**

122. The justification of the unit amounts are missing and should be provided

123. As indicated in the “Key issues” part of this Annex the Commission notes that Latvia applies a derogation to the minimum 10% of the adjusted allocation for direct payments (Annex IX to the SPR) for CRISS and requests certain clarifications. In addition, the annual indicative financial allocation for CRISS should be filled in (Section 5.1 of the Plan), in order to be checked against the data in the financial overview table (Section 6.1 of the Plan).

#### **2.3.2.3. CISYF (Article 30 of the SPR, Section 5 of the Plan)**

124. Latvia is invited to link the intervention to result indicator R.37 to capture the effect of the CAP on job creation in rural areas.

#### **2.3.2.4. Eco-schemes (Article 31 of the SPR, Section 5 of the Plan)**

##### **General remarks**

125. Generally, while the eco-schemes proposed by Latvia contain positive elements, there are also issues with the baseline, including certain GAECs, clarity and articulation between eco-schemes and with rural development interventions, which should be considered with a view to improving the eco-schemes and increasing their

ambition. Latvia is requested to develop the explanation of the value added of the interventions in terms of environmental/climate benefits further, and to fill in all the relevant parts of the Plan.

126. Latvia is in particular requested to explain the possibilities for combining eco-schemes including requirements relating to fertiliser plans, pesticides and electronic recording.
127. The requirements relating to fertiliser plans raise concerns of respect of the baseline. The Commission questions whether there is an overlap with the obligation of the action plans that must be implemented by Latvia in Nitrate Vulnerable Zones (NVZ) under the ND, and whether this eco-schemes' requirements go beyond that conditionality only outside of NVZ, or also inside NVZ. The geographical coverage as well as the additionality compared to current obligations for farmers should also be clarified, and the requirements enhanced to ensure an impact beyond the baseline. Latvia is requested to explain the basis and means for the fertilisation plan, including how it would be calculated and controlled. This can be linked with the use of the Farm Sustainability Tool (FaST).
128. Eligibility conditions should be clearly distinguished from commitments, and the specific requirements should be clear for all eco-schemes.
129. In the case of compensatory payments under Article 31(7)(b) of the SPR, the certified method and the certification should be included in the Plan (Article 111(j) of the SPR, Article 1 of Regulation (EU) 2021/2289 and point 5(e)(iv) of Annex I to that Regulation). In particular, the explanation of the method currently provided is not deemed satisfactory. Latvia should ensure that this requirement is respected in all the relevant eco-schemes.
130. Where the planned unit amount reflects a full compensation of cost incurred and income foregone, a maximum unit amount higher than the planned unit amount cannot be set, as this would imply an overcompensation and therefore not be compatible with the relevant WTO classification and criteria. Latvia is also reminded that when not setting a minimum unit amount, the payment should not be below the unit amount set.
131. The total amounts should be completed in the financial tables per intervention.
132. Latvia is requested to review and clarify the description of the benefits of the practices and the link of each eco-scheme to the relevant SOs, action areas, needs and result indicators. In addition, for some eco-schemes the description of the intervention refers to measures to reduce GHG emissions but this is not reflected in the above linkages.
133. Latvia is also invited to select the result indicators R.4 (linking income support to standards and good practices), R.6 (redistribution to smaller farms) and R.7 (support for farms in areas with specific needs) for all eco-schemes. These indicators do not reflect the environmental contribution of eco-schemes, but they do provide information on key objectives for direct payments.

### *Specific comments on individual eco-schemes*

#### **TM 4.1 Aid for agricultural practices beneficial for the environment and climate**

134. This eco-scheme raises a number of issues, amongst others related to the respect of the baseline, ambition and the relevance of the requirements. The requirements for crop rotation should be included (and strengthened) in GAEC 7, and the eco-scheme should be adjusted taking into account the revised GAEC 7 as baseline. The eco-scheme also includes requirements which appear to overlap with GAEC 6 and therefore raises baseline issues. Latvia should clarify whether the fertilisation plan is required only for the areas for which a payment is granted or for the entire holding, and is also requested to clarify how the fertilisation plan will lead to a reduction in nutrient surplus. Further clarification is needed with regard to the options for soil analysis. Latvia is also requested to clarify whether the requirements related to pesticides go beyond the baseline and therefore can be supported.
135. It is not explained why the intervention is linked to R.14 (carbon storage). The Commission invites Latvia to link this intervention to R.13 (emissions reduction) and R.20 (improving air quality).
136. The Commission does not see the relevance of the limited list of eligible crops in this intervention as well as the exclusion of permanent grassland. Latvia is invited to clarify and review its approach.

#### **TM 4.2 Ecological Focus Areas**

137. Latvia is requested to provide further clarity on requirements and baseline and ensure compliance with the baseline/avoid overcompensation. In this context, the part of the Plan on links to GAEC, SMRs and national standards should be filled in and it should be ensured that no compensation is granted for requirements which are part of GAEC 6 (in particular with regard to catch crops). Latvia should indicate the period for growing the catch crop. Latvia is encouraged to including landscape features and fallow land other than that covered with green fertiliser plants.
138. The description of the intervention mentions limited use of chemical pesticides, while the commitment appears to include a ban. Latvia should clarify the requirements and specify the period for which the ban applies, as well as any possible derogations. The Commission encourages Latvia to ban pesticide use during the entire commitment period to increase the contribution to the objectives. Clarification is needed of why the electronic records for pesticides are focused on organic farming.

#### **TM 4.3 Maintenance of optimal soil pH for plant growth**

139. The Commission requests further clarification of this eco-scheme with regard to its environmental value and level of ambition, and articulation with baseline and other eco-schemes. The fertilisation plan appears to be already part of other eco-schemes, which raises questions of articulation; also a clarification on the requirement for leguminous crops (to specify the share required) and its articulation with GAEC 6 would be needed.

#### **TM 4.4 Farming practices**

140. Further clarification of this eco-scheme is needed, in particular regarding the following:

- the timing of the different practices,
- how it links to the claim year/application and how controls will be done,
- why there is a reference to permanent grassland in relation to the definition of eligibility criteria as the Commission understands that only arable land is eligible, why there is a restricted group of eligible crops and what the environmental value/justification of this list is.

141. The pre-harvesting use of glyphosate is prohibited by pesticide legislation. This requirement cannot therefore be compensated.

142. With a view to improving the environmental value added of this eco-scheme, Latvia should consider adding further requirements on soil cover and/or crop rotation and/or reducing herbicide use, as these are key practices associated to conservation agriculture.

#### **TM 4.5 Nitrogen and ammonia emission and anti-pollution farming practices**

143. Latvia is requested to provide further clarification of the criteria (commitments and eligibility conditions e.g. how often a soil analysis is needed) and the added value of this eco-scheme. In order to increase the benefits delivered, the Commission encourages Latvia to reflect on how to enlarge the uptake (planned output).

#### **TM 4.6 Promotion of grassland conservation on livestock farms**

144. With a view to increasing the environmental ambition of this eco-scheme, Latvia is encouraged to prolong the period in which the supported areas should not be ploughed and to consider additional requirements such as a maximum stocking density. The period in which the livestock density should be maintained should be clarified. Areas under GAEC 9 should be clearly excluded from eligibility for this eco-scheme.

#### **TM 4.7 Promotion of organic production practices**

145. Latvia is invited to add the following result indicators: R.14 (carbon sequestration), R.19 (soil), R.21 (water quality), R.29 (organic), R.31 (habitat and species), R.43 (antimicrobials) and R.44 (animal welfare).

146. Latvia is requested to clarify how this eco-scheme articulates with the interventions for organic farming under the sectoral and rural development interventions, with a view to ensure that no double funding may appear and that commitments are different from those included in interventions under Article 70 of the SPR. Latvia is requested to clarify whether this eco-scheme addresses the conversion to or maintenance of organic farming, and to explain the value of the planned unit amount.

### 2.3.2.5. CIS (Article 32-35 of the SPR, Section 5 of the Plan)

147. The description of the interventions often does not contain conditions and eligibility criteria that would allow for a long-term improvement of the sector in order to overcome the difficulties identified. The support for dairy cows and protein crops is even planned to increase during the programming period. However, the legal framework from voluntary coupled support to coupled income support has evolved and this should be reflected in the strategy of the intervention (e.g. aim, targeting, justification). Latvia is asked to explain the rising support and to clarify how these interventions will lead to long-term improvement of the involved sectors.
148. Latvia is invited to consider linking its CIS interventions also to result indicators R.4 (linking income support to standards and good practices), R.6 (redistribution to smaller farms) and R.7 (support for farms in areas of specific needs).
149. Though lower profitability compared to another agricultural sector, or other economic sector or lower market prices compared to other EU Member States helps to put the targeted sector's situation into perspective, these do not *per se* justify the economic difficulty of the sector concerned. Similarly, increasing input costs and/or income volatility may justify the difficulty in extreme cases, but only if the impact on average profitability risks decrease/abandonment of production. Both arguments should be reinforced by providing relevant data for low/negative profitability and/or declining production (e.g. interventions for rye, fruits and berries, bovine animals and vegetables).
150. It would be necessary to see a justification for any minimum (e.g. 1 ha minimum or the minimum 3 goats) or maximum criteria introduced as eligibility criteria, which should be in line with the aim of the intervention.
151. For protein crops only the difficulty is established at EU level, the other missing sections need to be added.
152. Latvia is invited to consider and explain the individual and cumulative impact of CIS interventions on the water bodies, particularly those that have not achieved good status yet.
153. The Commission should inform the Member States about reduction coefficients, if any, related to the EU WTO schedule on oilseeds (Blair House) in the observation letter to the Plan. However, the Commission has not received all the information needed yet. Once all Member States have submitted their Plans, the Commission will inform Member States, if such coefficient is needed.
154. The explanation of the planned unit rate and its variation should be reinforced in light of the support need. In this regard, it is also advisable to determine a (limited) range of values based on a sector's support need, which in turn would allow fixing and justifying the planned unit rate as well as its variation. Latvia is invited to clarify why the output indicators for protein crops and barley fluctuate throughout the period. The choice of a single amount for pure legumes and for mixtures between legumes

and cereals should be clarified taking into account the respective growing conditions and needs and, if appropriate, the levels of support should be distinguished.

155. Latvia is invited to check the consistency between the information provided on the protein crop top up and the total budget allocated to CIS interventions (15%). In addition Latvia is invited to explain how an intervention that allows for a mixture of protein crops and cereals will alleviate the protein deficit of the EU and how it complies with Article 96(3) of the SPR requirements.

156. In order to address efficiently difficulties and improve the competitiveness and sustainability of the sector and to avoid that the proposed CIS interventions lead to a deterioration of the environmental and climate situation (e.g. resulting from intensification of livestock farming), Latvia is requested to clarify the interplay between CIS and other support decisions under the Plan and to improve, if relevant, the CIS interventions' targeting (e.g. eligibility conditions for specific types of farming within a sector and CIS adapted to different local context).

### **2.3.3. For sectoral interventions**

157. As regards sectoral interventions, the Commission invites Latvia to provide more information on the feasibility of Latvia's plans to have producer organisations recognised and operational programmes (OPs) adopted in such a large number of sectors, in particular sectors where there are currently no functional producer organisations, such as in the live plants, flax and hemp, seeds and eggs sectors. Is Latvia encouraging existing producer organisations to seek recognition?

158. Section 3.5 of the Plan should describe, in sectors where they co-exist, the consistency/complementarity between coupled income support, sectoral interventions and national support schemes and, where relevant, eco-schemes, rural development interventions and state aid targeting such sectors.

#### **2.3.3.1. Fruit and vegetables**

159. The Commission has noted the absence of result indicator R.5 (risk management) for all fruit and vegetable sectoral types of interventions referred to in Article 47(2) of the SPR. Latvia is invited to add this indicator.

160. Latvia is invited to verify and properly describe in the Plan how all additional requirements set out in Regulation (EU) 2022/126, for instance, the percentage for minimum water savings (Article 11(4)(a) of Regulation (EU) 2022/126), are to be addressed.

### **CMO1.1 — Investment in tangible and intangible assets, research and experimental and innovative production methods and other activities**

161. This intervention could also be linked to result indicator R.39 (developing the rural economy).

### **CKO1.2 — Advisory services and technical assistance**

162. This intervention could also be linked to R.1 (knowledge and innovation). In addition, given that advice and technical assistance for practices related to the environment are also included in the intervention, a link to R.28 (environmental performance) could also be considered.

#### **CMO1.4 — Organic or integrated production**

163. This intervention could also be linked to R.14 (carbon storage), R.19 (soils), R.21 (water quality), R.22 (nutrient management), R.24 (reduction of pesticides use), R.29 (organic agriculture), R.31 (habitats), R.43 (antimicrobials use) and R.44 (animal welfare).

#### **CMO1.9 — Actions to mitigate climate change and actions for adaptation to climate change**

164. This intervention could be linked at least to R.12 (adaptation to climate change), as well as to R.1 (knowledge and innovation). More links could be justified also but the design of the intervention is not clear enough to determine them. Latvia is asked to provide clarifications.

#### **CMO1.10, CMO1.12, CMO1.13, CMO1.14.**

165. Latvia is invited to link these interventions to R.5 (risk management).

#### **2.3.3.2. Apiculture**

166. In the SWOT analysis under Sections 2.1.SO1.1.3 Opportunities (point 12) and 2.1.SO1.4 Intervention logic (CMO3.7) of the Plan, Latvia mentions the objectives of the interventions to contribute to facilitating marketing of products through new packaging and use in non-food sectors, and the introduction of and development of new technologies and innovations. Latvia is invited to explain in which interventions and through which actions these objectives were taken up, as it is not clear in the ensuing description of the interventions.

167. Latvia is invited to:

- improve the description in Section 3.5.2 of the Plan with a more detailed analysis of the sector, leading to the identified needs and justification of the interventions chosen and include here the description of a reliable method for determining the number of beehives as per Article 37 of Regulation (EU) 2022/126;
- review the description in Sections 5 of all interventions, outlining how the interventions contribute to the relevant specific and sectoral objectives while providing a more concise explanation of the intervention and the supported actions, including clear examples of eligible expenditure and a clearer definition of eligible beneficiaries for these actions. Moreover, repetition should be avoided in Sections 5, 6 and 9 and only the information relevant to the specific intervention included;

- ensure that the actions proposed are supported under the relevant type of intervention described in Article 55(1) of the SPR (e.g. analysis of beekeeping products under CMO3.7 should fall under Article 55(1)(c) and training, advisory, information, networking under Article 55(1)(a)). Latvia is invited to clarify why 7 interventions are proposed when most of the actions described under the various interventions concern training, advisory and information together with either research actions and/or analysis of apiculture products;
- verify that support is provided for eligible expenditure in compliance with the provisions of the relevant regulations in particular Regulation (EU) 2022/126. In this regard production costs such as bee feed costs supported in CMO3.4 are ineligible as per point 1, Part 1, Annex II;
- determine planned unit amounts and outputs for the different interventions/actions considered within a type of intervention and explain and justify how these were calculated in consistency with the information provided in Section 6 of the Plan. The indicators mentioned in Section 5 of the Plan should be reflected in the output indicator O.37;
- confirm that the indicative financial allocation for 2023 takes into account the planned expenditure for the implementation of measures under the National Apiculture Programme 2020-2022 from 1/08 – 31/12/2022;
- revise the information in Tables 5.2.10 and 6.2.2, to include the Total Public expenditure in the updated tables;
- consider linking actions under CMO3.4 supporting beekeepers and breeders to the result indicator R.35 (preserving beehives). This also applies to other interventions under Article 55(1)(b);

168. Interventions CMO3.1, CMO3.5, CMO3.6 and CMO3.7 should not be linked to any result indicators (Article 111 of the SPR). The link to R.35 should be removed.

### **2.3.3.3. Other sectors**

169. The interventions in ‘other sectors’ cover a wide range of livestock sectors (beef & veal; dairy; pigmeat; sheep/goat meat; eggs; poultry meat), with relatively small unit amounts and annual financial allocations, and for only one operational programme in each sector. The needs assessment should prioritise better the sectors potentially benefiting from these types of interventions, and concentrate the limited resources on a more limited number, thus resulting in more meaningful interventions.

170. Latvia is invited to clarify its intention to make use of interventions for “Other sectors covering products listed in Annex VI” under one intervention. This approach is quite doubtful as a wide range of products (live swine, peas, beans etc.) are covered under one intervention and an operational programme, which should reflect specific sectoral needs. Similarly, the interventions for flax and hemp cover nine types of interventions with small unit amounts and annual financial allocations for one operational programme that seems unrealistic.

**CMO 2.(1 to 12) .1 — Investment in tangible and intangible assets, research and experimental and innovative production methods and other activities**

171. This intervention could also be linked to R.39 (developing the rural economy).

**CMO 2. (1 to 12) .2 — Advisory services and technical assistance**

172. This intervention could also be linked to R.1 (knowledge and innovation). In addition, given that advice and technical assistance for practices related to the environment are also included in the intervention, a link to R.28 (environmental or climate-related performance through knowledge and innovation) could also be added.

**CMO 2. (1 to 12) .4 — Organic or integrated production**

173. This intervention could also be linked to R.14 (carbon storage), R.19 (soils), R.21 (water quality), R.22 (nutrient management), R.24 (pesticides), R.29 (organic agriculture), R.31 (habitats and species), R.43 (antimicrobials) and R.44 (animal welfare).

**CMO 2. (1 to 12) .9 — Establishment of mutual funds**

174. These interventions should also be linked to R.5 (risk management).

**2.3.4. For rural development**

175. For interventions designed under Article 70, 71 and 72 of the SPR, a brief description of the method for calculating the amount of support and its certification according to Article 82 of the SPR are to be provided in point 7 of each intervention concerned. The full certified method of calculation (when carried out by an independent body) and in case it has been carried out by the managing authority, the certification by an independent body is to be provided in an annex to the Plan. The annex (according to point 5(e)(iv) in Annex I to Implementing Regulation (EU) 2021/2289) is missing.

**2.3.4.1. Management commitments (Article 70 of the SPR, Section 5 of the Plan)**

176. Latvia is requested to describe how the commitments of the different interventions go beyond the mandatory requirements (as referred to in Article 70(3) of the SPR), a listing of the relevant GAECs based on the text of Annex III to the SPR is not sufficient. This Section should also describe the link between GAECs, SMR and national standards with the intervention in question.

177. Latvia is requested to include a revision clause according to Article 70(7) of the SPR for all relevant interventions under this Article (including organic farming, animal welfare) in Section 4.7.3 of the Plan (elements common to several interventions), or for all interventions under Article 70 of the SPR in Section 5 of interventions.

178. Table 12 and 13 of the Plan need to be revised for all interventions and to include uniform unit amounts for the different categories of commitments. The argument that

it is not possible to accurately identify the actual activity of the beneficiaries is not pertinent, as the planned outputs per unit amount is only indicative, and the budget can always be shifted between the categories. It is recalled that uniform amounts are the default option to be used for interventions under Article 70 of the SPR. A single average unit amount for big differences in payments or high numbers of different commitments is not justifiable. Uniform unit amounts also allow to attribute individual commitments of the respective interventions to the appropriate result indicators.

179. Latvia should ensure that all requested information is completed as regards agri-environmental interventions.

#### **LA 10.1 Green bands**

180. Latvia is requested to clarify whether this intervention can be combined with TM4.2 Ecological Focus Areas.

181. It seems that the intervention is split in two commitments, one on targeted areas and one on the rest of arable land with no differences in the management commitment, but attributed to different result indicators. The use of average unit amounts is not justified in this case (see also observation relevant to all interventions under the Article 70 of the SPR). Also, the final assessment of the intervention can only be made after further clarifications are provided as regards revisions of conditionality.

182. In order to support management practices under the EAFRD, they must go beyond the baseline of the conditionality. The requirements for green bands and buffer strips should be clearly specified and not only refer to national legislation. Latvia should clarify that the use of pesticides is not permitted and that the commitment goes beyond GAEC 8.

#### **LA 10.2 Environmentally friendly horticulture**

183. Latvia is invited to ensure consistency under the different parts of the description of the intervention LA10.2.

184. The needs to be addressed by this intervention and result indicators attributed have to be aligned with the description of the commitments. The commitments seem also to address GHG emission reduction and reduction in pesticide use, without links to corresponding result indicators. In order to allow for a proper assessment, the commitments for environmentally friendly methods in horticulture need further description.

185. The Commission reminds Latvia that the commitments in environmentally sensitive areas have to go beyond the respective statutory management requirement SMR2 and GAECs, in particular GAEC 2 where applicable.

#### **LA 10.4 Management of beekeeping units for pollination purposes**

186. Latvia should clarify whether the growing of underseed crops is considered as an eligibility criterion or part of the commitment. Furthermore, the planned coverage of

3 000 ha is relatively low. Latvia is invited to develop an intervention which increases interest of potential applicants.

### **LA 10.5 Grassland habitat management**

187. From the description of the intervention it is not clear whether all commitments are targeting the improvement of the grassland habitats, going beyond the obligations as set by the Habitats Directive 92/43/EEC or the Birds Directive 2009/147/EC or whether, in some areas (Natura 2000) the commitment would be limited to the fulfilment of those obligations. If the commitments target the improvement of the Natura 2000 areas management, a link to the result indicator R.33 (Natura 2000 management) should also be considered. In view of the fact that almost all of the 12 grassland habitat types present in Latvia are in an unfavourable/bad (U2) conservation status, the planned coverage of this intervention (53 350 ha in 2027) should be revised upwards. In this respect, the PAF could guide Latvia to enhance its proposals on biodiversity.

### **LA 11 Organic farming**

188. The intervention is linked to SO4, SO5 and SO9. However, depending on the specific circumstances in Latvia it may also be linked to SO6. Furthermore, based on the recognised contribution of organic farming, Latvia should link this intervention also to R.14 (carbon sequestration), R.19 (soil), R.21 (water quality), R.22 (nutrient management), R.24 (pesticides) and R.31 (habitat and species). In case the support is for farming systems including livestock husbandry, not only R.43 (antimicrobial use) could be relevant, but also R.44 (animal welfare). This would also be in line with the needs selected. However, the intervention has no direct and significant contribution to R.13 (reducing emissions in the livestock sector). Besides, R.13 cannot be linked to agri-environmental commitments paid per hectare.

189. Section 5 of the intervention states that there is no overlap with the eco-scheme TM4.7 'Promotion of organic production practices'. However, both interventions cover compensation for organic farming practices. The articulation between the two interventions needs to be improved.

190. Also the articulation with LA 10.5 'Management of grassland habitats' need to be further clarified. While Section 5 of the intervention states that there is no overlap and both interventions may be combined, the text on eligibility criteria defines that in areas of grassland habitats of European Union importance, all management restrictions of intervention LA 10.5 apply, which can be understood that in those areas participation in LA 10.5 is obligatory to receive support under LA 11.

191. The intervention provides for two different groups of farming, crop production and animal production. However, it seems there is no differentiation of support between conversion to and maintenance of organic farming. Latvia is requested to explain why no differentiation is deemed necessary in view of the specific circumstances during conversion. Furthermore, support for some categories of organic farming has been reduced compared to the period 2014-2020. Latvia is invited to explain whether it

considers that the targets set in terms of area coverage are considered achievable despite this reduction in support.

192. Article 70(8) of the SPR lays down that management commitments for organic farming within this intervention shall be per hectare. Compensation per livestock unit is therefore not possible. Latvia is invited to revise the commitments accordingly by, e.g. defining a payment per hectare of grassland (by setting an appropriate livestock density in accordance with Regulation (EU) 2018/848), reflecting the additional costs incurred and income foregone of the respective commitments).

### **LA 7.1 Afforestation**

193. Latvia is asked to clarify the established threshold beyond which forest management plans are requested for all supported forests.

194. Latvia should revise the Afforestation LA 7.1 intervention which should be planned under two Articles, one for establishment as an investment intervention (Article 73 of the SPR), the second as maintenance commitments (Article 70 of the SPR).

195. Financing for LA 7.1 is planned only for 2 years (2024-2025). Latvia is requested to explain if other sources of financing are planned.

196. Latvia is requested to explain if it has assessed afforestation in peatland in comparison with other types of management (e.g. wet grass, paludiculture) in terms of cost-benefit and different ecosystem services (climate regulation, biodiversity provision etc.).

### **LA 8 Forest ecosystems**

197. The planned LA8 intervention should be programmed under investments (Article 73), since this intervention covers non-productive investments.

198. The link to R.30 (sustainable forest management) does not seem justified, while a link to R.17 (afforested land) and/or R.18 (investment support for the forest sector) should be added.

199. Latvia is invited to better describe the biodiversity and climate related connections and benefits of the proposed interventions LA7.1 and LA8.

### **LA10.3 Animal welfare and reduction of GHG emissions**

200. Latvia is invited to better focus support for improving animal welfare. Currently only this intervention is planned and it partly targeted to reduction of GHG emissions.

201. Latvia is requested to verify the target value for the year 2025 in the table 13 for LA 10.3: which appears to be an error (target value is 8; probably it should be 28).

### **Genetic resources**

202. Latvia is invited to consider adding genetic resources interventions to the Plan, addressing both plants and animals, to strengthen activities in the area of biodiversity.

#### **2.3.4.2. Natura 2000/WFD payments (Article 72 of the SPR, Section 5 of the Plan)**

203. Latvia is invited to consider programming Natura 2000 and WFD payments for agricultural areas for mandatory requirements established under the relevant planning documents.

#### **LA12 Compensations to Natura 2000 forests**

204. The Commission notes the decrease in financial allocation as compared to the current period and asks Latvia to clarify how this responds to the needs. Latvia is asked to explain if and how Natura 2000 payments in forests will be addressed after 2025, given that in the Plan financing is only foreseen for three years and if other sources of financing are planned to foster sustainable forest management.

205. Latvia is invited to carry out calculations of support level taking into account the current situation (rather than 2013 data) and adjust the support levels.

#### **2.3.4.3. Investments, including investments in irrigation (Article 73-74 of the SPR, Section 5 of the Plan)**

##### **LA 4.1 Aid for investment in agricultural holdings**

206. As regards the scope, there is a mix of normal productive and green productive investments within this intervention. To qualify for the environmental ring-fencing, it has to be assured that all eligible investments are directly linked to climate and environment/animal related indicators with a clear and direct benefit for the environment and climate or animal welfare. This must take precedence over the objective of improving the overall economic performance of the farm. Latvia is therefore invited to elaborate more on a clear targeting of the intervention, including more details on the eligible investments going beyond normal standards and specifying the general requirements for the green investments (investments as referred to in Article 73(4)(a)(i)) in the Plan. Splitting the intervention into two separate interventions, a “green productive” and a “productive” investment intervention is recommended.

207. It is unclear how this intervention will contribute to improvements in energy efficiency and renewables generation as no actions are described. The description should be redrafted accordingly.

208. Latvia is invited to insert the proposed “aid intensities”, and provision of advance payments if envisaged.

209. Latvia is requested to add information about support for lease purchase, if foreseen, and durability requirements.

210. Information about the eligible sectors is missing. Consistency and synergies with the relevant sectoral measures of the Plan should be added.

211. The Section on planned unit amounts should be reviewed and revised: the difference between the planned average unit amount and the maximum average unit amount seems too big and does not seem justified. Latvia should take into account that the maximum average unit amount should not represent the maximum amount per project which is expected to be paid but the maximum average.
212. Considering the presence of African Swine Fever (ASF) in Latvia's wild boar population, the Commission welcomes the inclusion in this intervention of support for investments in biosecurity measures on farms. The Commission recommends to more specifically target enhancing biosecurity in pig holdings in order to limit the spread of the disease, and to include in the Plan the possibility for targeted advisory services or knowledge sharing, and risk management measures.
213. The link to R.16 (investments related to climate) does not seem justified. However, a link to R.26 (investments related to natural resources) could be added.

#### **LA 4.2 Aid for investment in processing**

214. Latvia should reduce the proposed number of SOs to which this intervention is linked by stating the most relevant ones to the proposed scope and eligibility of the support (same comment applies for LA 9).
215. Latvia is requested to provide further details as regards supported sectors and supported activities.
216. Latvia may consider to pay advances up to 50 % and not 80% as proposed (see Article 44(3) of Regulation (EU) 2021/2116). Interim payments may be executed after partial accomplishment for instance of a phase or a well distinguished part of physical work on the basis of which partial output may be generated. Advances per se do not generate output and therefore no indicators can be set on the basis of advances. This applies to LA 5 as well.
217. This intervention refers to the bio-economy and circular economy, however, there is no description of the actions to be supported at this level.

#### **LA 5 Aid for business start-ups through the development of small farms**

218. Information about the eligible sectors and activities is missing.
219. Latvia is invited to provide further information on calculation method leading to the proposal of EUR 15 000 as lump-sum support.

#### **LA 9 Establishment of producer groups and organisations**

220. Latvia is requested to indicate the annual degressive support for each year, and not only the one related to year 1. The proposed degressive support for year 2, 3, 4 and 5 is missing, as is also the reference to a maximum of EUR 100 000.

221. The information about the eligible sectors is not detailed. The addition of a short to explanation of the consistency and synergies with the relevant sectoral measures open to producer groups and organisations is requested.

#### **LA 4.3 Aid for investments in the development of agricultural and forestry infrastructure**

222. Latvia is invited to consider supporting sustainable farming practices on peatlands, such as paludiculture.

223. The applicable support rates have to be included in the Plan.

224. The Section on planned unit amounts should be reviewed and revised: the difference between the planned average unit amount and the maximum average unit amount seems too big and does not seem justified. Latvia should take into account that the maximum average unit amount should not represent the maximum amount per project which is expected to be paid but the maximum average amount.

225. A link to R.18 (investment support for the forest sector) could be added.

226. This intervention has the potential to be beneficial for climate adaptation, however the elements presented in the Plan do not sufficiently highlight this possibility. Latvia is invited to clarify this. In any case, there should be clear evidence that any measures involving drainage comply with the requirements of the WFD and the Habitats Directive.

#### **LA 4.5 Creation of artificial wetlands**

227. Latvia should take into account that non-productive green investments (investments as referred to in Article 73(4)(a)(i) of the SPR) should be limited to non-remunerative investments linked to the delivery of purely environmental and climate benefits. The eligible investments seem to better qualify for green productive investments as they are addressing pressures arising from agriculture and therefore are linked to the production cycle.

228. It should also take into account that the annual indicative financial allocation should represent the amount which is planned to be paid in the relevant financial year.

229. Latvia is invited to consider higher ambition for the intervention.

#### **LA 4.6 Restoration of biologically valuable grasslands**

230. As regards the support rates and simplified cost options (SCO), Latvia should clarify if the payment is foreseen as a SCO (unit cost per ha).

231. Latvia is invited to consider higher ambition for the intervention.

#### **2.3.4.4. Installation aid (Article 75 of the SPR, Section 5 of the Plan)**

232. Latvia is invited to consider whether planning an intervention on start-up aid for businesses could also address the identified needs in rural areas.

233. As regards the intervention LA 6, a link to R.37 (growth and jobs in rural areas) could be added.

#### **2.3.4.5. Risk management (Article 76 of the SPR, Section 5 of the Plan)**

234. Latvia should explain the link to the cross-cutting objective, which does not seem relevant or justified by the design of the intervention.

235. It should also include an explanation of the methodology for the calculation of losses (individual, indexes etc.) and the triggering factors.

236. Latvia should add information regarding how overcompensation with the sectoral interventions will be avoided.

237. The income losses coverage has been indicated as sector specific, further details on this should be provided.

#### **2.3.4.6. Co-operation (Article 77 of the SPR, Section 5 of the Plan)**

##### **LEADER: LA 19.1 and 19.2**

238. Latvia should make sure that the demarcation with other funds' social investments and those supported under LEADER is clear and implementable.

239. Latvia is requested to provide clarifications/corrections on the LEADER method (especially on aspect of sub-regional level (125 000 inhabitants for the Local Action Groups (LAGs) territory seems rather high in Latvian context)), innovation in the local context, aid intensities and state aid (aid intensities up to 75% planned).

##### **LA 19.2 Promoting the operation of short food supply chains, including ensuring green public procurement**

240. Latvia is invited to further explain the functional link of this intervention to LEADER, to better describe the intervention logic and its contribution to SOs 2, 3, 8, 9 and the expected outcomes through output and result indicators, the scope of the cooperation schemes and the activities to be supported.

241. Other co-operation interventions cannot contribute to the minimum financial allocation for LEADER. With a view to simplifying programming, Latvia should consider merging the intervention LA 19.2 with LA 19.1. Green public procurement could be one of the themes supported by LAG strategies.

##### **LA 18 Food quality schemes**

242. Under this type of intervention, support may be granted for new forms of cooperation regarding EU and national recognised quality schemes, including participation in existing schemes if starting as a new activity. Latvia is invited to describe these aspects and to include all the minimum requirements laid down by Article 77 of the SPR, such as the duration of support, including a reference to the Commission Delegated Regulation (EU) 2022/126 regarding the national recognised quality schemes.
243. Latvia is asked to further explain the direct and significant contribution of the intervention to the SO9, to explain the values of the unit amounts by quality scheme and by type of beneficiary and clarify the specific role envisaged for processors, and include information about the complementarities with sectoral interventions.
244. In the framework of Cooperation (Article 77 of the SPR), in intervention “LA 16.3 - Product development in the market and marketing of tourism services GIs” are mentioned as eligible schemes, but in “LA18 - Food quality schemes”, only organics and national quality schemes are eligible. The names of the interventions are confusing, and there is a need for further explanation if the category of organics includes also other types of quality schemes.
245. Geographical Indications (GIs) are placed under the general concept of Quality Schemes, without any distinct reference. Latvia is invited to better distinguish GIs among them, as a tool to valorise quality products.

#### **LA 16.1 Support for the establishment and operation of the EIP Agricultural Productivity and Sustainability operational groups**

246. It should be noted that pursuant to Article 77(1)(a) of the SPR, Member States may grant support to (1) prepare and (2) implement the projects of the EIP operational groups (OGs). In the proposed Plan, project preparation is excluded from support. Latvia is invited to reconsider this provision.
247. Section 8.2 of the Plan indicates that consultants should be mandatory participants in EIP OGs but this is not visible in the description of the intervention. Latvia is also invited to select the result indicator R.2 (linking advice and knowledge systems).
248. The Commission advises Latvia to keep the EIP intervention open for the grassroots innovative ideas captured by the “innovation hub”, and to add links to all SOs. It should add the dissemination by OGs of the innovative plans and results to the national and EU CAP network as an eligibility condition (Article 127 of the SPR), and refer to the interactive innovation model in the conditions.
249. It is not clear why outputs are only foreseen in 2023-2025, as this intervention should be continued throughout the Plan period. Furthermore, it should be clarified why selection is in two stages, phase 1 and 2, if there is no support for the preparation of the project allowed. The evaluation procedure should not be overly burdensome in order to permit the timely approval of projects.

250. Two different figures appear in different parts of description for the average amount per project: EUR 450 000 and EUR 430 000, while the table of planned unit amounts indicates EUR 400 000. This should be clarified.

251. It should be noted that intervention LA 16.1 (as any intervention under Article 77 of the SPR) is not eligible for the environmental and climate ring-fencing. This link to ring-fencing should be removed from Section 5 of the Plan.

#### **LA 16.2 Support for the development of new products, methods, processes and technologies (at farm level)**

252. The objectives of this intervention seems similar to LA 16.1, though with fewer partners required (minimum two instead of three), a smaller project amount and shorter duration. Latvia should clarify the differences.

253. Latvia is reminded that in the case of investments, support can be granted according to the rules laid down in Article 73 of the SPR.

#### **LA 16.3 Product development in the market and marketing of tourism services**

254. The scope of the intervention must comprise elements which would not have been possible without the cooperation between partners and their joint work in the new cooperation project. Latvia is invited to revise the design of the intervention, the consistency between the identified needs, the SOs to which the intervention contributes directly and significantly, and the related result indicators.

255. The scope of promoting and developing rural tourism services on the market, under the co-operation scheme, should be further developed and explained in relation to the identified needs.

256. Latvia is invited to include all the requirements laid down by Article 77 of the SPR, including the requirement for new forms of cooperation and/or new activities in case of existing cooperation schemes.

257. Latvia is asked to further explain the role of ‘a provider of advisory services’ in the projects, and the calculation method for the value of the average unit amount.

#### **2.3.4.7. Knowledge exchange and advice (Article 78 of the SPR, Section 5 of the Plan)**

##### **LA 1.3 Information activities (Development of professional knowledge and skills)**

258. Latvia should clarify the aim of the intervention and the reasoning for such strict eligibility conditions. Latvia is asked to clarify why the scope of the beneficiaries is so narrow and the themes are prefixed in the Plan.

259. Clarification is needed on why the planned unit amount is twice as large in the last two years of support in comparison to the first years, and on what is the difference between the two planned unit amounts where the values are identical (Table 13). The same applies to LA2.2, LA1.1, LA1.2 and LA2.1.

## **LA 2.2 Multi-annual advisory services ('incubation')**

260. This intervention needs further reflection and clarification. Latvia is invited to explain why this advice should be continued in all the years of the Plan, if the recipient/farmer has sufficient knowledge after the first year. Will the intensity then be adapted along the years? How will the final beneficiaries receiving this advice be selected? Taking into account the volume of the advice, how many farms will the budget allow to cover?

### **LA1.2 Consultant training (Development of professional knowledge and skills)**

261. Latvia is asked to consider to allow all advisors (public and private, receiving CAP support or not) to benefit from this intervention.

262. The intervention could include R.2 (linking advice and knowledge systems) as indicator. Latvia is asked to clarify in the intervention how many hours/year of obligatory training for advisors will be organised for each theme, and with which frequency.

### **LA2.1 Individual (one-off) advisory services (Advisory services)**

263. The Commission requests further explanations on the reasoning behind and set-up of the multiannual and one-off advisory services.

## **LA3 Demonstrations**

264. It is advised to focus this intervention on demonstrations on genuine farms working under real production conditions. Why would demonstrations only be used to indicate "what has been tested in research" and not the good practices which some pioneer farmers can share with their peers?

### **2.3.4.8. Financial instruments (Article 80 of the SPR, Section 4.6 of the Plan)**

265. Latvia should clarify the eligibility and aid ceiling of working capital finance in intervention LA 4.1 and LA 4.4, as a general ceiling of EUR 100 000 is defined as maximum loan amount, but the reference to aid amount also appears. It should be differentiated that a capital rebate cannot be provided to working capital loans.

266. Based on the information provided, the Commission considers that working capital finance is not eligible under intervention LA 4.2.

267. Latvia should ensure consistency across the different Sections of the Plan, as the text sometimes refers to EUR 100 000 as an aid amount, and sometimes as a loan amount. Latvia should define the applicable support rate (aid intensity) clearly and separately from the maximum finance ceiling.

268. It should be ensured that the average unit amount defined for the financial instrument correctly reflects the public expenditure requirement of an average-size project. Latvia should clarify the justification provided for LA 4.1.2, as the average unit amount equals to the average cost of the projects only in the case of fully public

loan funds, but based on Section 4.6 of the Plan the financial instrument it is not limited to loans.

269. For installation support, it is recommended to define the support (aid) ceiling as an absolute value in line with Article 75 of the SPR, instead of the 80% of the maximum defined loan of EUR 100 000.

### **3. FINANCIAL OVERVIEW TABLE**

270. For sectoral interventions, Latvia is reminded that in accordance with Article 156 of the SPR, the sum of all payments made during a given financial year for a sector - irrespective for which programme and under which legal base those took place - cannot exceed the financial allocations referred to in Article 88 of the SPR for that given financial year for that sector.

271. As regards sectoral interventions defined in Article 42 of the SPR, expenditure that will be paid in 2023 or in the subsequent financial years relating to measures implemented under Regulation (EU) No 1308/2013 for these same sectors shall not be entered in the Annual indicative financial allocations under Section 5 of the Plan or in the financial overview table under Section 6.1 of the Plan.

272. For each direct payments intervention in Section 5 of the Plan, the field “Annual indicative financial allocation (Union Contribution in EUR)” should be filled in, and there should be coherence with the values in the financial overview table (Section 6.1 of the Plan).

273. As regards rural development, Latvia should ensure coherence between the data entered in Section 5.3 of the Plan and those entered in the overview table, especially as regards the amounts under Articles 70, 73 and 75 of the SPR. Only total amounts should match.

274. The total of interventions financed by the EAFRD plus the amount corresponding to 6% of technical assistance exceed the total EAFRD allocations for Latvia.

275. Although the flexibility transfer from direct payments to EAFRD for financial year 2023 has been correctly communicated in the financial overview table, the transfer of the estimated product of reduction, for financial year 2023, as notified to the Commission by 1 August 2021 (EUR 250 000), has not been included in the same line.

### **4. CAP PLAN GOVERNANCE, EXCLUDING CONTROLS AND PENALTIES**

276. Regarding section 7.1 of the Plan, Latvia is invited to clarify the role of the delegated and intermediate bodies and of the four Control Bodies.

277. The Commission takes note of the AKIS Coordination body identified by Latvia. Keeping in mind the tasks and obligations of the AKIS Coordination body as provided in Articles 15, 114(a)(ii) and 115 of the SPR, Latvia is invited to provide further information on envisaged operational arrangements.

278. Regarding Section 7.2 of the Plan, Latvia is invited to describe the IT systems and databases developed for the extraction, compilation and reporting of data to be used for performance reporting, reconciliation and verification purposes, along with the controls in place to ensure the reliability of the underlying data.
279. Regarding Sections 7.3 to 7.5 of the Plan, comments will be delivered by the Commission services in a separate communication.
280. With regard to specific social concerns signalled above under strategic assessment of SO8 and in the “Key issues” part of this Annex, Latvia is reminded of the need to ensure a balanced representation of the relevant bodies concerning women, youth and the interests of people in disadvantaged situations in the monitoring committee.

## **5. OTHER ISSUES**

281. For interventions listed in Annex II to the SPR the interventions description needs to include the relevant WTO provision along with an explanation on how compliance is ensured.
282. For activities falling outside the scope of Article 42 of the TFEU, State aid rules apply. Companies in difficulty or companies still having a pending recovery order following a Commission decision declaring an aid illegal and incompatible with the internal market have to be excluded, except in the cases mentioned in the applicable State aid rules.

## **6. ANNEXES**

283. Annex V of the Plan should contain data for EAFRD participation, matching funds and additional national aids for all activities falling outside the scope of Article 42 of the TFEU.
284. In Annex VI, Latvia is asked to confirm that no Transitional National Aid (TNA) is planned for the period 2023-2027.