

**Operational Programme
for the Implementation of the European Fisheries Fund Support
in Latvia
for 2007 – 2013**

(Final version)

Riga, 2007

LIST OF CONTENTS

| | |
|--|----|
| Abbreviations | 4 |
| 1. TITLE OF THE OPERATIONAL PROGRAMME, MEMBER STATE..... | 5 |
| 2. GEOGRAPHICAL ELIGIBILITY | 5 |
| 3. ANALYSIS | 5 |
| 3.1. General description of the fisheries sector | 5 |
| 3.1.1. General analysis..... | 6 |
| 3.1.1.1. Fishery | 6 |
| 3.1.1.2. Aquaculture and inland fishing..... | 9 |
| 3.1.1.3. Fish processing and trade | 10 |
| 3.1.1.4. Areas important to fisheries..... | 11 |
| 3.1.2. The most important conclusions drawn in the previous planning period (FIFG) | 13 |
| 3.1.3. Context indicators..... | 18 |
| 3.2. Driving forces, development tendencies and SWOT | 18 |
| 3.3. Assessment of the strengths, weaknesses, opportunities and threats of the fisheries sector | 21 |
| 3.4. The environmental situation | 24 |
| 3.5. Gender equality | 26 |
| 3.6. Main outcomes of the analysis | 27 |
| 4. STRATEGY AT OPERATIONAL PROGRAMME LEVEL | 29 |
| 4.1. Overall objective of the Operational Programme and impact indicators | 29 |
| 4.2. Specific objectives of the Operational Programme and the result indicators... | 30 |
| 5. CALENDAR AND INTERMEDIARY OBJECTIVES..... | 30 |
| 6. SUMMARY AND OUTCOMES OF <i>EX-ANTE</i> EVALUATION AND STRATEGIC ENVIRONMENTAL IMPACT | 31 |
| 6.1. Outcomes of the ex-ante evaluation | 33 |
| 6.2. Strategic environmental impact assessment | 37 |
| 7. PROGRAMME'S PRIORITY AXES | 46 |
| 7.1. Coherence and justification of the priority axes chosen..... | 46 |
| 7.1.1. Coherence and justification of the selected priority axis concerning the Strategic Plan..... | 49 |
| 7.1.2. Guiding principles of the Operational Programme | 50 |
| 7.2. Description of each priority axes..... | 53 |
| 7.2.1. Priority axis I "Measures for adaptation of the Community fishing fleet" . | 53 |
| 7.2.2. Priority axis II "Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products" | 64 |
| 7.2.3. Priority axis III "Measures of common interest"..... | 76 |
| 7.2.4. Priority axis IV "Sustainable development of fisheries areas"..... | 83 |
| 7.2.5. Priority axis V "Technical assistance" | 94 |
| 8. FINANCIAL PLAN OF THE OPERATIONAL PROGRAMME (CCI NO: CCI 2007LV14FPO001) | 96 |
| 9. IMPLEMENTING PROVISIONS OF THE OPERATIONAL PROGRAMME ... | 97 |
| 9.1. Designation of authorities..... | 97 |

| | |
|---|-----|
| 9.1.1. Managing authority | 97 |
| 9.1.2. Intermediate body | 98 |
| 9.1.3. Certifying authority | 99 |
| 9.1.4. Audit authority..... | 100 |
| 9.2. The body responsible for receiving payments made by the Commission and the body responsible for making payments to the beneficiaries..... | 101 |
| 9.2.1. The body responsible for receiving payments made by the Commission . | 101 |
| 9.2.2. The body responsible for making payments to the beneficiaries | 102 |
| 9.3. Description of procedures for mobilisation and circulation of finance flow to ensure their transparency | 102 |
| 9.4. Description of the monitoring and evaluation system as well as the composition of the Monitoring Committee | 102 |
| 9.4.1. Description of the monitoring and evaluation system of the Operational programme..... | 102 |
| 9.4.2. Monitoring Committee, its composition..... | 103 |
| 9.5. The arrangements regarding the computerised exchange of data needed to fulfil the management, monitoring and evaluation requirements..... | 104 |
| 9.6. Social partners involved in preparation of the EFF planning documents (Strategic Plan, Operational programme) and the co-operation results, ensuring gender equality | 105 |
| 9.6.1. Partnership and the results of co-operation | 105 |
| 9.6.2. Ensuring gender equality | 107 |
| 9.7. Ensuring the information and publicity | 108 |
| Annex 1 | 111 |
| Annex 2 | 115 |
| Annex 3 | 116 |
| Annex 4 | 117 |
| Annex 5 | 118 |
| Annex 6 | 119 |

Abbreviations

CIS – Commonwealth of Independent States

CSB – Central Statistical Bureau

DBF – Department of Budget and Finance of the Ministry of Agriculture

DEUNS – Department of European Union and National Support of the Ministry of Agriculture

EAFRD – European Agricultural Fund for Rural Development

EFF – European Fisheries Fund

ERDF – European Regional Development Fund

ESF – European Social Fund

EU – European Union

EU-15 – European Union before expansion of 1 May 2004

EU-25 – European Union after expansion of 1 May 2004

FIFG – Financial Instrument for Fisheries Guidance

FVS – Food and Veterinary Service

IS – Informative system of the Rural Development Programme for 2007-2013

KW – kilowatts

LATFRA – Latvian Fish Resources Agency

LEADER – determined and mutually coordinated activities for rural development, which motivates society to look for new solutions for the existing rural problems. The aim of LEADER is to improve quality of life for people in rural areas, thinking of economic and social improvements and environment preservation opportunities

MIWA – Marine and Inland Waters Administration

MoA – Ministry of Agriculture

NAFO – North-west Atlantic Fisheries Organization

NBF – National Board of Fisheries

NEAFC – North-east Atlantic Fisheries Commission

RSS – Rural Support Service

SWOT – strengths, weaknesses, opportunities and threats

1. TITLE OF THE OPERATIONAL PROGRAMME, MEMBER STATE

1. Operational Programme for the Implementation of the European Fisheries Fund Support in Latvia for 2007-2013 (hereinafter referred to as the Operational Programme) is a document prepared by the Ministry of Agriculture of the Republic of Latvia (hereinafter – the MoA) and approved by the European Commission.
2. Operational Programme has been prepared pursuant to the principles of the European Union Common Fisheries Policy (also in line with Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund (hereinafter – the Regulation (EC) 1198/2006), Commission Regulation (EC) 498/2007 of 26 March 2007 on laying down detailed rules for the implementation of Council Regulation (EC) 1198/2006 on the European Fisheries Fund (hereinafter – Regulation (EC) 498/2007) and its priorities, and the principles of the Latvian National Development Plan for 2007-2013 and the Strategic Plan of the Fisheries Sector of Latvia for 2007-2013 (hereinafter – the Strategic Plan) (approved by the cabinet order No 201 of 11 April 2007).
3. Operational Programme includes analysis of the existing situation in the fisheries sector, strategy on the level of Operational Programme, priority axes for which co-financing is provided within the EFF as well as determines the measures and activities and their implementation conditions for the period of time from 2007 to 2013 following the requirements set forth in the EU legal framework – the Regulation (EC) 1198/2006 and the Regulation (EC) 498/2007.
4. Basing on the Operational Programme the MoA prepares regulations in which it specifies the conditions for introduction of measures and activities foreseen in the Operational Programme.

2. GEOGRAPHICAL ELIGIBILITY

5. Pursuant to Council Decision 2006/595/EC of 4 August 2006 drawing up the list of regions eligible for funding from the Structural Funds under the Convergence objective for the period 2007 - 2013, Latvia conforms to region of NUTS 2 level, which is compliant to reception of structural funds financing in accordance with the convergence objective in the period of time from 1 January 2007 to 31 December 2013, and is the Member State of the European Union to which the convergence objective shall apply.

3. ANALYSIS

3.1. General description of the fisheries sector

6. Detailed analysis of the fisheries sector in Latvia is included in the Strategic Plan. This chapter of the Operational Programme gives the analysis of the sector in a summarised way. Analysis of the fisheries sector is mainly performed on the national scale by simultaneously analysing also the territories significant for the

fishery.

3.1.1. General analysis

7. Fisheries sector represents three main business areas – fishing, fish processing and aquaculture.
8. Contribution of the fisheries sector into the gross domestic product in 2006 was 0.9 %, but share of the fisheries sector in the total added value was 0.1 %. Value of fish production in 2006 was almost EUR 143 million, which is by 6 % more than in 2005¹. Fishery is one of the few branches of the economy of Latvia where there is positive external trade balance. In 2006 the export of fish increased significantly and the external trade balance reached EUR 88.9 million.
9. In 2005 the sector employed 11.6 thousand people 32.7 % from which worked in the fishing, 64.4 % in fish processing, but 2.9 % in the aquaculture sector. Although the fisheries sector employs only 1.1 % of the total number of employees in Latvia, it has a great role in the social and economic development of regions.
10. Level of education of those employed in the sector is comparatively low. Out of those employed in the fisheries sector 4.9% have the higher education, 62.5% – secondary education, 31.0% – primary education². To compare, in Latvia in total in 2005 23.4% of the total number of employees³ had the higher education, 63.1% – secondary, but 12.7% – primary education.
11. In Latvia there are limited opportunities to obtain professional education in the field of fishery. Also the opportunities of adult education and qualification improvement are limited. Training courses are available in the field of aquaculture – fish farming and crayfish farming. For the successful operation and managed development of sub-sectors of fishery there is shortage of the workers' experience in the field of business planning and development. Fishermen lack knowledge about sustainable management of fish resources.

3.1.1.1. Fishery

12. The fishing fleet of Latvia consists of almost 900 fishing vessels⁴. 734 vessels fish in the offshore waters of the Baltic Sea and the Gulf of Riga (Table 1 of Annex No 1). Almost one half from the fleet fishing in coastal waters is formed by vessels without engines. The average engine power of other vessels is 20.9 kW. For almost one half of the vessels fishing in coastal waters the average length does not exceed 5m. In the coastal fishing mostly stationary fishing gear is used – different nets and pots. Majority of the catch in the coastal waters of the Baltic Sea and the Gulf of Riga is constituted by herring, flounder, vimba, as

¹ Source: NBF

² Source: NBF

³ Source: CSB

⁴ Data source for information on fish fleet in 2006, NBF

well as salmon. Unprofitable fishing, when incomes from fishing do not cover the exploitation costs of the vessel due to insufficient catch quota per one vessel, causes socio-economic tensions in fishery and does not ensure the sustainability of use of fish resources. In 2006 the total amount of catch in the coastal waters was 2689 tons of fish, on average 3.7 tons per one unit of fleet, which proves of low efficiency in the coastal fishing (Table 2 of Annex No 1). However, coastal fishing provides the market with valuable migratory and freshwater fish, which can also be found in the coastal waters of the sea.

13. Catch in the coastal waters comprise approximately 4 % of the total catch in the Baltic Sea and the Gulf of Riga. It is due to comparatively small number of allowed fishing days, part-time employment in the sector, as well as to the use of stationary fishing gears in fishing. However, coastal fishing engages one fourth of the persons employed in fishing. Taking into account the social and economic sensitivity of the coastal fishing, since 2006 the breakdown of quota allocated to Latvia between coastal and sea fishing segments is stipulated by the Law on Fishery. As in 2004 and 2005 the coastal fishermen were most affected by the decline of allocated cod and herring catch quota, the law stipulated certain guarantees for this sensitive fishing segment, which consists of very big number of fishermen and small vessels. Lately the coastal fishing is more and more influenced by the rapid increase of Baltic seals, because seals damage the fishing gears and the fish being therein.
14. 153 vessels fish in the Baltic Sea and the Gulf of Riga beyond offshore waters (Table 3 of Annex No 1). As regards the length of the offshore fishing vessels, 29.4 % of them are 12 - 24 m in length, all the rest – above 24 metres. 109 vessels fishing beyond the offshore waters mostly fish with trawls such fish as sprats, herrings, as well as cods, but 44 vessels with anchored gill nets – cods, flounders, as well as salmons (Table 4 of Annex No 1). Drifting gill nets and long lines are also used in fishing.
15. Besides, fishing of fish stocks, which are not restricted by quota, like flounders, flatfish, sea trouts, eel-pouts, vimba etc. is carried out in the Baltic Sea. However, fishing opportunities available to Latvia currently do not ensure the profitability of fishing vessels.
16. High seas fishing opportunities depend on the possibilities of the European Union to maintain or renew the fishing agreements signed previously with the third countries, where the Latvian fishing vessels are fishing at the moment or plan to commence fishing activities. 10 vessels are operated in high seas fishing fleet (Table 5 of Annex No 1). The tonnage and power of these vessels constitute 60.7 % GT and 37.1 % KW from the total fishing fleet tonnage and power in Latvia. The fish caught by these vessels are landing in ports outside Latvia in the vicinity of the corresponding fishing areas (in 2006 it was 56 941 tons in total, on average 5 694.1 tons per one fleet unit (Table 6 of Annex No 1)).

17. If the fishery breakdown is analyzed per engaged fishing mode, trawling is the segment affected most negatively, as the production costs per 1 trawler, which is longer than 24 m, are by 17 % higher than per average in the fleet, but fuel costs – even by 27 % higher (data of 2005). Trawling mostly takes place in the Baltic Sea and the Gulf of Riga. By engaging in this fishing mode with outdated vessels and obsolete devices, there is very high fuel consumption and high other costs related to fishing. Thus, the competitiveness of fishery products suffers.
18. The average age of vessels fishing in high seas, the Baltic Sea and the Gulf of Riga beyond offshore waters exceeds 26 years. The average age of vessels fishing in the coastal waters of the Baltic Sea and the Gulf of Riga exceeds 18 years. Use of outdated vessels and boats in fishing increases the risk of fuel leakage. The high depreciation level of fishing gears deteriorates the efficiency of fishing in Latvia (high fuel consumption, more manual labour, higher losses), thus decreasing the competitiveness of the sector and each company separately within the European Union scale.
19. The profitability of fishing in the coastal waters of the Baltic Sea and the Gulf of Riga, as well as beyond offshore waters is negatively affected by the outdated engines of vessels. The average age of engines for these vessels exceeds 18 years (Table 7 of Annex No 1).
20. Labour productivity in fishery in the new European Union Member States fishing in the Baltic Sea, including Latvia, is by 58 % lower than the average indicator in Finland and Sweden according to the data of year 2004⁵.
21. 71 % of fish caught in the Baltic Sea and the Gulf of Riga are sold to Latvian fish processing companies⁶ and become the raw material for production of local products.
22. There are ten ports in Latvia, out of which seven are small ports. The small ports focus their activities mostly on service providing for fishing vessels. Port infrastructure and buildings, which are intended to ensure fishery activities, are outdated. Not in all ports suitable wharfs for fishing vessels are built up, neither there are fish discharge and storage premises equipped with modern technologies.
23. Wage for the persons employed in fishery in 2005 still was lower than the average wage in the state (65 % from the average level of the state). Low wage, as well as work with outdated technologies, which burden work conditions and reduce labour productivity, have influenced the increase of average age of the persons employed in the fishery. 19.1 % from the employed persons in 2005 were more than 54 years old⁷. The total number of employed persons also

⁵ Source: Employment in the fisheries sector: current situation (FISH/2004/4), Final Report, April 2006.

⁶ Source: NBF

⁷ Source: NBF

decreases – for 13 %⁸ since 2001. The most rapid fall of the employed persons was in fishery.

3.1.1.2. Aquaculture and inland fishing

24. The number of registered private aquaculture companies in 2006 reached 94⁹. In Latvia aquaculture products are grown in freshwater, and there are 304 ponds registered with the total area of 3402.2 ha¹⁰. Aquaculture, in comparison to other fisheries sectors, has good development opportunities. However, the insignificant amount of realised aquaculture production provides evidence that only a part from the companies produces goods for market. Production arrival to market is burdened by small production amount of each separate aquaculture company. 565.6 tons of fish were bred and realised in 2006. Carps formed 86 % from the production amount. Apart from carps, also goldfish, trouts, pikes, sturgeons and broad-fingered crayfish are caught in small amounts. At the moment in Latvia further commercial processing of aquaculture production has not developed, as the production amount for the realisation in market is fragmented and insignificant, neither there is a trade system of aquaculture production established. The biggest part of the production is sold fresh to the customers.
25. Despite the small amount of aquaculture production for the time being, experts indicate to the increase of losses caused by wild animals especially by cormorants or gannets.
26. Labour productivity in aquaculture is comparatively low. Pursuant to the data of 2003 it is evaluated as one of the lowest in the European Union and in terms of value it forms only 17.8 % from the EU-25 average indicator¹¹.
27. Commercial fishing in Latvia is allowed in the majority of inland watersheds – in approximately 300 lakes, 15 reservoirs and more than 20 rivers and their sections, but fishing of lampreys - in 16 rivers. In 2006 catch in the inland waters comprised 328 tons of fish, which is by 8 % less than in 2005 (Table 8 of Annex No 1). It involved more than one third of those employed in the fisheries sector. 139 fishing boats are used in the inland fishing 45% of which are equipped with engines. The age of fishing boats used for fishing in the inland waters, similarly as those used for fishing at sea, is comparatively high – on average 17¹² years. Inland waters fishermen use approximately 100 boat wharfs that are established in the largest water reservoirs available for commercial fishing. Infrastructure (boat wharfs, fish landing facilities, etc.) for this type of fishing has not been developed sufficiently, the fishing process itself lacks modern technical equipment, because the small amounts of catch, if compared to

⁸ Source: MoA Yearbook „Agriculture and Rural Areas of Latvia” 2002 and 2006.

⁹ Source: NBF

¹⁰ Source: CSB

¹¹ Employment in the fisheries sector: current situation (FISH/2004/4), Final Report, April 2006.

¹² Source: NBF

the catch at sea, and the small revenues, on average 455 euros yearly per person employed in the inland water fishing, hamper investments into development of the sector.

3.1.1.3. Fish processing and trade

28. In fish processing at the beginning of 2006, one hundred and ten companies operated¹³. Percentage-wise the biggest part (41.8 %) of them is formed by small companies, where 10 up to 49 employed persons are engaged. They produce the fifth part of fish production. Medium size companies (23 % from the total number of companies) ensure the biggest specific weight in the amount of the fish production, i.e., 47 %. Big fish processing companies have the smallest specific weight (8.2 %). The proportion of production produced by them forms 26 % from the total amount. Small and micro companies mostly produce unprocessed canned fish or preserves, smoked and frozen fish. However medium size and big companies, in their turn, focus on the production of processed canned fish.
29. The comparatively high investments, which are necessary for the introduction of new products, as well as the traditional technologies, create obstacles for the fish processing companies. Output per one employee engaged in fish processing (labour productivity) in 2005 was 15 316 euros, which is by nearly 60 % lower than on average in the Latvian food industry. This may be justified by low technological equipment and high specific weight of manual labour in the production. The low labour production threatens the engagement possibilities of new employees.
30. The total amount of produced fish production in 2006 was 179.0 thousand tons. Since 2003, the increase of production produced in the sector has been observed, although it has decreased in 2006. It is related to the ban given out by the Russian Federation for the export of definite canned fish (due to an increased levels of benzopyrene in the smoked fish) and low levels of the production amounts of frozen shrimps related to the low prices of shrimps on the global scale. The assortment of fish production produced in fish processing companies is wide; however, there are more than 50 % of fresh, chilled and frozen fish in the production structure. Although lately the specific weight of production of canned fish has been decreased in the total amount of the produced production, the most significant fish production mode in Latvia is processed canned fish, which can be stored for a longer time period and are easier to transport. However, these fish have a historically established status of a cheap product in the main sales markets. Their specific weight in the total production volumes of fishery production is 38 %. The biggest part from the prepared canned fish is formed by canned sprats and herrings.
31. The situation in fish and fish product market mostly is affected by the

¹³ Data source for information on fish processing and marketing in 2006, NFB

tendencies and changes in the international markets of the industry. The total turnover of the local companies depends on the amount of export and import.

32. The fish production produced in 2006 in Latvia, including canned fish production, was sold for EUR 143 million. The consumption of processed canned fish in Latvia traditionally is small – around 3 - 5 % from the total amount of canned fish production per year. Smoked and salted fish, in turn, as well as fish preserves and ready-to-serve-food forms 50 – 90 % respectively from the total produced amount in the local market. Taking into account the limited capacity of the domestic market, almost 90 % of the total fish products produced (including canned fish) are exported each year.
33. In 2006 fish production was exported to 55 countries. The main export production products were frozen fish – sprat, horse mackerel, sardinella, pilchard, mackerel, as well as fillets of the frozen fish – cod and marine golden redfish, and frozen shrimps, as well as canned fish. In comparison to the previous year, the amount of fish production export increased by 5 %, reaching 160.6 thousand tons and EUR 144.8 million in terms of value. CIS and European Union countries take an important place in the total fish production export of Latvia, with the specific weight 43.5 % and 55.0 % respectively.

3.1.1.4. Areas important to fisheries

34. The standards of environment and possibilities of business activities essentially differ in the regions of Latvia. The differences can be observed in uneven economic and business development of territories, as well as in the levels of employment and unemployment, personal income level, social and cultural life conditions. The economic and legal capacity of regional inhabitants is determined by historically established business traditions and sector structure.
35. The biggest specific weight of the persons employed in fisheries is in Kurzeme region – 45.3 % and Vidzeme – 36.6 % from all persons employed in fisheries. Also, in the total number of employed persons in these regions the persons employed in the fisheries form higher specific weight than on average in the country, i.e. above 1 %. Cēsis, Daugavpils, Kuldīga, Liepāja, Limbaži, Ogre, Rēzekne, Rīga, Talsi, Tukums, Valmiera and Ventspils region territories should be particularly outlined.
36. In the territories which are already marked in the Strategic Plan as important for fisheries (Annex No 2), fisheries is more developed than in the rest of the territory of Latvia. All 230¹⁴ fisheries companies are located on the seashore of the Baltic Sea and the Gulf of Riga – in Liepāja region there are 27.9 % fisheries companies, in Talsi region – 19.2 %, Ventspils region 18.3%, Tukums and Riga region – 12.7 %, Limbaži region – 8.7 %.
37. In the territories important for fisheries in Kurzeme and Vidzeme seashore the greatest part of the fish processing companies are located. 32.8 % from the

¹⁴ Here and further in this document section NFB data, 2005

total number of fish processing companies are located in the vicinity of Riga, 21.8 % – in Talsi, 12.7 % – Tukums, 8.2 % – Liepāja, 6.4 % – Ventspils and 5.5 % – Limbaži.

38. The greatest number of fish processing micro companies is registered in Riga region – 16 micro companies from 30 fisheries micro companies in the state, in Tukums region – 5, in Liepāja region – 3 micro companies. Small fish processing companies, in their turn, are mostly located around Riga (30.4 %) and Talsi (21.7 %) region. Medium companies mostly are located in Talsi (40 %) and Riga (16 %) region. Mostly it can be explained by the vicinity of Riga as a metropolis of trade and economics. However, the great number of companies existing in Talsi region may be related to the geographical location of the region, many seashore villages and towns.
39. Territories important for fisheries are also located in the inland of the country, where the biggest lakes of Latvia, where commercial fishing takes place, can be found – in Latgale (in the Eastern part of the country), Kurzeme (in the Western part of the country). 6.6% of the inland fishing companies can be found in Latgale region in the vicinity of Rēzekne, in Daugavpils, in its turn, there is – 4.1 % from 61 inland fishing companies registered in the country in total.
40. Taking into account the location of aquaculture companies in the territory of state, Rīga, Cēsis, Valmiera, Liepāja and Ogre regions (15.3 %, 12.2 %, 10.2 %, 6.1 % and 5.1 % from the total number of the aquaculture companies respectively) should be considered as important territories for fisheries.
41. It may be concluded from the above said that seashore regions more depend on successful operation of fisheries, fish processing and aquaculture. These regions would be affected mostly in the event of decrease of fishing opportunities. Also, territories in the inland of the country would be affected negatively, as the distance from the capital city and obvious concentration of business in Riga leave unattended periphery. Thus, rather unstable social and economical situation in the countryside restricts the opportunities to develop other alternative business modes in the territories important for fisheries. The area of the territories important for fisheries takes 49.5 % from the total territory of the country.
42. Gross Domestic Product per capita in these territories in 2005 was for 26 % down to 76 % lower respectively than on average in the state. The specific weight of job seekers in these regions is higher than on average in the state – in Vidzeme region it exceeds the average indicator in the state for 10 %, in Kurzeme for 29 %, but in Latgale – 86 %. Due to narrowing of the sector, which is caused by sustainable conservation measures of fish resources, the social tension risk is potentially high in these territories. The increase of number of job seekers is also affected by the narrowing of the fisheries sector as a result of the implementation of the sustainable use measures of fish resources. In the fishing

sector alone the number of employed person in the previous period has decreased for 6.3 %. Besides, when facing the problems with the realisation of production in the Russian market, they were forced to reduce the number of the employed persons in their companies. As a result, social tension increases in the territories important for fisheries, as alternative business modes are restricted.

43. Higher migration balance can be observed in the abovementioned territories, besides, the territory development index which has been calculated on the basis of the gross domestic product, demographical, employment, company business, investment and other indicators, is negative in these regions and attraction of non-finance investments in these territories, except big cities, is for one third lower on average.
44. The economical situation in the relevant territories for fisheries depends on the existence and quality of the basic infrastructure. The most important infrastructure which has the influence on development of the territory is the existence of the system of communication, facilities of the culture and education, social infrastructure and transport including state of roads. 68 %¹⁵ from local municipality roads and streets are with splinter and gravel covering (except forest roads). Besides, they are in poor technical condition. During the last five years the specific weight of the roads in poor condition in the state has increased for 10 % on average, and in general the condition of roads continues to get worse. It restricts the mobility and business development of the inhabitants living in that particular area.

3.1.2. The most important conclusions drawn in the previous planning period (FIFG)

45. The evaluation and conclusions drawn in the previous planning period are based on the Thematic assessments of the activities implemented within the Single Programming document, which are introduced in accordance with the order of the Ministry of Finance regarding the preparation of the European Union Structural Fund planning document for 2004 – 2006 and the activities contained therein, system of monitoring indicators, introduction of the Single Programming document, the reports of the Ministry of Finance, as well as the Managing Authority of the previous period, information provided by the Rural Support Service concerning the realisation of FIFG projects, information given by the Food and Veterinary Service, Marine and Inland Waters Administration and National Board of Fisheries, as well as ex-ante assessment findings.

46.

| Measure/activity of FIFG | Conclusions |
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| Adjustment of fishing effort | Implementation of this measure in the previous period contributed to approximation of the capacity of Latvian fishing fleet to the continuously changing and mainly reducing resources of available fish resources. Measure included removing of fishing vessels from the fleet by splitting or |

¹⁵ Source: JSC Latvian State Roads

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| | <p>scrapping or by reassignment for activities outside fishing. Rate of acquiring activity of the measure is assessed as being high, because before 31 December 2006 cutting of 48 vessels (instead of 25 planned) has been performed. Instead of 2 vessels initially planned for reassignment for activities outside fishing 4 vessels were granted. Great interest was caused by the fact that vessel owners wanted to increase the profitability of fisheries companies faster and the fact that means of finance were not available to the owners of those vessels to improve the economical potential of the ships.</p> <p>During the FIG programming period until 31 December 2006 Latvian fishing fleet has decreased by 52 vessels with the total capacity of 6 454.5 kW and the total displacement of 2 668.98 GT. If compared to 2003 the catch per fleet unit in the Baltic Sea and the Gulf of Riga beyond offshore waters has increased by 81% and in 2005 on average was 558 tons. High activity in this measure can be explained with the application of efficient compensation scheme that stimulated removal of excessive fishing capacities. Moreover, approximately 30% (in particular cases even up to 100%) of the funding used as compensations have returned to modernisation projects of fishing fleet and ports within private contribution.</p> <p>By adaptation the fishing fleet capacity with the available fish resources (by increasing the fishing opportunities and thus also the catch productivity for the rest of the ships) the possibilities for illegal and unregistered fishing are being eliminated. Data provided by the MIWA show that in 2005 in 2.7% of performed inspections various offences of fishing were stated, including fishing without licence (67%) as well as making false records in the vessel documentation (12%). To reduce the amounts of illegal and unregistered fishing it is necessary to continue the adjusting of the capacity of fishing fleet with the resources, therefore in the programming period of the EFF support withdrawal of fishing vessels from active fishing activities and cutting scrap metal or use for other purposes beyond fishing is planned.</p> |
| <p>Fleet renewal and modernisation of fishing vessels</p> | <p>Implementation of this measure has contributed to improvement of fishing vessels safety and modernisation of fishing gears. In the Informative Report on the acquisition of the financial resources of the European Union provided by the Ministry of Finance, which in the previous period was the Managing Authority of the Structural Funds, it is stated that the activities are directed to the improvement of navigation safety, work and hygiene conditions, as well as provision of appropriate conditions for fish storage and processing on the fishing vessels, which in its turn, facilitates sustainable and responsible use of resources. As the fishing quotas determined for Latvia and the limits for each fishing vessel are strictly controlled, the planned activities do not endanger sustainable development of fisheries.</p> <p>However, taking into account the fact that within the measure replacement of vessel engines was not possible, which must be evaluated as a significant priority for the target audience of the measure, the acquiring activity of the measure shall be evaluated as satisfactory. Under the measure until 31 December 2006 investment was attracted to improve the safety of 59 fishing vessels and modernisation of their equipment, by attracting public funding in the amount of nearly 427 thousand euros (361.4 thousand euros have been paid). In the Thematic evaluation report on the assessment of the monitoring indicator system of the Single Programming Document it is stated that the efficiency of the introduction of activity can be considered as low from the point of view of the planned funding acquisition and implementation of outcome indicators. Planned outcome indicators were reached partially. It may be explained by the fact that the potential support candidates lacked financial resources for co-financing of the project and the supportive expenditure modes were not priorities for the target group. Support is being granted for purchase and installation of ship communication and navigation devices, rescue and fire-safety systems were completed and improved, as well as fish landing and loading facilities were purchased and installed, also the acoustic deterioration devices were purchased, hygiene and labour safety conditions improved and investments of other kind have been made.</p> <p>In the result the working conditions of fishermen have improved as well as the production quality. Results of the fishing vessel checks performed by the FVS</p> |

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| | <p>show that in the period of time from 2003 to 2005 the number of found discrepancies has reduced by 4.4%.</p> <p>With the support of FIG only 6.6% of the fishing fleet have been modernised, therefore the provision of the support of the EFF to the activities of fishing vessels modernisation must be continued.</p> <p>In the Programme of Action such activities to be supported have been included as safety on the board, improvement of working conditions, hygiene, product quality and investments in more selective fishing gears, as well as individual change of fishing vessel engines.</p> <p>It is planned that the interest regarding the modernisation activities of fishing vessels will increase due to the possibility to change the engines. In addition, as a result of the introduction of the Adjustment Plan the owners of the fishing vessels will be able to plan the company activities more effective and also invest in the remaining fishing fleet. In order to activate the potential applicants for the support, the Managing Authority will provide the information concerning the opportunities of the mentioned activity.</p> |
| Fishing port facilities | <p>Implementation of the measure has contributed to improvement of the infrastructure of ports by adopting them to the needs of servicing the fishermen. Interest shown by the target group can be evaluated as satisfactory. In the period of time from the beginning of the FIG programming period until 31 December 2006, 15 projects have been approved and 9 out of them have been implemented and three of them were projects for improvement of port infrastructure – construction of fish cooling and storehouses, purchased fish landing and ice production facilities; the total investment amount invested in the improvement of port infrastructure as at 31 December 2006 was 1.4 million euros. Consequently the production quality has improved as well as the possibilities for the fishermen to store their fish for further sale. In the Thematic assessment it is stated that the greater stress would be set on the development of port infrastructure.</p> <p>Therefore, in order to improve the quality of operation of fishing ports support must be allocated also during the programming period of the EFF. In the Operational Programme measure “Investments in the fishing ports and fish landing places” has been introduced.</p> |
| Development of coastal fishery | <p>Implementation of the activity will not have pronounced impact upon the development of coastal fishing in Latvia. In the Thematic evaluation report on the assessment of the monitoring indicator system it is stated that the efficiency of activity is low both from the planned funding acquisition and outcome indicator achievement point of view. Besides, the implementation of the activity was hindered by the precondition that projects under this activity can be submitted only by support applicants that have completed projects under other FIG measures.</p> <p>Under the measure in the period of time until 31 December 2006 two project applications were received for reception of compensation for construction of cold storage facility and purchase of equipment. It would be of higher efficiency to replace the compensation payments with increase of the support amount to projects submitted by the coastal fishermen in comparison to other fishermen.</p> <p>During the EFF support programming period, higher public co-financing rates are planned for the development of coastal fishing within the framework of the “Investments in the fishing tools and selectivity of fishing gears”.</p> |
| Socio-economic measures | <p>In the Thematic evaluation report on the assessment of the monitoring indicator system it is stated that implementation of the activity has provided the opportunity for temporary solution of the socio-economic problems of fishermen in the form of subsidies by compensating the lost jobs in the result of reducing the fishing fleet, but the activity efficiency may be evaluated as satisfactory from the point of view of planned funding acquisition and implementation of outcome indicators.</p> <p>Interest by the target group in acquiring the activity was high, which is related to the high activity in the measure for adjustment of the fishing effort.</p> <p>In the informative report prepared by the Ministry of Finance regarding the acquisition of the EU financial resources, it may be seen that until 31 December 2006, 119 projects have been approved, 111 out of 110 initially planned projects have been paid. Amount of compensations was sufficient to compensate the losing of jobs.</p> <p>In the Operational Programme two support forms are included – compensations for</p> |

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| | <p>the crew members of fishing vessels (fishermen) in the event of permanent cessation of fishing activities, as well as in the event of prior retirement.</p> |
| Support to producers' organisations | <p>In the previous period 2 producers' organisations were established. Under the activity the support has been granted to the National Fishery Producers' Organisation to compensate its administrative expenditures. Support of FIGG to producers' organisations has not fostered activating of their functioning as it was initially foreseen. To prepare and implement the operational programmes support was available to producers' organisations under the Guarantee section of the European Agricultural Guidance and Guarantee Fund, which was used with great activity. Basing on the experience of the FIGG it is not useful to continue support of producers' organizations within the EFF. Therefore, in the Operational programme support for the establishment of producer's organisations, their re-organisation and for the implementation of quality improvement plans is not included. In the next programming period support to producers' organizations will be available under the European Agricultural Guarantee Fund.</p> |
| Aid for temporary cessation of fishing and other financial compensations | <p>In the Thematic evaluation report on the assessment of the monitoring indicator system of the Single Programming document it is suggested that the potential of the candidates and needs of target groups, as well as real possibilities are objectively assessed. Implementation of the activity was not topical due to the fact that in Latvia in the period from 2004 to 2006 temporary fishing cessation measures were not implemented. Under the activity project applications were not submitted.</p> <p>As the implementation of these activities depend on external circumstances, i.e., from the fact whether temporary fishing cessation conditions are set or not, then the measure shall be maintained also for the next programming periods so that in case of necessity to compensate losses of fishermen incurred due to temporary cessation of fishing activities and promote their staying in the sector. In the Operational programme compensatory measure "Temporary cessation of fishing activities" has been included.</p> |
| Aquaculture | <p>Implementation of the activity in the previous programming period gave significant contribution to the increase of the base for the business (also ponds) and production standards. Interest by the target group concerning the activity was high – under the activity before 31 December 2006 the number of approved projects reached 24, attracting public co-financing in the amount of 1.6 million euros, and out of these projects 16 projects with the public co-financing value of 1.2 million euros have been fully paid.</p> <p>Under the measure 15.3% of the aquaculture companies have been modernised. Funds were mainly invested in improving the technical equipment of production, construction of fish incubation facility, reconstruction of reservoirs, construction of fish ponds, etc.</p> <p>In the Thematic evaluation report on the assessment of the monitoring indicator system it is stated that the high efficiency of the activity has been facilitated by the fact that within the activity expenditure which affects the establishment of infrastructure necessary for aquaculture, including, digging of ponds, have been included. In the programming period of the EFF the support must be allocated to promote also the introduction of such aquaculture methods that significantly reduce the negative environmental impact. Also modernisation of the rest of aquaculture companies is required and creation of new opportunities for starting producing new species to diversify the range of available products.</p> <p>In the Operational Programme support measure "Investments in aquaculture companies" has been included.</p> |
| Processing and marketing of fishery and aquaculture products | <p>Implementation of the activity has contributed mainly to modernisation of the processing of fishing products by stimulating their compliance to the EU quality requirements and competitiveness on the EU market.</p> <p>In the informative report issued by the Ministry of Finance regarding the acquisition of the EU financial resources it is stated that Latvian fish processing companies under this activity have arranged their production process to meet the EU hygiene and food safety requirements, modernised production technologies, invested in technologies and improvement of efficiency and product quality.</p> <p>Interest by the target group in acquiring this activity was high. Under the activity investment for modernisation and improvement of the production process was</p> |

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| | <p>attracted by 22% of the fish processing companies. Until 31 December 2006 45 projects have been approved with the total sum of public co-financing 7.1 million euros and 32 projects have been paid attracting the public co-financing in the amount of 3.6 million euros. To promote improvement of labour productivity and increase of added value and product quality as well as use of by-products and waste in the production and introduction of new products investment is required in the majority of fish processing companies, which was not completed in the previous programming period. Providing of support must also be granted for reducing the negative environmental impact. In the Operational Programme support measure "Processing of fishery and aquaculture products and marketing" is planned.</p> |
| <p>Promotion of new market outlets</p> | <p>In the Thematic evaluation report on the assessment of the monitoring indicator system of the Single Programming document it is suggested that the potential of the candidates and the real needs must be carefully assessed. Implementation of the activity so far has had little contribution to promotion of distribution of fish products. Interest of the target group in acquiring the activity can be evaluated as satisfactory. Until 31 December 2006 under the activity 2 fish production market research projects have been implemented and 1 project is in the implementation stage.</p> <p>Return from such activities is expected in the long run, however already at the end of the period the expansion of the range of sales markets has been recorded. To diversify the risks of selling great part of the production on the market of a single country support must be continued for implementation of market research and advertising campaigns. In the Operational Programme support measure "Facilitation of new markets and promotional campaigns".</p> |

47. During the previous programming period the management and controls system of FIFG was updated. During the initial period of FIFG introduction the main criterion for the ranking of project applications and subsequently for the receipt of the support was the time of the submission of the application, which created the queues in the submission process of the project applications, but at the final stage a new criteria point ranking system was introduced by arranging the applications according to the project selection criteria. This experience will be continued in the next period, organizing the acceptance of the application in application round and ensuring their evaluation in accordance with the administrative and specific evaluation criteria of the project applications in order to provide the objective selection of the project applications as possible.
48. The Rural Support Service, which implements the functions of the intermediary institution in the introduction of FIFG, administrating and supervising the implementation of the projects, has obtained an important experience and elaborated a system to perform the functions mentioned above, which is highly evaluated by the auditors, therefore the RSS will implement the functions of the intermediary institution for the Managing Authority also the next period.

3.1.3. Context indicators

49.

| Indicator | 2004 | 2005 | 2006 |
|--|------------------|---------|---------|
| Share of fisheries sector in the GDP, % | 0.9 | 1.1 | 0.9 |
| Share of employees employed in the fisheries sector in the total number of employed; % | 1.4 | 1.0 | n/a |
| Share of fisheries sector in the total export value; % | 2.8 | 2.4 | 3.1 |
| External trade balance of fisheries sector; million EUR | 57.6 | 74.4 | 88.9 |
| Consumption of fish products; kg per capita yearly | 16.2 | 16.0 | n/a |
| Number of fishing vessels | 942 | 928 | 897 |
| Total tonnage of fishing vessels; GT | 42137.1 | 38587.1 | 37250.1 |
| Total power of fishing vessels; kW | 70807.2 | 64499.9 | 61219.8 |
| Catch by fishing vessels (except inland waters), thousand tons | 125.0 | 150.4 | 137.5 |
| Catch in the inland waters, thousand tons | 0.4 | 0.4 | 0.3 |
| Amount of fish products produced; thousand tons | 166.5 | 213.7 | 179.0 |
| Export of fish products, thousand tons | 131.1 | 153.0 | 160.6 |
| Import of fish products, thousand tons | 25.8 | 31.1 | 36.1 |
| Fish obtained and sold in aquaculture, tons | 545.3 | 516.2 | 565.6 |
| n/a – not available | source: NBF, CSB | | |

Indicators, which in detailed way describe the Latvian Fishing Fleet, are summarised in Annex No 1.

3.2. Driving forces, development tendencies and SWOT

50. The fisheries sector is related to rational and sustainable use of natural alive resources of the economic area of Latvia, territorial waters and inland waters, including the preservation of biological diversity. Fisheries sector in Latvia has longstanding traditions and history. Due to the number of engaged producers, acquired production experience and territorial expansion, the sector has internal self-development potential.
51. The most important product of fisheries – fish and their processed products – nowadays is evaluated as one of the most high-valued sources of protein in our daily consumption. In Latvia the fish consumption is comparatively high. Besides, as the level of incomes of inhabitants increases, the demand for qualitative fisheries products also grows. The consumption of fish products also increases in export markets. The increase of market demand constitutes grounds of the sector development opportunities.
52. The fisheries sector plays important role in the region development of Latvia

and in the employment provision field. In the seashore regions sea fishing and fish processing are important business activities. In certain districts their specific weight in the total employment forms 4 – 21%¹⁶ and in these regions local inhabitants have restricted opportunities of alternative employment.

53. Areas around Kurzeme and Vidzeme seashores, as well as in Latgale region may be considered to be as important to fisheries. By continuing the adjustment of the fishing fleet with the available fish resources and by introducing more innovative technologies, the number of persons employed in fisheries will decrease. Therefore, it is necessary to offer the unemployed persons an opportunity to focus to other business modes. Due to the fact that the territory development index in the territories important for fisheries in Latvia and non-finance investment attraction indicators are lower, and the infrastructure is underdeveloped, opportunities to participate in the establishment of competitive business environment must be created for the entrepreneurs and inhabitants living in these territories. As the needs and possible problem solutions are known best by the local inhabitants, it is necessary to promote local initiative for development of these areas. Local action groups elaborating and implementing the development strategies of territories could provide an essential contribution for the facilitation of the regions important for fisheries development.
54. In order to increase fishing efficiency and profitability, as well as to decrease the risk of environment pollution, the scientists having assessed the capacity of Latvian fishing fleet and forecasting the future availability of fish resources have concluded that the reduction of Latvian fishing fleet must be continued by primarily removing from the fishing fleet the trawlers fishing in the Baltic Sea (also in the Gulf of Riga) beyond the offshore waters the length of which exceeds 24 meters and having cod fishing licence. Removal of vessels the length of which is between 12 to 24 meters as well as net fishing vessels the length of which exceeds 24 meters fishing in the Baltic Sea (including in the Gulf of Riga) from the Latvian fishing fleet shall be continued. Also the Baltic Sea (including the Gulf of Riga) coastal fishing fleet must be reduced. Similarly also the modernisation of remaining vessels shall be continued. Moreover, due to continuous increase of fuel prices in the long run the modernisation of the selected fishing type assets becomes even more important.
55. For the vessels fishing in the Baltic Sea, in the Gulf of Riga and coastal waters, the shipbuilding, navigation, sailing safety, marine environment protection requirements refer and affect fishery business opportunities. In total, 14 companies are engaged in shipbuilding, modernization and repairs. Besides, there are specialized companies, which are engaged in designing of shipbuilding and modernisation, maintenance and repair works of life devices and fire-extinguishing equipment, as well as repair works and modernization of radio and navigation equipment.

¹⁶ Source: CSB and NBF

56. Availability and quality of services provided by the ports of Latvia is especially important for fishery development. The location of ports and wharfs, their capacity to ensure catch landing, storage and realisation for the first customers – fish processing and trade companies - is also essential. The location and quality of port access roads is as important.
57. In order to sell the catch, fishery companies sign agreements with fish processing companies and trade companies, which very often act as mediators, thus reducing the possible incomes of the fishermen. To improve the realisation of fish caught in the Baltic Sea and the Gulf of Riga and to adjust fish demand and supply in the market, most owners of the vessels fishing beyond offshore waters have united in producers organisations of fishery products. Two producer organisations were established in 2005. It will be possible to assess the efficiency of their activities in organisation of fishery product production and market organisation, as well as in solving other common problems only in further years. Producer organisations could also facilitate the introduction of new technologies to ensure fishery activities.
58. Production amount of aquaculture products are not restricted with quota or other restrictions, thus, in comparison to fishing, the initiation of business in this sector is simpler. In inland rural areas aquaculture develops as an alternative for agriculture. Upon the decrease of employed persons in agriculture, the sector may have additional labour resources available.
59. The development of sector is also facilitated by organised specialised workshops and seminars in aquaculture.
60. Sector experts estimate that the climatic conditions for development of aquaculture in Latvia are worse than in neighbouring countries, which affect the formation of production costs and in future might reduce the competitiveness of Latvian aquaculture production in the single European Union market. In order to decrease the dependence of aquaculture production on the price competition, it is necessary to think of allocating a special value (qualitative properties) to the production.
61. Due to the work specifics and comparatively low salaries, fish processing companies lack the necessary specialists and qualified labour. This is one of the factors burdening the expansion possibilities of the companies. In the beginning of 2006, majority of persons employed in the fishery industry were engaged in fish processing. However, when the level of unemployment and available labour in the country decreases, the companies face the difficulty to attract employees. As a result, the increase of salaries in the sector is more rapid than the increase of productivity.
62. Naturally smoked fish – the technology used by the Latvian companies – can create an increased content of the toxic substance benzopyrene in the fish production. Thus, the fish processing companies face the difficulties of different production quality requirements in external markets, for example, the

differences in legislation in relation to the allowable amount of benzopyrene in the fish production in the European Union markets is five micrograms per one kilogram of production, but in the Russian market – one microgram per one kilogram. As only 2-5 % of the produced canned fish are sold in Latvia, observation of export market requirements is an essential factor to ensure the production stability. The companies have to provide technological processes complying with the production requirements to produce high quality products.

63. The selling of fishery products is organised both by fishery processing companies and trade companies. Upon the increase of fish processing amount, fish sales amounts grow too. The local fish production consumption is stable and growing. In the local market the offered production assortment is always increasing.

64. As the catch amounts available to the Latvian fishermen decrease, the competition amongst the producers concerning the local raw materials grows. Thus, fish import from abroad has increased. As the small and medium size producers have comparatively insignificant amount of purchase of raw materials, in order to make separate orders from foreign suppliers, the companies perform common purchase of raw materials or are forced to purchase them for a higher price from mediators.

65. Increase of fish products export indicates of the growing ability of fish processing companies to compete as well as the desire to balance the product export between the markets of different countries in such way diversifying the dependency from possible unfavourable situations concerning fish sales. Participation in the World Trade Organisation fosters elimination of discrimination towards Latvian exporters of fish products on the markets of third countries.

66. Another positive aspect is the fact that big and medium fish processing companies participate in domestic and international exhibitions. This provides the opportunity to popularize their production, as well as help to enter into agreements with the fish production marketing companies in other countries. Active marketing is necessary, because the trade marks of Latvian fish processing companies are comparatively little known in the European Union internal market. It is necessary to find a solution to strengthen their recognition as the producers of qualitative, safe and original production.

3.3. Assessment of the strengths, weaknesses, opportunities and threats of the fisheries sector

Strengths

67. Latvia has longstanding traditions in fisheries.

68. Latvian fishermen have access to fishing opportunities in the Baltic Sea and the Gulf of Riga, as well as in the waters of international conventions and third

countries waters on the basis of bilateral agreements by the European Union.

69. The size of Latvian Fishing Fleet fully allows to cover the fish resources available to Latvia.
70. The location of ports in the coastal area of Latvia is convenient; they are accessible for fishing needs.
71. High potential for fish product demand.
72. Remaining of inland waters catch irrespective of the decreasing possibilities of commercial fishing.
73. By using the available public support some fisheries have modernised the technologies used for production, increased productivity and improved labour safety and product quality.

Weaknesses

74. Slow adjustment of the industry to the new provisions in relation to the sustainable fish resource preservation measures, including the protection measures of dolphins, seals, marine birds and other animals, and potential absolute ban of fishing of endangered fish species or use of definite fishing gears.
75. Capacity of fishing fleet significantly exceeds the available fish resources.
76. Outdated fishing fleet.
77. The sector has low labour productivity and outdated technological devices which affect environment are used in the production, as well as high specific weight of manual labour.
78. Low salaries of employees.
79. Insufficient knowledge and experience in planning fisheries business, application of management methods promoting sustainable use of natural resources, application of new information and communication technologies, improving the quality and added value of products.
80. Increasing damages caused by predators to marine fishing and aquaculture.
81. Trade marks of the Latvian fishery products are comparatively little known in the European Union market.
82. Economic activity in the inland waters affects the fish migration routes and spawning grounds.
83. Comparatively low development level of the territories important for fisheries, including low economic activity, low level of the employment and poorly developed infrastructure.

Opportunities

84. The introduction of the fish resources preservation measures of the European Community, for example, the introduction of the long-term preservation plan for the cod stocks ensures the sustainable opportunity with fish resources.
85. Increase of fishing profitability, improved economic viability of fishing fleet and competitiveness of fishing companies; the result – reduced possibilities for illegal and unregistered fishing.
86. Increase of productivity, efficiency, use of innovative and modern technologies will ensure stable revenues and living standard and resulting labour availability in the fisheries, aquaculture and fish processing sector.
87. Improvement of knowledge, skills and the level of education of those involved in the sector as well as increase of the efficiency of co-operation between the production partners.
88. Aqua-environmental and animal protection for preservation of stable and ecologically clean environment.
89. Participation of companies in domestic and international exhibitions promotes identification of Latvian products in the fish products sales markets.
90. Adoption of the product assortment to the new export markets.
91. Increase of local initiative in the fisheries areas for creation of new jobs, diversification of activities, general development of territories and other measures.

Threats

92. Upon deterioration of the condition of fish stocks due to different reasons (especially the condition of Baltic cods), the decline of allocated catch quota may be anticipated, which will essentially affect the respective stocks in the fishing fleet segments.
93. Dependence of the fishing fleet segment related to the cod fishing on the implementation of the Community fishing regulatory measures in order to restock cod resources and maintain the preservation thereof in a biologically safe level in the Baltic Sea.
94. Termination or failure to prolong the fishery agreements entered into by the European Union with the third countries as well as temporary cessation of fishing activities would negatively affect the stability of revenues for those employed in the fisheries sector.
95. Due to improper economic activities, the pollution level of water will increase and the condition of environment will deteriorate as well as different aquaculture animal diseases may spread.
96. Information on increased dioxin presence in the fish of the Baltic Sea and the presence of cancerogenic substances in smoked fish could decrease consumers'

interest in them, thus negatively influencing the demand.

97. Political and administrative instability in external markets, for instance, the markets of CIS countries, negatively influencing the sales of company products.
98. Social and economic problems arisen due to narrowing of the sector in the areas important for fisheries.
99. Restricted local resources for the small scale infrastructure development in the fisheries territories.

3.4. The environmental situation

100. The influence of fisheries sector to the environment is mostly related to the fish resources, their spawning grounds and habitats, as well as to the quality of the water in the Baltic Sea and the Gulf of Riga, and inland surface waters, collection and recycling of waste produced within the fisheries sector, air quality – emissions of harmful substances and smells, and also to the preservation of biological diversity.
101. Water quality and the condition of eco-systems in the Baltic Sea and the Gulf of Riga are influenced by the pollution from the whole confluence basin. At the moment the waters of the Baltic Sea in the economic zone of Latvia are moderately polluted with occasional local pollution areas. Influence of fishing upon the water quality is observed in relation with the average age of the vessels used for fishing (in Latvia on average 26 years) and the rate of their depreciation is quite high. Engines of Latvian fishing vessels are old; their level of emissions and fuel consumption is usually higher than that of many vessels of other EU Member States. In port territories and in their vicinity, air pollution has been stated comprising volatile organic compounds, dust and odours.
102. In the Baltic Sea, due to the low salt content in the water, part of the fish stocks is on the border circumstances of their spread. Therefore, their spread and productivity is influenced by natural changes in environment, as well as changes occurred due to the human activities and intensive fishing. As a result, several fish populations living in the sea environment and their spread decrease.
103. Surface waters belong to renewable natural resources; however, depending on their location and condition, the rate of their renewal may differ. In general in Latvia approximately 48 %¹⁷ of the assessed water sites comply with high or good quality standards, which is the achievable objective of the EU Water Structural directive until 2015. A significant problem concerning the inland surface waters is the eutrophication, which negatively impacts the fish resources and reduces their biological diversity. Its causes relate to discharge of insufficiently treated wastewater into natural watersheds and reservoirs as well as construction of artificial weirs and water reservoirs.
104. From the point of view of aqua-environmental preservation and renewal,

¹⁷ Source: Report on surface water quality, 2005. Latvian Environment, Geology and Meteorology Agency.

considerable problems are related to the harm done to the environment due to economic activities. Artificially made (flooded) water reservoirs and their mode of use, for example, small hydroelectric stations leave a negative impact to the biological diversity. When constructing weirs, the migration routes of fish are blocked and thus natural spawn populations of certain rivers are destroyed. In these water reservoirs aquatoriums with slow water change are formed - this deteriorates the water quality. The changes in water quality may be especially felt in water reservoirs with a big shallow water zone, where more rapid eutrophication takes place. Already now, overgrown water reservoirs may be found in places, where the operation of hydroelectric stations has been started before year 2000. Essential spawning grounds, for example, in the River Daugava have been lost for the salmon, trout, vimba and river lamprey.

105. In the operation of aquaculture farms the requirements set out in the EU Water Structure Directive must be observed.
106. One of the risks of the aquaculture sector is the possible increase of the spreading of fish diseases and parasites. This may leave negative impact upon the rest of the fauna in the sites of its natural habitat as well as upon the water quality due to increased amount of organic pollution. Therefore the aquaculture activity requires adequate control measures. In the fish farming sector when draining the ponds a risk appears that considerable amount of fish nutrient residue and pond sediments may discharge into the inland waters.
107. Total length of sea coast of Latvia is 494 kilometres. Almost 90 % of the coast consists of natural biotopes, but the remaining part has been covered with building or transformed in other ways. In Latvia there are 336 territories of Natura 2000. In total they comprise 11.9 % of the whole territory of Latvia occasionally comprising the coastal area and in inland – territories occupied by the ponds operated by several aquaculture companies. Taking into account that economic activities in these territories is limited or burdened this causes additional costs to companies thus reducing their possibilities of equal competitiveness.
108. On 1 August 2005 the elaboration of the European Commission project LIFE – Nature programme “Marine Protected Areas in the Eastern part of the Baltic Sea” was initiated. The scientific information obtained in the framework of the project will be used to choose and establish marine Natura – 2000 places in the three Baltic States (Estonia, Latvia, and Lithuania). The operation of this project is intended till 31 July 2009.
109. In order to preserve the natural ecosystem in Latvia the construction in the coastal areas is limited and thus the development opportunities of ports.
110. Fisheries sector is one of the branches that require large water amounts and therefore a critical problem is the rational use of water resources. Also treatment of wastewater is a significant problem. Their solution requires significant financial investment to improve the production process with technologies that

would improve the efficiency of water use and improve the treatment of wastewater in such way reducing the water pollution.

111. The situation described above is addressed by the Strategic environmental impact assessment performed within the Operational Programme.

3.5. Gender equality

112. Gender equality as a norm has been defined in the Latvian Code of labour laws, where it is stated that natural persons in the Republic of Latvia in the employment relations equality shall be observed irrespective of race, skin colour, gender, age, religious, political or other faith, nationality or social origin, property or family status, sexual orientation or other conditions.

113. In the fisheries sector 48.7 %¹⁸ of all employed are women. Largest proportion of women employed in the fisheries sector is in the fish processing branch, which employs 71.3 % female, but the smallest number is in the fishing – only 5 %. Such proportion of female and male in different branches of fisheries sector is natural and it depends on the nature of work.

114. Work wage of women employed in the fisheries sector is on average by three percent lower than that of men¹⁹, which can be explained with the fact that majority of women are employed in the fish processing branch where the wage is lower than in the fishing, which in turn employs mainly men.

115. Equal rights and opportunities are ensured in the fisheries sector as well as equal approach to resources and their possibilities of use both to women and men, and also no offences concerning the gender equality have been registered.

116. Upon receiving support under the FIGG equal rights are ensured both to men and women. In such way the principle of gender equality is being integrated in all areas of fisheries sector and as a principle it is being ensured in all events and measures on all levels of decision making and execution. Also the different roles of genders and experience in the society are being taken into account by ensuring representation of both genders and compliance of measures to the different needs, interests and opportunities of women and men as well as by eliminating the gender discrimination.

117. Upon evaluating the application for the FIGG support, also the laws and regulations were taken into account about ensuring the gender equality, including the Concept for implementation of gender equality the aim of which is to promote efficient, integrated and co-ordinated solution of gender equality related issues, the Cabinet approved Programme for implementation of gender equality for 2005-2006 adopted on 8 September 2004 as well as Guidelines for observing the principle of gender equality for applicants and evaluators of the EU structural funds projects, developed by the Ministry of Welfare of the

¹⁸ Data source on gender equality: NFB, 2005

¹⁹ Source: based on data from the CSB, 2005

Republic of Latvia.

118. For the purpose of more efficient implementation of gender equality integrated approach into all policy areas in every ministry there is a competent official specialising in the issues of gender equality, including implementation of the gender equality integrated approach into the particular sector.

3.6. Main outcomes of the analysis

119. Fisheries in Latvia historically developed as one of the most important industries of the national economy, which comprises all production chain phases. Due to the great number of producers engaged in the sector, acquired production experience and territorial expansion, the sector has internal self-development potential.
120. By using the co-financing of the state and the European Union Structural Funds in the time period from 2004 to 2006, the adaptation of fishing fleet has been started to be in balance with the available fish resources. Certain fish processing companies have invested in the modernisation of fish processing. The port infrastructure and customer service for fishing vessels has been improved. Investments have been contributed in the development of aquaculture companies.
121. Production of fishery products has a low efficiency and low labour productivity (production output per one employee) in fishery, fish processing and aquaculture.
122. Underdeveloped co-operation among fishermen and fish processing companies. Engagement of mediators in the production chain causes partial value drain of the production produced in fisheries from the sector, thus decreasing fishermen incomes and unproductively raising the costs of final product.
123. Fish production has a stable consumption both in the local and export markets. In general, fish are considered to be a healthy food product, thus the increase of fish consumption may be anticipated leaving a positive impact to the demand thereof.
124. Upon reduction of coastal fishing and fish processing, social tensions may be expected especially in those regions, where currently there is a high number of persons employed in the sector. Due to the fact that the infrastructure in the territories important for fisheries is comparatively poorly developed and the territory development index is low, investments for the development of the competitiveness in these territories are necessary. Local initiative could contribute to the development of the territories important for fisheries by supporting small infrastructures related to the fisheries and tourism and the development activities for the villages, human potential, added value etc.
125. Strengthening of environment protection requirements upon intensification of

problems in the sector of natural resources and conservation of genetic diversity.

126. Fluctuation of water quality, utilization of production waste, sanitary, hygiene and technical requirements is related to additionally necessary financial resources to ensure the implementation thereof.
127. Availability of public support in coming years would facilitate further investment inflow for the sector in general, adaptation of the fishing fleet capacity, increase of fishing, aquaculture and fish processing competitiveness, co-operation among producer organisations and sector's public organisations both in terms of market research and in common organisation of procurement and supply of raw materials, provision of environment protection requirements observance, as well as increase of fishing administration and science efficiency.

4. STRATEGY AT OPERATIONAL PROGRAMME LEVEL

4.1. Overall objective of the Operational Programme and impact indicators

128. Objective of the Operational Programme is to promote achievement of objectives and execution of tasks specified in the Strategic Plan the source of co-financing of which may be the EFF, pursuant to the Regulation (EC) 1198/2006.

129. Taking into account the strengths and the weaknesses, opportunities and threats described in the situation profile, as well as the multi-annual plan adopted by the European Union Council in relation to the stocks of Baltic cods and fishing of these stocks, which intend to restrict cod fishing opportunities to a considerable level (as a result the adjustment measures are very important to ensure the cod fishing fleet adjustment with the available cod resources), the main needs were identified, which shall be addressed within the Operational Programme by taking into account the ultimate aim of the Strategic Plan – opportunities of sustainable use of fish resources for next generations and welfare of people involved in the fisheries sector.

130. To achieve the main objective set for the fisheries sector, the main objectives of the Operational Programme are as follow:

- competitive fishing companies and Latvian fishing fleet adjusted with fish resources;
- aquaculture, inland water fishing and processing companies producing products of high added value, quality and demand on the market;
- integrated and sustainable development of areas related to fisheries and human resources depending on the fisheries sector.

131. For achievement of the main objectives of the Operational Programme the following impact indicators describing the achievable results in the medium-term and at the end of the operation of the Operational Programme have been set:

| Type of indicator | Indicator base level in 2006 | | Achievable level of indicator in 2010, % | Achievable level of indicator in 2015, % |
|--|---|-----------------|--|--|
| | Unit of measure | Indicator level | | |
| Competitiveness of the fishing fleet | Average amount of catch per single vessel, tone | 355 | 27 | 38 |
| Productivity in fisheries | Amount of production per employee EUR | 12340 | 25 | 49 |
| Proportion in the total export value | % | 3.1 | 2 | 3 |
| Number of people employed in fisheries | thousands | 11.6* | ** | ** |

* Data of 2005

** retains the level of base year

132. Data source for the determination of indicators – information provided by

CSB, NBF and LATFRA.

4.2. Specific objectives of the Operational Programme and the result indicators

133. The following specific objectives and their result indicators have been set in the Operational Programme:

| Specific objective of the Operational Program | Result indicators | Data source |
|--|--|-------------|
| Improve significantly the overall efficiency of fishing complying with the sustainable environment preservation aspects, carry out the necessary socially economical activities in order to restructure the fishing fleet as well as reduce the dependency of companies involved in fishing and their employees upon the cessation of fishing activities | <ul style="list-style-type: none"> • Productivity in fisheries • Tonnage of the fishing fleet • Capacity of the fishing fleet | NBF, LATFRA |
| Improve significantly the efficiency of the aquaculture, internal waters and fish processing companies, adding the additional value to the fish products and enable the protection and preservation of the environment, natural resources and genetic diversity. | <ul style="list-style-type: none"> • Productivity in aquaculture • Productivity in processing of fishing and aquaculture products | CSB, NBF |
| Facilitate the sustainable development and increasing competitiveness of fisheries by promoting the implementation of common interest activities, including acquiring the skills and encouraging the cooperation, implementation of environment protection activities, improving the product sales and service quality in fisheries sector . | <ul style="list-style-type: none"> • Proportion of the local fish production in the total fish consumption in the local market. • Proportion of trained employees in the fisheries sector. | NBF, RSS |
| Resolve the socioeconomic problems in the regions important for fisheries. | <ul style="list-style-type: none"> • Proportion of the covered territory of supported regional strategies in all territories important for fisheries. • Gross number of the established employment places. • Business activities in the territories of fisheries, number of economically active units per 1000 inhabitants. | RSS, CSB |

Respective result indicators are quantified in relevant priority axes in section 7.2.

5. CALENDAR AND INTERMEDIARY OBJECTIVES

134. Duration of the Operational Programme is from 1 January 2007 to 31

December 2013. Within the Operational Programme, the expenditure co-financed by the EFF comply with the time period from 1 January 2007 to 31 December 2015.

135. The implementation of the support activities of the European Fisheries Fund in the framework of the Operational Program will be initiated not later than until 1 July of 2009. The Operational Programme support activity “Temporary cessation of the fishing activities” will be implemented after the coming into force of the fishing restrictions proposed and implemented by the European Union Council, European Commission or national institution. In the framework of priority Axis IV and the evaluation and selection of the LFAG and the territorial development strategies elaborated by the LFAG will be carried out not later than until 1 July of 2009.
136. The achievement of the main objective and the specific objectives of the Operational Programme will be reflected by the interim and ex-post evaluation according to the impact indicators mentioned in the paragraph 4.1. and the result indicators mentioned in the paragraph 4.2.
137. Interim evaluation of the Operational Programme will be prepared not later than before 30 June 2011.
138. Duration of the Latvian National Fishing Effort Adjustment Plan (hereinafter – the Adjustment Plan), prepared pursuant to articles 21, 22 and 23 of Regulation 1198/2006, is from 1 January 2007 to 31 December 2015. The duration period of the Adjustment Plan is to the period of eligibility of expenditures for EFF co-financed activities in the framework of the Operational Programme from 1 January of 2007 until 31 December of 2015.

6. SUMMARY AND OUTCOMES OF *EX-ANTE* EVALUATION AND STRATEGIC ENVIRONMENTAL IMPACT

139. Ex-ante evaluation for the project of Operational Programme on introduction of the EFF support to Latvia in 2007-2013 (hereinafter – the Ex-ante evaluation) was carried out in accordance with the provisions set out in Articles 47 and 48 of Regulation (EC) 1198/2006.
140. Aim of the ex-ante evaluation is to ensure compliance of the Operational Programme with the basic principles listed in Article 19 of Regulation (EC) 1198/2006, the Strategic Plan, as well as to optimise the distribution of budget resources and improve the programming quality.
141. Ex-ante evaluation, pursuant to paragraph 6 of Article 47 of Regulation 1198/2006, was carried out by independent experts – SIA „Konsorts” and SIA „Konsultanti”.
142. In the ex-ante evaluation it has been concluded that in preparation of the

Operational Programme the documents related to sector policy and the strategy were taken into account as well as the basic principles of the Common Fisheries Policy have been followed and the needs of sustainable development of the fisheries sector have been also taken into account.

143. On the whole the Operational programme complies with the European Union and the national environmental policy planning documents and international conventions. The main objectives and areas of activity are focused towards economical growth, development of human capital and development of nature capital. Tasks set out in the Operational programme in general do not conflict with the sustainable development aims, principles and the national environmental policy and also do not threaten the implementation of international obligations of Latvia concerning the environment.
144. Strategic environmental impact assessment for the Operational Programme (hereinafter – the Strategic environmental impact assessment) has been carried out simultaneously with the ex-ante evaluation and pursuant to the European Commission guidelines on ex-ante evaluation, the European Parliament and Council Directive of 27.06.01. No 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment, Law of the Republic of Latvia on the environmental impact assessment and Cabinet Regulations of 23.03.04 No 157 „Order pursuant to which the environmental impact assessment must be performed”. Environmental impact assessment was performed by independent experts SIA „Konsorts” and SIA „Konsultanti”.
145. In the environmental impact assessment of the Operational Programme it is indicated that:
1. Implementation of the Operational Programme will leave positive impact upon the environment. It is expected that the environmental research will be fostered as well as development of environmental infrastructure and more efficient use of natural resources. However, the influence of the measures carried out upon the environment will to a great extent depend on the correct and quality performance of the implementation work.
 2. In the course of implementation of the Operational Programme and also in its result also negative impact upon the environment was forecasted and it is mainly related with the atmosphere pollution and increase of noise level caused by infrastructure improvement process. However these are short-term influences, which after completion of the Operational Programme will discontinue and will leave no continuous or cumulative impact.
 3. Operational Programme has been prepared by taking into account the international and national environmental objectives and laws and regulations concerning environmental protection. Therefore specific compensation measures for damage to the environment shall not be foreseen. In the result of implementation of the document it is expected that

there will be significant positive cross-border impacts related to measures to ensure sustainability of fish resources by adjusting the capacity of fishing fleet and the port infrastructure.

6.1. Outcomes of the ex-ante evaluation

146. In the ex-ante evaluation it has been concluded that the Operational Programme has been prepared as a single documents where all chapters have been related and mutually agreed. Operational Programme reflects the most important priorities of the fisheries sector as well as defines the measures and activities by introducing whom it would be possible to achieve the set objectives.
147. Measures and activities planned within the priority axes were selected in accordance with the SWOT and the needs and problems defined in the situation analysis as well as the sub-goals specified in the Strategic Plan. Upon evaluating the inner coordination of the objectives and measures of priority axes it can be concluded that in general the selected measures on their merit conform to the specific nature of the priority axis and are focused to the achievement of the objectives of planned measures. Measures selected under the priorities supplement, but do not overlap each other.
148. During ex-ante preparation period the experts had available information only about the financing foreseen for each particular priority axis, therefore it is not possible to judge on the amount of financial resources for each measure and evaluate whether the planned amounts of financial resources are sufficient to achieve the particular objectives. Experts have performed assessment of the efficiency of the achievability of the set objectives basing on the amount of financial resources available for the priority axes and have concluded that the total amount of financing for each axis is sufficient; however, great importance will be of distribution of the financial resources among particular measures.
149. Measures under the priority axes of the Operational Programme will leave sustainable impact upon the objectives of the fisheries sector - development of fishing industry as a competitive and stable branch of fishery, production of environmentally friendly aquaculture products, sustainable development of fisheries sector and improvement of living quality in the regions closely related to fisheries sector. Experts have prepared the following evaluation of the results and impact of the measures under the priority axes upon sustainability:
- All four measures under the priority I measure “Measures for adaptation of Community fishing fleet” provide sustainable impact upon the fisheries sector and in particular on the fishing sector. Sustainable impact applies to adjustment of fleet as well as to development of human resources and ensuring social guarantees. Measures to be carried out under this priority axis will end when the foreseen financing will be exhausted, because these are measures focused on a particular activity, however, it would not be correct to

evaluate the sustainability of this priority axis from such point of view, because in such case the sustainable development of the sector is ensured explicitly by the implementation of the foreseen activities. Introduction of the measures will have sustainable impact upon the adjusting the fishing fleet with the available fish resources in development of the fishing industry as a competitive and stable area of fisheries sector by increasing the level of modernisation of fishing vessels, and this impact will remain also after the completion of the Operational Programme;

- Also the measures under the priority axis II “Aquaculture, fishing in inland waters and the processing and marketing of aquaculture and fishing products” will contribute significantly to one of the sub-sectors of the fishery, which could potentially compensate the reduction of catch amounts and in future provide significant contribution to the economy of Latvia. Lasting maintenance of the quality of fish caught within the scope of the priority in current situation is one of the most important preconditions for efficient distribution of fish caught in the inland waters and for the creation of potential for further development of the sub-sector. However it must be mentioned that the measure “Aqua-environmental measures” is only partly sustainable, because upon the end of the support the owners and managers will have no motivation to follow the strict aqua-environmental requirements. From the point of view of results the measure is sustainable due to its orientation towards sustainable and quality use of resources;

- Priority axis III “Measures of common interest” includes measures and activities, which on the whole must be evaluated as sustainable. Investment into infrastructure will have a long-term impact also after the end of support from the EFF with the condition that the companies continue to operate successfully. Investments into education, science and acquiring of knowledge and experience is definitely sustainable, because the obtained knowledge and skills can be used after the end of support from the EFF. Renovated spawning grounds and fish migration routes will also foster preservation of fish resources in a long-term after the end of the Operational Programme;

- Investments foreseen under the implementation of the priority axis IV into sustainable development of territories important for fisheries will have sustainable impact, because the activities of this measure are focused upon promotion of development of the territories important for fisheries in rural and coastal areas, where the fisheries activities have great role in the local economy. They are focused on preserving the economic activities and development in these territories as well as on the development of skills of the population and promotion of cooperation among them.

150. In implementation of the priority axes of the Operational Programme the experts did not identify any particular risks that would threaten the Operational Programme on the whole or successful implementation of individual priority

axes. However as separate risks that could threaten the introduction of particular measures and activities therein they have mentioned the following:

- Introduction of the measure “Temporary cessation of fishing activities” depends on measures restricting the fishing activities introduced by the national institutions, EU Council and the European Commission;
- As the emphasis is being applied to new and high quality aquaculture products, use of required specific equipment for transportation and storage of the products, meeting all environmental requirements, then the production costs for the products could be considerably high in such way creating risk for their competitiveness. In implementing the measure “Animal health measures” the risk is caused by potential lack of human resources and knowledge to implement the particular measure. As a risk factor in introducing the priority axis II the lack of labour in the sector must be mentioned.

151. In order the introduction of the Operational Programme would occur as successful as possible the experts propose to perform the following activities:

| No | Suggestions of ex-ante assessment experts | Comments provided by the Ministry of Agriculture and improvements carried out in the Operational Programme |
|----|--|--|
| 1. | Although the justification of the priority axes is well described, however for some priorities it is necessary to provide more precise formulations. In some places the information contained in the Operational Programme is not coordinated within the framework of the entire document. | Justifications for the priority axes and information are supplemented with more precise formulations. See the section „Coordination and justification of the priority axes”. |
| 2. | Upon introducing the measure “Productive investments in aquaculture” the required informative support shall be ensured on the aquaculture entrepreneurship as well as the provision opportunities to obtain additional knowledge. | Informative support will be provided in accordance with the description in the section „Provision of public awareness”. |
| 3. | Market research must be carried out about the amount and assortment of aquaculture products. | The opportunity to carry out market evaluation within the V priority axis „Technical assistance” concerning the demand of aquaculture products and assortment |
| 4. | In order to ensure sustainability of the measure “Aqua-environmental measures” methods must be prepared and introduced how to increase the motivation of owners and managers to follow the strict environmental requirements after the end of support granted under the Operational Programme. | Council Regulation (EC) No 1198/2006 foresees that the beneficiary undertakes to fulfil the liabilities at least for five years. Control over the implementation of this |

| | | |
|-----|---|--|
| | | requirement shall be ensured by the Intermediary authority of the Managing Authority – the Rural Support Service. |
| 5. | For supported activities in fish processing sector introduction of new products and technologies must be emphasized by focusing on the existing or potential resources of aquaculture and inland waters. | The introduction of new products and technologies is planned within the framework of the Operational Programme, including the processing of aquaculture and inland water production. |
| 6. | Seriously examine the risk factor concerning the significant number of restrictions, having the tendency to increase, as well as different restrictions for the use of fishing gears within the funding distribution measure „Fishing in inland waters” | Within the Operational programme, support is planned only for the establishment of infrastructure necessary for inland fishing in watercourses where the bans of commercial fishing are not imposed. |
| 7. | Upon introducing the Operational Programme it must foresee how the interest of the target group will be ensured in the priority axis “Measures of common interest”. | Interest of target group will be ensured by informative measures, which are described in the section „Provision of public awareness”. |
| 8. | Upon introduction of the Operational Programme a mechanism must be foreseen how to avoid overlapping of activities under the priority axis “Sustainable development of fisheries areas” with activities of other programmes or priority axes. | The description of IV priority axis of the Operational Programme is supplemented with the necessary information. Besides, when the local fisheries action groups choose the activities to be supported, demarcation with other EU funds must be indicated in the local development strategies. |
| 9. | Suitableness of finances under the measure “Temporary cessation of fishing activities” must be reevaluated. | Not taken into consideration. Support necessary for fishermen, which may be imposed to the risk due to the temporary fishing cessation measures introduced by the European Community or Member State. |
| 10. | Examine the possibility to introduce additional conditions to facilitate reception of support to small ports. | Detailed provisions to receive support will be introduced for each measure in the elaborated national laws and regulations. |
| 11. | The funding for the priority axes IV is high. | The amount of funding for the IV priority axes is justified by the description of the social and economic situation the territories important for |

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|--|--|--|
| | | fisheries, which is included in the sections „General analysis of fisheries sector”, „Driving forces, development tendencies and SWOT”, „The most important results of analysis” in the Operational Programme. |
|--|--|--|

6.2. Strategic environmental impact assessment

6.2.1. A non technical summary of the information provided in the Environmental report, as foreseen by Annex I(j) of the Directive 2001/42 EC on the assessment of the effects of certain plans and programmes on the environment (commonly called the SEA Directive).

152. The summary is part of the Environmental Report of the Assessment of Environmental Impact. In the public discussion procedure the summary of the Environmental Report was used that has been included in a respective draft of the Environmental Report.

153. The environmental impact assessment includes :

(a) an outline of the contents, main objectives of the programme and relationship with other policy planning documents;

154. The content of the Operational Programme is complying with the provisions set out in Annex 1 Part A of Regulation (EC) 498/2007. By developing the Operational Programme key principles of the Common Fisheries Policy were observed and it is in line with the tasks set forth in the Strategic Plan. Operational Programme reflects situation in the fisheries sector in the country by characterizing particular areas of the fisheries sector, as well as assessed measures and activities to reach the set objectives in the fisheries sector. By assessing both the overall objective and the specific objectives and the subsequent measures to reach those objectives it can be concluded that they contain issues and problems that concern the impact of the sector on the environment.

155. The tasks set forth by the Operational Programme in overall are not in contradiction to the goals, principles of sustainable development and the national environmental policy, as well as it does not threaten fulfilment of the international environmental obligations.

156. By developing the Operational Programme the documents related to the policy and strategy of the sector were considered.

(b) the relevant aspects of the current state of the environment and the likely evolution thereof without implementation of the programme;

157. Situation in the fishing sector can be assessed as rather stable for the time being, but it is very sensitive and with a potential threat possibility. It is

facilitated by decrease of fish resources, ageing of people involved in fishing and inability to attract new people to this entrepreneurial activity.

158. Conservation of biologic diversity in the waters of the Baltic Sea and the Gulf of Riga is possible only by balancing the interests of various branches including fisheries and nature protection.

159. The engines of the Latvian fishing vessels are outdated; the level of their emissions and fuel consumption usually is higher than these of many vessels of the EU Member States.

160. In the territories of ports and in their neighbourhood air pollution with volatile organic compounds, dust and malodours can be observed.

161. Artificial (flooded) water reservoirs and the conditions of their usage create negative impact on biologic diversity, fish passes are interrupted and thus natural spawning populations in some rivers become extinct.

162. For the aquaculture sector to operate sufficient control measures are necessary since the risk of dangerous fish disease and parasite spread may increase that may cause a negative impact on the rest part of fauna in the places of their natural spread as well as to water quality when the organic pollution increases.

163. The following environmental problems are topical for fish processing companies: sewage treatment, treatment of fuel gas and phenol waters discharged during the fish smoking process, rational use and quality of potable water, utilisation of fish waste, recycling of other waste (cardboard, metal etc.).

164. Should the Operational Programme be not implemented, human activities and economic impact would result in significant deterioration of the state of environment in general and the fish resources in particular.

(c) the environmental characteristics of areas likely to be significantly affected;

165. The water quality in the Baltic Sea and in the Gulf of Riga is influenced by the quality of the influent river waters, accidents in the coastal zone and in the sea. The priority problem of the protection of the coastal zone of the Baltic Sea is pollution of coastal waters and seashore with oil products.

(d) any existing environmental problems which are relevant to the programme including, those relating to any areas of a particular environmental importance;

166. It can be concluded from the analysis of the priority axes and measures of the Operational Programme that the implementation of the document will contribute positively. The activities anticipated within the planned measures are based on the environmental protection principles.

(e) the environmental protection objectives, established at international, Community or Member State level, which are relevant to the programme and the way those objectives and any environmental considerations have been taken into account during its preparation;

167. Operational Programme in overall is in line with the European Union and the national environmental policy planning documents and international conventions. The main objectives and action plans are directed towards the economic growth, development of human capital and natural capital.

168. Operational Programme is in line with the Sixth Environment Action Programme of the European Community for 2001 – 2010 which sets forth the EU tasks and activities to be implemented to achieve the environmental protection objectives set by the EU. The National Environmental Policy Plan for 2004 – 2008 defines objectives and tasks of the national environmental policy that are relevant also when using and implementing the basic principles of the fisheries development.

169. Measures to reach all the above goals are incorporated in the Operational Programme.

(f) the likely significant effects on the environment, including on issues such as biodiversity, population, human health, fauna, flora, soil, water, air, climatic factors, material assets, landscape and the interrelationship between the above factors;

170. The assessment demonstrates that the Operational Programme is in line with the tasks set forth in the Strategic Plan and does not contradict the national environmental policy planning documents. The Operational Programme anticipates the measures for pollution prevention, preservation of habitats and for sustainable use of natural resources.

171. The implementation of the measures mainly mean introduction of new technologies. Such new technologies or manufacturing methods will generate less pollution (mainly water) to the environment and would allow using the obtained raw material more efficiently. Presumably these technologies will be more energy saving and more efficient in the manufacturing of one production unit than the ones used currently. Thus, negative load to the environment would decrease not only locally, but also on a larger scale.

172. During the course of implementation of the Operational Programme and in the result of it, also negative environmental impacts are forecast and mainly it is related to the atmospheric pollution and increase of noise level generated during the process of infrastructure improvement. However these are temporary impacts that would disappear after the implementation of the Operational Programme and would not leave permanent or cumulative impact.

(g) the measures envisaged to prevent, reduce and as fully as possible offset any significant adverse effects on the environment of implementing the programme;

173. The Operational Programme does not anticipate such activities the implementation of which would result in a direct negative impact on the especially protected nature territories. The Operational Programme is developed considering international and national environmental objectives, environmental legal acts. Thus, specific measures to compensate harm to the environment are not anticipated.

174. The most relevant proposals for the prevention and reduction of the negative environmental effects:

1. To provide the effective adoption and control of the environmental legislation;
2. To elaborate the adoption and supervision plan for the Operational Programme, providing constant evaluation of environmental effects and the feedback to the decision makers;
3. To foresee the measures of prevention and reduction of the negative environmental effects;
4. To apply as much as possible the evaluation procedure of the environmental effects.

(h) an outline of the reasons for selecting the alternatives dealt with, and a description of how the assessment was undertaken including any difficulties encountered in compiling the required information;

175. The environmental report is based on the development scenario to attain of the goals set forth by the Strategic Plan. This document provides the environmental impact assessment of the necessary operational directions and the measures to be implemented as well as analyses the compliance of the document with the international and national environmental policy.

176. To characterize quality of several environmental resources it is difficult to obtain updated information on the current situation and tendencies, in such cases the developers of this assessment consulted with the experts of the sectors on the relevant tendencies.

(i) a description of the measures envisaged concerning monitoring.

177. When preparing proposals for the implementation of the monitoring measures of the planning documents and monitoring report, the characteristics of the existing state environmental monitoring network, the made observations and the information availability are considered. In the environmental impact assessment it is relevant to include the indicators of the environmental monitoring. Such indicators are selected that are already calculated or for which calculation the source information is aggregated.

178. Implementation of the Operational Programme will leave positive impact

upon the environment. It is expected that the environmental research will be fostered as well as development of environmental infrastructure and more efficient use of natural resources. However, the influence of the measures carried out within the Operational Programme upon the environment will to a great extent depend on the correct and quality performance of the implementation work.

6.2.2. The statement foreseen by Article 9(1)(b) of the SEA Directive summarising how environmental considerations and the opinions expressed have been taken into account.

179. Statement „On integration of environmental aspects in the Operational Programme for the implementation of the European Fisheries Fund in Latvia (2007-2013)” contains the following information:

180. According to provisions referred to in Part VII of the Regulations of the Cabinet of Ministers No 157 of 23 March 2004 “Procedure for carrying of strategic assessment of environmental impact”, the Ministry of Agriculture (hereinafter – MoA) shall prepare the informative statement on how environmental aspects are integrated into the “Operational Programme for the implementation of the European Fisheries Fund in Latvia (2007-2013)” (hereinafter – Operational Programme) and how recommendations for reduction of a possible Operational Programme (hereinafter - Environmental Report) are taken into account.

181. According to requirements laid down by the Law on Assessment of Environmental Impact, in order to assess a possible relevant environmental impact during implementation of the Operational Programme as well as to take timely actions to avoid or reduce a negative environmental impact associated with its implementation, the Strategic Assessment of Environmental Impact has been carried out. It was started already at the beginning of the development of the Operational Programme, involving environmental experts hired by the MoA, into activities of the working group of the Operational Programme and as far as possible taking account of recommendations for integration of environmental aspects into the planning document. Members of the working group preparing the Operational Programme were familiarized with information on relevant environmental aspects linked to the Operational Programme and recommendations by environmental experts on reduction of a possible negative environmental impact.

182. The Environmental Report prepared in the result of the Strategic Assessment provides information on environmental impact as a consequence of implementation of the Operational Programme and the report on recommendations for avoiding or reduction of a negative environmental impact.

183. Discussion on the draft Environmental Report was carried out from 6 February to 19 March 2007 and within this discussion on 16 March there was a public discussion meeting organized. During the public discussion there were

consultations organized with responsible governmental institutions, environmental non-governmental organizations and civil society.

184. After collection of comments from civil society and governmental institutions and preparation of the final version of the Operational Programme, the Environmental Report was revised and supplemented appropriately and the final version was submitted to the MoA.

185. On 15 August 2007, the MoA received from the Environment State Bureau the opinion No 65 “On the Environmental Report for the planning document “Operational Programme for the implementation of the European Fisheries Fund in Latvia (2007-2013)”” where it is acknowledged that the public discussion procedure of the Operational Programme in general has been carried out according to regulatory documents, it contains conclusions on possible environmental impact of implementation of the Operational Programme and proposals have been prepared for elimination or reduction of possible negative consequences.

186. Regarding proposals incorporated into the Environmental Report and suggestions advanced by the Environment State Bureau, it must be pointed out that the Operational Programme sets up objectives for development of fisheries sector and lays down basic measures for achievement of these objectives, ensuring a stable development of the sector. The Operational Programme is not detailed to a high extent therefore it is significant that positioning and conditions for implementation of measures of the Operational Programme are incorporated into legislation. The Operational Programme sets up the framework for measures, which will be financed from the European Fisheries Fund, therefore in the course of implementation of the Operational Programme it must be ensured that proposals and recommendations for measures and activities provided in the Environmental Report and in the opinion produced by the Environment State Bureau, are taken into consideration while developing the legislation.

187. Upon preparing monitoring indexes of the implementation of the Operational Programme, the assessment and recommendations on reduction and elimination of negative environmental impact referred to in the Environmental Report and the opinion produced by the Environment State Bureau, have been taken into consideration.

188. The Environmental Report of the Operational Programme and the Operational Programme itself are available on the MoA web site: www.zm.gov.lv.

6.2.3. The description of the measures decided concerning monitoring foreseen in Articles 9(1)(c) and 10 of the SEA Directive.

189. When preparing proposals for the monitoring measures of the planning document implementation and monitoring overview, the characterisation of the

existing environmental monitoring net, performed observations and information availability in the state is taken into account.

190. In order it would be possible to implement the monitoring of the Operational Programme, as well as to assess impact, left to environment by the activities contained in the Operational Programme, and, if required, to improve/change the implementation of the activities to be carried out, certain provision is necessary. To prevent negative environmental aspects, it is necessary to:

1. Plan resources for the increase of administrative capacity, for instance, in order to ensure the integration of environmental aspects;
2. Ensure a mechanism for the monitoring, prevention and reduction of environmental impacts during the implementation of the Operational Programme.

191. In the environmental impact assessment it is essential to include the environment monitoring indicators. The Law on Environment Protection defines that environment monitoring is „systematic observations, measurements and calculations of environmental condition and pollution emissions or populations and species, which are necessary for the environmental impact assessment, elaboration of environment policy and planning of environment and nature protection measures, as well as the control of their efficiency”. The following indicators are offered for the implementation of the Operational Programme:

1. Number of the modernised fishing vessels to improve navigation safety, work conditions, hygiene and quality requirements;
2. Results of environment protection, preservation and strengthening measures of natural resources and genetic diversity in aquaculture field;
3. Changes in fish stocks after restocking and protection measures have taken place, renewal of spawning grounds and construction and improvement of fish migration routes;
4. Number of aquaculture companies engaged in the growing of biological production;
5. Number of modernised companies, in order to improve work conditions, hygiene requirements and quality of products;
6. Changes in environmental impact of companies after the modernisation of companies (air, water quality);
7. Amount of production by-products and waste.

192. Special attention should be paid to the indicators characterising living standards, which should be evaluated as questions to be viewed amongst sectors, for example, noise, air pollution etc.

193. These are indicators for implementation monitoring, which as criteria are set for the formulated tasks. Such indicators have been chosen, which have been calculated before or the calculation of which is being systematically gathered in basis information.

194. The environmental effects of the implementation of the Operational Programme will be constantly supervised in order to discover any unforeseen detrimental effects in early phase and to carry out respective correction activities.
195. Environmental monitoring will be carried out according to the procedures stipulated in the national laws and regulations.
- 6.2.4. Information on the consultations with the public and the environmental authorities concerned (Article 6 of the SEA Directive).
196. After the environmental overview project has been prepared, draft Operational Programme and draft environmental impact assessment document is offered for open discussions in public in accordance with the order stipulated by the Cabinet of Ministers by publishing an announcement in the official newspaper of the Republic of Latvia "Latvijas Vēstnesis" and newspaper „Latvijas Avīze” regarding the opportunity to submit written proposals for the environmental impact assessment of the Operational Programme within 40 days time after the announcement has been published. After consultations with the Environment State Bureau individually about the commencement of open public discussions, the Ministry of Environment, Advisory Council of Environment, public organisation „Environment Protection Foundation of Latvia”, „Latvian Fund for Nature”, „Latvian Fisherman Association”, as well as Public Health Agency and the Latvian Association of Local and Regional Governments were informed. Draft Operational programme and draft environmental impact assessment, including the non technical summary, was available in the website of the Ministry of Agriculture. On 16 March 2007 open public discussion meeting was held where the draft Operational programme and draft environmental impact assessment were discussed. The announcement about this meeting was published in the website of the Ministry of Agriculture.
197. In order to reduce the environmental effects of the implementation of different supported measures in the framework of the Operational Programme, the Proposals of the environmental impact assessment concern the necessity to comply with the requirements of the technical, territorial and construction rules prescribed by the laws and regulations of the Republic of Latvia. The observance of environmental effect requirements set in the EU laws and regulations and the legislation of the Republic of Latvia is a precondition for the projects implemented within the Operational Programme. The observance thereof shall be stipulated for each measure in the laws and regulations.
198. Environmental impact monitoring shall be performed in accordance with the order set out in the EU laws and regulations, as well as in the legislation of the Republic of Latvia.
199. As a result of public discussions both the Strategic Assessment, which contains the non technical summary, and the Operational Programme were available for the wide range of institutions and for the public, however taking

into account the low degree of the detailed elaboration of the Operational Programme during consultation procedure one comment was received. The suggestion of the Public Health Agency is to supplement the environmental impact assessment with questions which are related to public health, has been taken into account and the Operational Programme has been supplemented with a section “Impact of measures left on public health”, where it is outlined that the measures envisaged in the Operational Programme are directed to the health of environment and thus to the improvement of public health.

200. The adoption and supervision control of the Operational Programme mentioned in the evaluation of the environmental impact assessment will be performed according to the prescribed in section „Description of the supervision and evaluation system of the Operational Programme”.
201. The monitoring indicators mentioned in environmental impact assessment have been included in the sub-section “Achievable indicators of the priority axes” of the Operational Programme chapter “Priority axes and measures”.
202. On 15 August 2007, the opinion produced by the Environment State Bureau was received “On the Environmental Report for the planning document “Operational Program for the implementation of the European Fisheries Fund in Latvia (2007-2013)”” where it is indicated that the public discussion procedure of the Operation Program in general has been carried out according to regulatory documents and as the Operational Program is not detailed to a high extent, environmental issues must be closely monitored in the course of preparation of legislation, governing implementation of measures.
203. As a result of public discussions, draft Operational Programme was supplemented. The revised project of the Operational Programme, taking into consideration also the indications of the environment impact assessment, as well as the Environment impact assessment are published in the homepage of the Ministry of Agriculture of Latvia.

7. PROGRAMME'S PRIORITY AXES

7.1. Coherence and justification of the priority axes chosen

204. Operational Programme covers five priority axes of the EFF: 1) Measures for adaptation of the Community fishing fleet, 2) aquaculture, inland fishing, processing and marketing of aquaculture and fishery products, 3) measures of common interest, 4) sustainable development of fisheries areas, and 5) technical assistance. Priority axes have been selected in accordance with the priorities and tasks defined in the Strategic Plan as well as pursuant to Council regulation (EC) 1198/2006 on the European Fisheries Fund.

| Priority axis | Justification of the priority axis |
|--|--|
| 1) measures for adaptation of the Community fishing fleet | One of the main problems of the fisheries sector is that the capacity of Latvian fishing fleet significantly exceeds the fish resources available in the Baltic Sea (for instance, cod the stock of which are critically low, Council regulation establishing a multi-annual plan has been adopted) as a result the fishermen are granted small fishing quotas that cannot ensure the profitability of the operation of fishing vessels, as well as the great age of the fishing vessels and outworn equipment. These have been specified as the main weaknesses in the Strategic Plan and therefore under the measure it is planned that the total capacity of the fishing fleet will be reduced and the remaining vessels in the fishing fleet will be modernised. |
| 2) aquaculture, fishing in inland waters, processing and marketing of aquaculture and fishery products | In circumstances when the catch quotas are reducing and similarly the catch amounts in the marine fishing, it is important to develop an alternative type of fish production – the aquaculture. Development of aquaculture gives the opportunity to produce additional fish raw material, also for the processing sector. Importance of the inland waters and its fish resources in the development of fisheries sector and the rural areas in Latvia is determined by the great number of rivers and lakes. In order to satisfy the great demand for freshwater fish and to promote increase the economic and social importance of fishing, a rational use of fish resources shall be ensured by simultaneously ensuring the sustainability of their use. |

| | |
|---------------------------------------|--|
| | <p>Both the aquaculture and the fish product processing industry in Latvia are developing – the number of companies and amount of their production is growing.</p> <p>Taking into account the growing number of cases of discovering new polluting substances harmful to human health, for instance, the dioxin, it is important to improve the existing food safety system and increase the level of fish product quality and food safety.</p> |
| <p>3) measures of common interest</p> | <p>In fisheries sector there are areas of common interest where the implemented results are significant and available to broader scope of representatives of fisheries sector. In order to develop the fisheries sector in a sustainable way, to increase its economic efficiency, beneficiaries of the sector must unite for implementation of such projects in such way obtaining greater return.</p> <p>Economic activity is quite often related to harm to the environment. Obstructing rivers, destroying spawning grounds and water pollution may cause extinction of natural population of particular fish species and exhaustion of fish stocks.</p> <p>Infrastructure of Latvian ports to ensure operation of fishing vessels is outdated. In majority of the ports the most important activity is transshipment of different cargos, operation of passenger terminals and yachting clubs. However in the small ports providing conditions for fishing business is not of less importance. These ports still lack improvements to ensure successful operation of fishing activities as well as to meet the growing environmental requirements concerning the use of ports and wharfs.</p> <p>Although high production export share is characteristic to the sector it is necessary to promote development of the competitiveness of companies to allow companies operate successfully on the domestic market and export their products to other countries. It is important not only to promote entering new markets, but also strengthen the positions in the existing markets. Co-operation between companies for more successful sales of their products outside Latvia may offer the possibility to offer larger variety of product assortment thus ensuring larger orders and increase the competitiveness of respective products. By expanding the possibilities for selling the products and the dependency of Latvian fish processing companies upon the economic and political situation in the CIS countries and the interstate relations will decrease, which quite often</p> |

| | |
|---|---|
| | negatively impact the business. |
| 4) sustainable development of fisheries areas | <p>Taking into account the location of the fisheries companies, currently as the areas important for fisheries, as indicated in the Strategic Plan, are coastal districts in Kurzeme region and Vidzeme region as well as in Latgale region. Narrowing of the sector in the mentioned territories increases the risk of social tension.</p> <p>Due to the reducing possibilities for fishing in the regions closely linked with fisheries sector, it is necessary to increase the capacity on the local level and focus on local and regional development and lessen the social ignorance. A significant condition to increase the local capacity is cooperation between the public sector - municipalities, non-governmental organisations and social partners – private sector. Contribution of local action groups is expected in promoting the development of areas important for fisheries sector. Measures were chosen to support innovative ideas, which were initiated by people living in areas closely linked with fisheries sector. Implementation of the measures will result in new jobs and improvement of infrastructure that is a significant factor for the development of the territory. The support is important for operators because such measures are finance-capacious ones. For example, the establishment costs of one workplace at small and medium enterprises are evaluated already in 2004 as 21 thousand EUR²⁰. Taking account of a rapid increase of inflation that is growing every year, all kinds of payments have increased respectively.</p> <p>It is foreseen that response within the measure will be a considerable one because in the period of 2004-2006 there was a great activity on the territory of Latvia when implementation of the measures of local initiatives started in the sector of agriculture.</p> |
| 5) technical support | <p>In order to acquire the financial means of the EFF available to Latvia it is important to improve the capacity of institutions involved in administration of the EFF, as well as to carry out the studies for the implementation of the Operational Programme. In this aspect it is necessary to introduce the separate priority axis offered under the EFF to strengthen the administrative</p> |

²⁰ The report on measures implemented within the “Development program for small and medium establishments in Latvia for 2004-2006”

| | |
|--|--|
| | capacity of the institutions involved in the administration process of the EFF and to perform the assessments. |
|--|--|

205.

7.1.1. Coherence and justification of the selected priority axis concerning the Strategic Plan

| | Sub-goals defined in the Strategic Plan and tasks set for their achievement* | | | | | | | | | |
|--|--|--|---|---|--|---|--|---|---|--|
| | Fishing sector | | | Aquaculture, inland fishing and the fish processing and marketing | | | | Development of the skills of people involved in the sector and development of the territories | | |
| Priority axes | Adjusting of the capacity of fishing fleet to the fish resources available to Latvia | Modernisation of fishing fleet by increasing its economic viability, but not increasing the total fishing capacity | Improvement of port facilities to ensure operation of fishing vessels | Improvement of equipment for fishing in inland waters | Preservation of Aquaculture environment, fauna and flora | Promotion of operation of competitive, technologically modern aquaculture companies | Improving the competitiveness of fish processing companies | Promoting market research and expansion of product sales markets | Promotion of development of fisheries regions | Promotion of increasing the qualification and co-operation ability of those employed in the fisheries sector |
| 1. Measures for adaptation of the Community fishing fleet | + | + | | | | | | | | |
| 2. Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products | | | | + | + | + | + | | | |
| 3. Measures of common interest | | | + | | + | + | + | + | | + |
| 4. Sustainable development of fisheries areas | | | | | | | | | + | + |

* Sub-goal “Fisheries sector management measures” of the Strategic Plan is supported under other financial instruments.

7.1.2. Guiding principles of the Operational Programme

206. Priority axes of the Operational Programme have been aligned with the principles of the Strategic Plan, which cover also the guiding principles of the Common Fisheries Policy, the Lisbon Strategy, and the National Lisbon Programme of Latvia for 2005-2008, the Goteborg Strategy and the National Development Plan of Latvia for 2007-2013.

207. Table below gives description of the coordination and justification of selected priority axes with the basic principles of the Operational Programme that were specified in Article 19 of Regulation 1198/2006:

| | Priority axis of the Operational Programme | Justification of the selected axes with the guiding principles specified in article 19 of the Regulation (EC) 1198/2006 |
|-----------------|--|---|
| Priority axis I | Measures for adaptation of the Community fishing fleet | <ul style="list-style-type: none"> • Permanent cessation of fishing activities will foster more efficient fishing activity by developing economically stable and competitive fisheries sector, achieving stable and consistent balance between the fishing capacities and fishing opportunities. • Compensations for temporary cessation fishing activities and socio-economic compensations will ensure possibility to those involved and employed in the fishing to receive socio-economic compensations as a result of restrictions set for the natural resources and their sustainable use; stable revenues and sufficiently stable living standard will be ensured to those depending on fishing activities. • Socio-economic measures, including the opportunity of early retirement and the fleet modernisation measures will promote sustainable level of employment in the fishing sector, because will allow possibility for young people to start working in the sector. • Measures will promote the reduction of the average age of employees in the sector and minimise the risk of increasing social tension among employees in the pre-retirement age. Measures of permanent and temporary cessation of fishing activities will stimulate sustainable use of fish resources, but modernisation of fishing vessels, in particular, replacing the vessels' engines, will reduce impact upon the environment and promote application of environmentally friendly methods. • In general the measures will promote coordinated and sustainable development of the economic activity, jobs and human resources as well as environmental protection and improvement. |

| | | |
|-------------------|---|--|
| Priority axis II | Aquaculture, inland fishing, processing and marketing of aquaculture and fishery products | <ul style="list-style-type: none"> • Measures will stimulate the economic activity, sustainable employment, promote creation of new jobs as well as improvement of the quality of existing jobs. By supporting the investments into aquaculture and processing of fisheries products the introduction of innovative technologies will be fostered as well as application of technologies with significantly reduced impact on environment by simultaneously developing the innovation ability and ensuring production of products of high quality standards with high added value meeting the needs of consumers. • Improvements will be promoted in the labour safety systems of companies operating in aquaculture and fisheries product processing sector thus reducing losses incurred by the economy due to work accidents and professional illnesses, and it will also increase the economic activity and productivity to contribute in the growth of total economy. • By introducing the measures the balanced participation of genders will be ensured in aquaculture and fisheries product processing sector. • Aqua-environmental measures and aquaculture animal diseases control and eradication measures will foster development of economic activities and environmental protection ensuring lessening of the impact by the fisheries sector upon the environment and promoting application of environmentally friendly methods as well as preservation of genetic diversity on the countryside. |
| Priority axis III | Measures of common interest | <ul style="list-style-type: none"> • Measures will promote development of cooperation and partnership in the production of fisheries products with high added value, in particular, if the interest exceeds the potential and needs of a single company. • Measures for common investment in fisheries companies and fishing ports will foster introduction of innovative technologies as well as application of technologies, which significantly reduce the impact on environment. • Implementing the co-operation and skill acquiring measures, i.e., improvement of professional skills, diversification of skills, opportunities for lifelong learning, will improve the situation in the fisheries sector concerning the available human resources and will develop the ability for innovation that will allow ensuring high quality standards for the manufactured products. • By supporting the measures for protection and development of aqua-environmental flora and fauna the negative impact of economic activities upon the fish resources and the environment on the whole will be reduced. • Measures for entering new sales markets and advertising campaigns will foster the increase of product consumption and ensure the Community market with better supply of fisheries products. • By introducing the measures foreseen under this axis the balance and sustainable development of economic activities, human resources and the environment will be promoted, by observing the gender equality principles. |
| Priority axis IV | Sustainable development of fisheries areas | <ul style="list-style-type: none"> • Measures will stimulate integrated and sustainable development of fisheries areas by strengthening their inner potential and improving the living quality to population living and working in these areas. • In the result of implementing the measures the economic and social welfare will be raised in the territories as well as development of innovation and human resources fostered, jobs will be preserved or newly created and the living environment improved. • By introducing the measures the balanced participation of both genders will be ensured in the sustainable development of fisheries regions. |

| | | |
|-----------------|----------------------|--|
| Priority axis V | Technical assistance | <ul style="list-style-type: none"> • As a result of introduction of the measures the institutional and administrative capacity will be improved to implement good management and efficient implementation of the Operational Programme. • By implementing the measures the equal rights and opportunities to both men and women will be provided thus eliminating offences concerning the gender equality. |
|-----------------|----------------------|--|

208. The Operation Programme will be implemented taking into consideration the gender equality principle: men and women have equal rights to receive the support in the framework of European Fisheries Fund.

7.2. Description of each priority axes

7.2.1. Priority axis I “Measures for adaptation of the Community fishing fleet”

Main objective of the priority axis

209. Development of fishing industry as a competitive and stable branch of fisheries sector by improving the economic viability of the fishing fleet and adjusting its capacity to the fish resources available to Latvia.

Achievable result indicators of the priority axis

210.

| Indicator | Indicator base level in 2006 | Achievable indicator level | |
|--|------------------------------|----------------------------|---------|
| | | In 2010 | In 2015 |
| Productivity in fisheries, turnover in thousands Euro/employees per year | 18 | 30 | 40 |
| Tonnage of fisheries fleet, thousands GT | 37.3 | 32.9 | 30.5 |
| Capacity of fisheries fleet, thousands kW | 61.2 | 51.5 | 43.1 |

Average Rate of the EFF co-financing of priority axis

211. The average rate of the EFF co-financing forms 75% of total public co-financing, which is a standard rate of the EFF co-financing in accordance with Subparagraph a) of Paragraph 3 of Article 53 of the Regulation (EC) No 1198/2006.

Support beneficiaries

212. Owners of fishing vessels, members of crew.

Main measures of the priority axis

213. 4 measures are being implemented under the priority axis:
1. Permanent cessation of fishing activities;
 2. Temporary cessation of fishing activities;
 3. Investment in fishing vessel equipment and selectivity of fishing gears;
 4. Socio-economic measures.

Measure I “Permanent cessation of fishing activities”

Legal basis

214. Measure is implemented pursuant to Article 23 of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund and Article 4 of Commission Regulation (EC) 498/2007 of 26 March 2007 laying down detailed rules for the implementation of Council Regulation (EC) 1198/2006 on the

European Fisheries Fund, as well as the scheme of permanent cessation of fishing vessel activity included in the Adjustment Plan.

Purpose

215. Purpose of the measure is to adjust the capacity of Latvian fishing fleet to the available fishing resources by scrapping the fishing vessels or its reassignment (by granting or selling) for activities outside fishing. No aid is granted for the reassignment for angling.

Background and the form of implementation

216. During the programming period support is granted for scrapping of those fishing vessels or for its reassignment (by granting or selling) for activities outside fishing, which are operated in the Baltic Sea (including the Gulf of Riga) in the offshore waters or beyond offshore waters.
217. Measure is implemented in accordance with the scheme of permanent cessation of fishing vessel activity included in the Adjustment Plan.
218. Introduction of the scheme of permanent cessation of fishing vessel activity will be performed by the means of open tender. Open tender procedure will be in detail specified in national laws and regulations governing the granting of support for permanent cessation of fishing activities prepared by the managing authority.

Adjustment plan

219. Adjustment plan and the Scheme of permanent cessation of fishing vessel activity included in the Adjustment Plan shall be approved by the Cabinet of Ministers of the Republic of Latvia.
220. Upon the evaluation of achieved total capacity decrease of the fishing fleet in the duration of the Scheme of permanent cessation of fishing vessel activity for 2007 – 2008 new Schemes of permanent cessation of fishing vessel activities can be elaborated, adjusting them to the current situation regarding the capacity of fishing fleet and the situation of fish stock. The mentioned schemes can be implemented repeatedly in order to achieve the preferable proportion between the fishing fleet and available stock. The implementation of new Schemes of permanent cessation of fishing vessel activity shall be agreed by the Monitoring Committee. The duration of each scheme does not exceed the period mentioned in the Paragraph 2 of Article 23 of the Regulation 1198/2006. Further Schemes of permanent cessation of fishing vessel activity in the programming period of EFF shall be included in the Adjustment Plan as well as in the national laws and regulations on the EFF co-financing for fisheries and shall be approved by the Cabinet of Ministers.

221. The Adjustment plan will be adjusted in view of Community conservation measures relevant for Latvia. Respective modifications to the Adjustment plan will be adopted by the Cabinet of Ministers after agreement of the Monitoring Committee of the OP.
222. For evaluation of the efficiency of implementation of the Adjustment Plan, as well as the scheme of permanent cessation of fishing vessel activity qualified specialists and scientists will be involved.
223. When the recovery plans mentioned in the Article 5 of the Regulation (EC) No 2371/2002 applies to the owners of vessels of Latvian fishing fleet and fishermen, a permanent or temporary cessation of such fishing vessels activity as well as the crews (fishermen) of these vessels will be supported prior by assignation of additional evaluation points in the evaluation process of the specific evaluation criteria of project applications comparing to other cases mentioned in the subparagraph (a) of Article 21 of the Regulation No 1198/2006 according to the national rules and regulations for measure “Permanent cessation of fishing activities”, “Temporary cessation of fishing activities” and “Socio-economic measures”.

Specific information

Description of the methods for the calculation of premiums for the permanent cessation of fishing activities

224. Due to the fact that the fishing vessel insurance system in Latvia does not function in the result of which it is not possible to identify the insurance value of the fishing vessels, and also fishing vessel market is not existing, then the level of the amount of compensations for the scrapping of fishing vessels or its reassignment for activities outside fishing is set basing on the gross tonnage of the fishing vessel and its age pursuant to Article 23 (3)(c) of Regulation (EC) 1198/2006.
225. Experience in the previous programming period from 2004 to 2006 in adjusting the fishing fleet capacity shows an efficient selection of compensation scheme, which stimulated the owners of fishing vessels to adjust the operation of their companies. Calculation of the compensation was based on the scheme included in Council Regulation (EC) No 2792/1999 of 17 December 1999 laying down the detailed rules and arrangements regarding Community structural assistance in the fisheries sector.
226. Taking into account the successful experience of the previous programming period, to achieve the objectives of the measure, which are defined in the Adjustment Plan, identical financing calculation scheme is being applied.
227. Maintenance of the calculation model used in the previous programming period will foster not only adoption of the fishing fleet and increase of the

profitability, but also modernising of the fishing vessels remaining in the fishing fleet, because the owners of fishing vessels owning several vessels upon receiving financial compensation for elimination of a fishing vessel from the fishing fleet will have the opportunity to make investments in improving the condition of the remaining fishing vessels as well as in port infrastructure. This would lead to more efficient implementation of one of the basic principles of the Operational programme – reduced negative impact on the environment and thus improving the sea eco-system and the possibility for preserving the fish stock depending on the quality of the eco-system. By increasing the efficiency of fishing vessels and simultaneously the productivity using this compensation scheme it would be possible to achieve more rapid strengthening of the capacity of human resources in the fisheries sector as well as the problem of regeneration of staff.

228. By eliminating the excessive fishing capacities from the fleet the preconditions for illegal and unregistered fishing are reduced.
229. Amount of financing provided under this measure for individual owner of fishing vessel is determined depending on the gross tonnage of the fishing vessel assigned for scrapping or reassigned (granted or sold) for activities outside fishing, as well as taking into account the age of the fishing vessels according to the procedures stipulated in the national laws and regulations.
230. In accordance with Paragraph 3 of Article 4 of the Regulation (EC) No 498/2007, in the event a fishing vessel is reassigned (granted or sold) for profitless activities outside fishing, the amount of financing provided to the owner of fishing vessel shall form 90% from the amount of financing, which would be set for the particular fishing vessel, if it was scrapped. However, in the event a fishing vessel is reassigned (granted or sold) for profitable activities outside fishing, the amount of financing provided to the owner of the fishing vessel shall form 70% from the amount of financing, which would be set for the particular fishing vessel, if it was scrapped. In cases of selling of fishing vessels the public contribution is reduced accordingly to the selling price.

Measure II “Temporary cessation of fishing activities”

Legal basis

231. Measure is implemented pursuant to Article 24 of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund and Article 5 of Commission Regulation (EC) No 498/2007 of 26 March 2007 laying down detailed rules for the implementation of Council Regulation (EC) No 1198/2006 on the European Fisheries Fund.

Purpose

232. Purpose of the measure is to cover losses incurred by the owners of fishing vessels and the fishermen in cases of temporary cessation of fishing activities that are specified in chapter “Background” of this measure.

Background

233. For the purpose of protection of fish resources the European Union Council, European Commission or the national institutions may propose and introduce fishing restriction activities that lead to temporary cessation of fishing activities as a result of which fishermen may temporarily stay without work for a particular period of time. Similar situation originates also in cases when fisheries agreements are not renewed between the Community and a third country or under an international fisheries agreement there is substantial cut in fishing opportunities. Therefore under this measure the fishermen and the owners of fishing vessels are offered financial compensations, except the periodic seasonal suspension of fishing activities.
234. Under this measure financial compensations are provided for owners of fishing vessels and the crew members (fishermen) of fishing vessels in the following cases:
1. The European Union Council has adopted the Fish resources recovery plan that is mentioned in Article 5 of Council Regulation 2371/2002 of 20 December 2002 and Article 24 (1) (i) of Regulation (EC) 1198/2006;
 2. European Commission or the member state (i.e., Latvia) has introduced emergency measures that have been mentioned in Articles 7 and 8 of Council Regulation (EC) No 2371/2002 of 20 December 2002 (R.1198/2006 Art. 24(1)(ii), (iii));
 3. Fishing agreement between the Community and the third country has not been renewed or under an international fisheries agreement or other fisheries agreement there has been substantial cut in fishing possibilities (R.1198/2006 Art. 24(1)(iv));
 4. The European Union Council and Latvia have adopted the management plan specified under Article 6 of Council Regulation (EC) No 2371/2002 of 20 December 2002 (R.1198/2006 Art. 24(1)(v));
 5. When fishing activities shall be ceased in the event of a natural disaster, closures of fisheries decided by Member State for reasons of public health or other exceptional occurrence which is not the result of resource conservation measures (R.1198/2006 Art. 24(1)(vii)).
235. Measures mentioned in previous sub points 1, 2, 3 and 4 (except management plans adopted by the Member State as Community resources conservation measures) mentioned in Article 24(1)(v) of Regulation No1198/2006 and in

cases mentioned in Article 24(1)(vii) of Regulation No1198/2006, are implemented on the basis of the Adjustment plan which is accordingly updated.

Amount of financing

236. Total financing of the EFF throughout the whole programming period of 2007-2013 for compensating the cases of such temporary cessation of fishing activities that were caused by fish stock recovery plans adopted by the European Union Council or emergency measures introduced by the Commission or the member state as specified in articles 7 and 8 of Council Regulation (EC) No 2371/2002, management plans adopted by the European Union Council or the member state, non-renewal of fisheries agreements between the Community and the third country or significantly reduced fishing possibilities under an international fisheries agreement or other fisheries agreement, shall not exceed 6% of the European Fisheries Fund's financing granted to the fisheries sector of Latvia for the period from 2007 to 2013 (R.1198/2006 Art. 24(2)).

Specific information

1. Calculation of financial premiums to the owners of fishing vessels for temporary cessation of fishing activities

237. Amount of compensations is being calculated in proportion to the value of missed catch during the period of temporary cessation of fishing activities basing on the catch of corresponding species of fish performed by the respective vessel in the previous year and the average fish sales price in the respective period of time, by applying the following formula:

$$\text{Com} = N * C$$

where:

Com – amount of compensation;

N – catch of the corresponding species of fish for the temporary fishing cessation period in the corresponding previous year;

C – average sales price of the corresponding species of fish for the temporary fishing cessation period in the corresponding previous year.

238. In the event the catch of the fishing vessel for the respective period of the previous year is not registered, in the formula mentioned in the calculation the average indices shall be used in the country for the respective period in the respective segment.

2. Calculation of financial premiums for the crew members of fishing vessels for temporary cessation of fishing activities

239. Amount of compensation is calculated according to the average work wage of each crew member in the last 12 months before the moment of temporary cessation of fishing activities, using the data provided by the State Revenue Service, by applying the following formula:

$$\text{Com} = \frac{W_{12\text{mo}} * Dc * 0,8}{D_{12\text{mo}}}$$

where:

Com – amount of compensation;

W_{12mo} – total wage of the last 12 months;

Dc – number of days for which the compensation is granted;

D_{12mo} – number of calendar days in the last 12 months.

3. Control of temporary cessation of fishing activities

240. For the time period when the fishing activities are temporarily ceased, the owner of fishing vessel shall transfer the fishing licence (if fishing in the coastal waters of the Baltic Sea or the Gulf of Riga or beyond coastal waters) and special fishing permit (if fishing in the coastal waters of the Baltic Sea or the Gulf of Riga or beyond coastal waters) to the respective issuing authority.

Measure III “Investment in the equipment of fishing vessels and selectivity”

Legal basis

241. Measure is implemented pursuant to Article 25 of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund and Article 6 of Commission Regulation (EC) 498/2007 of 26 March 2007 laying down detailed rules for the implementation of Council Regulation (EC) No 1198/2006 on the European Fisheries Fund.

Purpose

242. Purpose of the measure is to modernise the fishing fleet by improving the working and hygiene conditions and safety on board by ensuring appropriate conditions for storage of fish on board as well as reduction of fuel consumption and increase of selectivity of fishing gears, meanwhile not increasing the ability of the vessel to catch fish, in such way promoting sustainable and responsible use of available fish stock.

Justification and background of the measure

243. Average age of the fishing vessels owned by Latvian fisheries companies and operated in the Baltic Sea (including the Gulf of Riga) in offshore waters as well as those operated beyond the offshore waters and in high seas is above 25 years; their equipment, in particular, the engines of the vessels, are outdated and outworn, which negatively influences the labour safety, quality of the product and may endanger the environment. Replacement of vessels' engines reduces the consumption of power resources and fishing costs, which in turn increase the competitiveness of fishing industry.
244. Due to the fact that the fishing quotas granted to Latvia and catch limits defined for each fishing vessel are being strictly controlled, the planned activities will not endanger the sustainable development of fisheries sector. Financing has been granted neither for construction of fishing vessels or increasing the ability of the vessel to catch fish, it has also not been provided for increasing the engine power or increasing the efficiency of fishing gears.
245. It is essential to facilitate the use of such fishing gears, which would prevent the penetration of undesirable by-catch objects in the fishing gears (marine mammals, birds, small size fish, protected fish or fish not demanded in market etc.). Co-financing for investments is planned, in order to ensure the selectivity of fishing gears:
246. a) up to the change of two sets of fishing gears, if the fishermen of Latvia are affected by recovery plans, as it is mentioned in Paragraph 7 of Article 25 of Council Regulation (EC) No 1198/2006;
247. b) for the first change of fishing gear in the events mentioned in Paragraph 8 of Article 25 of Council Regulation (EC) No 1198/2006.
248. By changing the engine of the fishing vessel operating in coastal waters with the total length of less than 12 metres, which does not use towed fishing gears, the power of the new engine is the same as of the previous engine or less.
249. By changing the engine of the fishing vessels with the total length of less than 24 metres, which is not a fishing vessel operating in coastal waters with the total length up to 12 metres and which does not use towed fishing gears, the decrease of the power of the new engine must be ensured for 20%.
250. The fact that the power of the new engine is reduced at least by 20% will be proven by the data of Latvian Ship Register, which issues the certificates of fishing vessel ownership indicating the power of the engines. The changes of the engine power of fishing vessels will be registered in the Fishing Vessels Register.
251. In order to support coastal fishermen as a particularly sensitive segment in the fisheries sector, under the implementation of the measure it is foreseen that

fishermen qualifying as coastal fishermen will be offered by 20% higher rate of public aid if compared to other fishermen.

Activities of the measure

252. Measure will be introduced by implementing two activities:
1. Improvement of safety on board, working conditions, hygiene, product quality and investment in selective fishing gears;
 2. Individual replacement of the engines of fishing vessels in accordance to the provisions contained in Subparagraphs a) and b) of Paragraph 3 of Article 25 of the Regulation (EC) No 1198/2006.

Specific information

The control of maximum amount of the total eligible expenditure upon performing the investments on board fishing vessels

253. Maximum amount of the total eligible expenditure upon performing the investments on board fishing vessels per fishing vessel during the programming period may not exceed the amount, which could be granted if the relevant vessel was applying for the compensation for permanent cessation of fishing activities.
254. Control over the provision specified in the previous paragraph shall be ensured by the Intermediary Authority designated by the Managing Authority – the Rural Support Service during the application evaluation period.

Measure IV “Socio-economic measures”

Legal basis

255. Measure is implemented pursuant to Article 27 of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund and Article 8 of Commission Regulation (EC) 498/2007 of 26 March 2007 laying down detailed rules for the implementation of Council Regulation (EC) No 1198/2006 on the European Fisheries Fund.

Purpose

256. Purpose of this measure is to promote efficiency and competitiveness of fishing activity encouraging the development of professional skills as well as to provide opportunity for early retirement of aged fishermen, who have worked on fishing vessels that are assigned for scrapping or reassigned for use outside fishing.

Justification and background of the measure

257. In order to adjust the capacity of the fishing fleet to the available fish stock,

part of the fishing vessels in the fisheries sector pursuant to the provisions of the Adjustment Plan will be withdrawn from actual fishing activities. Such measures for ensuring sustainable preservation of fish stock leave negative impact upon employment. Especially in the coastal areas situation is possible that fishermen may join the list of unemployed persons. Compensations to fishermen, who must interrupt their employment due to circumstances they can not control, will provide the opportunity for them to acquire new professional skills and stimulate starting of employment in other industries outside fisheries.

258. In order to increase the competitiveness of the fisheries each field of the sector needs qualified specialists complying with the requirements of the labour market. The qualified labour force of the branch will be ensured by the opportunities to increase the level of professional skills and increase the level of knowledge for the experts, who will continue working in the fisheries.
259. The low competitiveness of fishing industry does not foster attraction of young specialists to the labour market of this sector and therefore it is characteristic to the sector that there is high proportion of aged persons employed (19.1% of those employed, according to the data of survey carried out in 2005²¹ were over the age of 55). In cases when fishing vessels are assigned for scrapping or other purposes outside fishing then fishermen who are of age over 50 find it problematic to find work on other fishing vessels or an alternative type of employment. In 2005 the proportion of work seekers in the age group over 55 years comprised 15.3% (men – 18.2%)²² of economically active total population. At the moment the official age of retirement in Latvia is 60 years for women and 62 years for men.
260. Frequently bad condition of health of those employed in the fishing industry (professional illnesses influenced by working at sea, heavy work conditions and other factors), which is even more affected by the non-reception of medical care in due time and unstable social and economic situation in the fishing sector in general, causes difficulties in finding alternative ways of employment. Measure “Early retirement” provides the aged fishermen who have worked on fishing vessels assigned for scrapping or other purposes outside fishing, and who are unable or not willing to continue their work in the fishing due to different reasons, the possibility to qualify for early retirement aid.

Activities of the measure

261. Measure will be introduced by three activities:
1. Compensations to crew members (fishermen) of fishing vessels in case of permanent cessation of fishing activities of the fishing vessel;
 2. Early retirement.
 3. Professional training.

²¹ NFB

²² CSB

Specific information

1. Calculation of the amount of compensation for the activity “Compensations to the crew members (fishermen) of the fishing vessels in case of permanent cessation of fishing activities of the fishing vessel”

262. Amount of individual compensations for each crew member (fisherman) of the fishing vessel scrapped or reassigned for activities outside fishing is calculated according to the formula given below:

$$\text{Com} = 4m * 12,$$

where:

com – amount of individual compensation to be paid out;

m – minimum monthly wage defined by the Cabinet of Ministers at the moment of submission of the project by the applicant.

263. In cases when fishing vessels are assigned for scrapping or its reassignment for activities outside fishing and the support beneficiary repeatedly starts working on a fishing vessel earlier than a year after reception of the support, the support must be paid back according to the *pro rata temporis* principle.

2. Calculation of the amount of compensation for the activity “Early retirement”

264. Amount of the yearly pension of a fisherman is determined according to the information provided by the State Revenue Service on the average gross work wage of the employee during the last two years.

Demarcation and complementarity with other financial instruments and measures

265. Measures of the priority axis are supported only by the European Fisheries Fund and co-funded by the state budget. They do not overlap with the aid provided by other funds (European Agricultural Fund for Rural Development, European Agricultural Guarantee Fund, the Cohesion Fund) or structural funds (European Social Fund, European Regional Development Fund).

266. The activities of the measure „Socio-economic measures”, except the activity “Professional training” are complementary to the measure of the Operational Programme of the same priority axis „ Permanent cessation of fishing activities”.

267. Under the activity “Early retirement” of the measure “Socio-economic measures” pension can be received until the moment the person reaches the official retirement age.

268. Demarcation in the framework of the EFF and the EAFRD by applying for prior retirement, shall be determined according to the support applicant:
269. a) in the framework of the activity “Early retirement” within the EFF measure „Socio-economic measures”, support may be received by a fisherman, who has worked on a fishing vessel which has been delivered for scrapping or use for other purposes outside fishery;
 b) in the framework of the EAFRD measure „ Early retirement of farmers”, support is allocated to a farmer, whose biggest part of the incomes percentage-wise is formed of the incomes from agricultural activities.
270. The activity “Professional training” of the measure “Socio-economic measures” is an additional component to the measure “Vocational training and information actions” of the “Rural Development Programme 2007 – 2013” co-financed by the EAFRD and the activity “Development of vocational educational system, improvement of quality, conformity and attraction” of the measure “Development of Vocational Education and General Skills” of the operational programme “Human Resources and Employment” co-financed by the ESF.
271. Demarcation – a field of education:
- EFF: Professional training in fishing for fishermen;
 - ESF: Education opportunities in different field for all social groups;
 - EAFRD: availability of professional training and information for persons employed in agriculture, forestry or production of agriculture products.

7.2.2. Priority axis II “Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products”

Main objective of the priority axis

272. Promote production of environmentally friendly aquaculture ensuring development of aquaculture business and opportunities for sustainable use of fish stock of inland waters as well as development of technologically modern, competitive, ensured with qualified labour force fish processing companies to produce high quality and safe products with high added value in accordance with the requirements of the EU domestic and external markets.

Achievable result indicators of the priority axis

273.

| Indicator | Indicator base level in 2006 | Achievable indicator level | |
|---|------------------------------|----------------------------|---------|
| | | In 2010 | In 2015 |
| Productivity in aquaculture, EUR per employee per year | 3900 | 4035 | 4200 |
| Productivity in processing fish products, thousands EUR per employee per year | 15 | 17 | 18 |

Average Rate of the EFF co-financing for priority axis

274. The average rate of the EFF co-financing forms 75% of total public co-financing, which is a standard rate of the EFF co-financing in accordance with Subparagraph a) of Paragraph 3 of Article 53 of the Regulation (EC) No 1198/2006.

Support beneficiaries

| Measure | Support beneficiaries |
|---|--|
| 1. Investments in aquaculture companies | Aquaculture enterprises with less than 750 employees or a turnover of less than 200 million EUR |
| 2. Aqua-environmental measures | Aquaculture enterprises |
| 3. Animal health measures | Aquaculture enterprises, national or municipal institutions. |
| 4. Fishing in internal waters | National or municipal institutions, owners or tenants of the internal reservoirs. |
| 5. Processing and marketing of fishing and aquaculture products | Fishing and aquaculture products processing enterprises with less than 750 employees or a turnover of less than 200 million EUR. |

Main measures of the priority axis

275. Following measures will be implemented under the priority axis:
1. Productive investments in aquaculture;
 2. Aqua-environmental measures;
 3. Animal health measures;
 4. Inland fishing;
 5. Processing and marketing of fishery and aquaculture products.

Measure I „ Productive investments in aquaculture”

Legal basis

276. Measure is implemented pursuant to Articles 28 and 29 of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund and Article 10 of Commission Regulation (EC) 498/2007 of 26 March 2007 laying down detailed rules for the implementation of Council Regulation (EC) No 1198/2006 on the European Fisheries Fund.

Purpose

277. Purpose of the measure is to:
- modernise aquaculture companies and improve their general operation;
 - develop traditional methods of aquaculture;
 - develop production of new and highly demanded species of aquatic animals;
 - introduce aquaculture methods, which significantly reduce the negative impact on the environment.

Justification and background of the measure

278. Development of aquaculture provides the opportunity to offer the aquaculture products demanded on the market as well as recover and use the fish stock available in the inland waters. Growing demand for aquaculture products fosters development of the aquaculture. Introduction of environmentally friendly technologies and methods, which in particular are stipulated by the EU Water Structural Directive, is one of the preconditions for preservation of the environment in the aquaculture sector. Offering high quality aquaculture products for reasonable price is not enough – the sector must produce the fish products in accordance with the welfare requirements by influencing the environment as little as possible, and the consumer safety must be guaranteed too.
279. At the moment the aquaculture products is quite uniform. In order to increase the competitiveness of aquaculture companies, basing on innovative and environmentally friendly and resource-saving technologies the diversity of the types of aquaculture products must be increased and simultaneously with the traditional production of carp the production of other demanded fish species and crayfish must be developed. Meanwhile, the condition of environment should not be deteriorated and no unfavourable impact should be created to fish resources.
280. Micro and small companies are a significant source of employment in countryside, however they are unable to make the necessary investments in the production development, because the costs of introduction of new products and technologies are too high, therefore particular aid will be granted to development of micro and small aquaculture companies. Micro and small companies are frequently dealing also with retail trade allowing them to add additional value to the products and receive higher profits by not using the middleman, as well as expand the availability of the products in the regions.
281. Irrespective of the currently small production amounts of aquaculture products, experts indicate to the increase of losses caused by wild animals especially by cormorants or gannets. Aquaculture companies must invest in order to reduce the damages caused by wild animals.
282. The low education level of the employees in the aquaculture does not improve the competitiveness. Due to low remuneration the young people as well as the experts choose to work in other sectors of economics. At the same time the insufficient education of the employees of aquaculture impedes the innovations and introduction of the modern technologies in aquaculture sector diminishing the competitiveness.
283. In order to overcome the problems mentioned above and improve the competitiveness of the aquaculture sector it is necessary to ensure the training opportunities. The trainings should be available throughout the whole territory

of Latvia. Providing the trainings the development possibilities of the sector as well as the production tendencies and innovations in the world should be taken into account, thus improving the competitiveness among the EU and world producers.

Activities of the measure

284. Measure will be introduced by implementing two activities:

285. 1) Productive investments in aquaculture;

286. 2) Professional training.

287. Under measure “Productive investments in aquaculture” the following are being supported:

- Investments into new construction of aquaculture production facilities and reconstruction of already existing buildings;
- Purchase and installation of new production equipment, machinery and devices;
- Purchase and installation of devices protecting the aquaculture animals against the wild predatory animals;
- For micro and small companies – investments to on-farm retail trade where such trade forms an integral part of the aquaculture farm.

288. For projects, which contribute positively to the environment or decrease the negative impact to environment, additional points are allocated during the project evaluation process, thus ensuring priority over other projects, which do not contain the above mentioned provision.

289. In the event the co-financing of the EFF is requested for investments in the growing new aquaculture animal species, which are not mentioned in the list of traditionally grown aquaculture animals in Latvia pursuant to the national implementation regulations of the measure „Investments in aquaculture companies”, studies/assessment should be carried out by the applicant or public organisation concerning the market perspectives of the respective species.

290. Investments cannot be invested in objectives, which create or expand angling opportunities in the aquaculture companies, including creation of ponds, purchase of equipment etc.

291. When investing in aquaculture, the production of aquaculture products, as well as its supply in the market should be ensured in accordance with the business plan of the company at least for 5 years period after the realisation of the project.

Specific information

292. Under the measure “Investments in aquaculture companies” for the

companies, which conform to the definition of micro and small size companies, additional evaluation points are given in the evaluation process of project application specific evaluation criteria pursuant to the national laws and regulations concerning the implementation of the measure “Investments in aquaculture companies”.

Measure II „Aqua-environmental measures”

Legal basis

293. Measure is implemented pursuant to Articles 28 and 30 of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund (EFF) and Article 11 of Commission Regulation (EC) 498/2007 of 26 March 2007 laying down detailed rules for the implementation of Council Regulation (EC) No 1198/2006 on the European Fisheries Fund.

Purpose

294. Purpose of the present measure is to promote and introduce new aquaculture methods preserving and strengthening the environment, natural resources and genetic diversity, as well as maintaining the traditional characteristics of landscape and aquaculture zones in accordance with Subparagraph a) of Paragraph 2 of Article 30 of the Regulation (EC) No 1198/2006.

Justification and background of the measure

295. Since every country is responsible for preservation of biological diversity in its territory, including ensuring of genetic diversity, perspective of rural development of Latvia is closely linked with preservation and development of the quality of environment. One of the ways to carry out this task is to produce and generate products applying biologically recognised and environmentally friendly methods. However, obligation to follow the applicable conditions raises the production cost of environmentally friendly aquaculture products. To ensure competitiveness of manufacturers of such products aid is necessary.
296. Under this measure the preservation of environment, natural resources and genetic diversity is being supported.
297. Equal competition opportunities of the aquaculture companies are ensured by compensating the additional costs and the loss of revenue of the aquaculture companies that are incurred due to preservation of environment, natural resources and genetic diversity.
298. In order to receive aid the applicant must undertake obligations for at least five years to carry out commercial activity in the aquaculture sector, and at least for five years starting from the year of approval of the first payment to operate on such area for which the obligations were undertaken, and meet the requirements concerning aquatic environment that are higher than the normal

practice in the aquaculture²³ and for meeting of which the applicant applies for the aid.

299. Pursuant to Paragraph 3 of Article 30 of the Regulation (EC) No 1198/2006 benefit to environment from these liabilities must be proved in the previous impact assessment, which is performed by a competent authority determined in the national laws and regulations on the implementation of the measure “Aqua-environmental measures”.

300. The calculation of the compensation is based on non-obtained incomes and additional expenditure occurred to the aquaculture company when facilitating the preservation of environment, natural resources and genetic diversity. The amount of compensation is defined once during the programming period at the moment of entering into engagement on the elevated aqua-environment for all the period of commitments and is paid out once a year for each year of commitments.

Measure III „Animal health measures”

Legal basis

301. Measure is implemented pursuant to Article 32 of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund (EFF) and Article 12 of Commission Regulation (EC) 498/2007 of 26 March 2007 laying down detailed rules for the implementation of Council Regulation (EC) No 1198/2006 on the European Fisheries Fund.

Purpose

302. Purpose of the measure is to control and eradicate aquaculture animals' diseases according to Council Decision 90/424/EEC on expenditures in the veterinary field.

Justification and background of the measure

303. Number of fish species used in the aquaculture is continuously growing. In order to ensure rational development of the aquaculture and improve the productivity the aquatic animal health rules must be defined and observed. Outbreak of diseases of aquaculture animals could cause serious damages to the whole industry.

304. For the fish produced in Latvia so far no diseases have been identified out of those diseases specified in the list of fish infection diseases provided by the veterinary laws and regulations. However, Latvian entrepreneurs are regularly purchasing fish fry from other European Union Member States to perform their

²³ Normal practice in the aquaculture – aquaculture activities carried out in compliance with binding legislation, whether it relates to health, veterinary or environmental matters.

breeding. In the countries from which the fish fry are purchased there are cases of different diseases of aquaculture animals recorded, for instance viral hemorrhagic septicaemia, spring viremia of carp, etc. Therefore it is important to finance the eradication of non-exotic aquaculture animals' diseases mentioned in Council Decision 90/424/EEC under the programme elaborated and approved according to Paragraph 2 of Article 44 of the Directive 2006/88/EC.

305. In Latvia it is planned to implement the programme for control and supervision of non-exotic diseases in aquaculture, introduction of which will be commenced as of 1 August 2008 when Directive 2006/88/EC comes into effect.

Implementation form of the measure

306. Measure will be introduced in accordance with the programme for control and supervision of non-exotic diseases in aquaculture, included in the annex of Council Decision 90/424/EEC which refers to non-exotic diseases of aquaculture animals contained in Annex IV of Directive 2006/88/EC of 24 October 2006.
307. Implementation provisions of the measure are in detail specified in regulations of the measure „Animal health measures”.

Measure IV „Inland fishing”

Legal basis

308. Measure is implemented pursuant to Article 33 of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund (EFF) and Article 13 of Commission Regulation (EC) 498/2007 of 26 March 2007 laying down detailed rules for the implementation of Council Regulation (EC) No 1198/2006 on the European Fisheries Fund.

Purpose

309. Purpose of the measure is to develop fishing in inland waters and promotion of competitiveness by modernising the fishing infrastructure and devices, improving the product quality and reducing the negative impact on the environment.

Justification and background of the measure

310. Inland fishing is fishing done for commercial purposes using boats operated only in inland waters and not listed in the Community fishing fleet register, or other devices used for ice fishing.
311. One third of those employed in the fisheries sector are working in inland fishing. Small catch amounts in inland waters, if compared to those at sea,

prevent generating sufficient revenues to fishermen to make the necessary investments. Possibilities of receiving aid under this measure will allow making investments in arranging the production infrastructure by simultaneously reducing the negative impact on the environment.

312. Support under this measure is provided to construction, expansion and equipping of the infrastructure based on the coast required for inland fishing (purchase and installation of devices and machinery) and modernisation, as it is mentioned in the first subparagraph of Paragraph 2 of Article 33 of Regulation (EC) No 1198/2006.

Measure V “Processing and marketing of fishery and aquaculture products”

Legal basis

313. Measure is implemented pursuant to Articles 34 and 35 of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund (EFF) and Article 14 of Commission Regulation (EC) 498/2007 of 26 March 2007 laying down detailed rules for the implementation of Council Regulation (EC) No 1198/2006 on the European Fisheries Fund.

Purpose

314. Purpose of the measure is to
- Increase the added value of the fish products;
 - Improve the labour safety and productivity;
 - Reduce the negative impact on the environment;
 - Ensure product quality, including reduction of harmful substances in the fish products;
 - Production of new products and the use of by-products and waste.

Justification and background of the measure

315. 110 fish processing companies registered in Latvia provide work to 64.4% of employees involved in the fisheries sector. However the problem of labour shortage is very topical, because an employee has become more demanding also concerning the work conditions, which many fish processing companies can not provide due to the specific nature of the work. In order to increase the productivity companies must improve the production efficiency as well as invest in modernisation of the technological process of production and in solving the environmental issues.
316. Majority of the fish processing companies are situated on the coast of the Baltic Sea or the Gulf of Riga and located mainly in populated areas, therefore the issue of solving environmental problems must be paid great attention. Main

problems to be solved by companies operating in the fish processing concerning the environment are wastewater treatment, treatment of fuel gases and phenol-water generated by the smoking process, ensuring the quality of drinking water and its rational consumption, recycling of processed by-products, residues, fish and other waste. Although fish processing companies meet the minimum environmental requirements specified in the governing laws and regulations, using of latest technologies and production methods provide additional opportunities to reduce the negative impact on the environment.

317. With respect to the size the companies are not competitive on the European scale and in large volume production markets and therefore they may compete only with products having high added value in small volume production markets.

318. Micro and small companies, which comprise 70% of all fish processing companies, is a significant source of employment and they are also more innovative and able to react towards the changes in the market demand. However the small fish processing companies are not able to make the necessary investments in production development, because the costs of introduction of new products and technologies are too high. In this respect special support will be granted to establishment and development of micro and small processing companies to produce different and healthy products characteristic to Latvia.

319. From the point of view of increase of fish production quality, the necessity for safe products of high quality is becoming increasingly important. Consequently the problem is elimination of different harmful substances from the products and reduction of the negative impact on the environment caused by the production process. The mentioned problems affect also Latvian fish processing companies, because in the fish smoking process cancerogenic substances may generate. In the fish of the Baltic Sea and particularly in salmon the increased content of dioxin causes problems both to the companies and the consumers. In order not to lose the market demand and possibilities for selling the product it is necessary to perform studies, introduce new technologies that would allow improving product safety and production harmlessness.

320. The low education level of the employees in the processing of fishery and aquaculture products sector does not improve the competitiveness. Due to low remuneration the young people as well as the experts choose to work in other sectors of economics. At the same time the insufficient education of the employees of processing of fishery and aquaculture products impedes the innovations and introduction of the modern technologies in processing of fishery and aquaculture products sector diminishing the competitiveness.

321. In order to overcome the problems mentioned above and improve the competitiveness of processing of fishery and aquaculture products sector it is necessary to ensure the training opportunities. Providing the trainings the development possibilities of the sector as well as the production tendencies and innovations in the world should be followed, thus improving the

competitiveness among the EU and world producers.

Activities of the measure

322. Measure will be introduced by implementing two activities:

323. 1) Processing and marketing of fishery and aquaculture products;

324. 2) Professional training.

325. Following will be introduced under the measure “Processing and marketing of fishery and aquaculture products”:

- Investments in new construction of production facilities of processing companies and reconstruction of the existing production buildings;
- Investments in purchasing and installation of new devices, machinery and equipment to ensure the production process and the use of by-products and residues.

326. Planned investments must ensure achievement of at least one of the following objectives: improvements in environmental protection, labour safety, productivity, increased production volume or ensure production of new products. Simple replacement of the applicant’s fixed assets shall not be allowed.

Specific information

327. Under the measure “Processing and marketing of fishery and aquaculture products” for the companies, which conform to the definition of micro and small size companies, additional evaluation points are given in the evaluation process of specific evaluation criteria of project application pursuant to the national laws and regulations on the implementation of the measure “Processing and marketing of fishery and aquaculture products”.

Demarcation and complementarity with other financial instruments and measures

328. The EU co-financing for the development of aquaculture shall be provided only within the framework of the EFF.

329. The measure „Aqua-environmental measures” is complementary to the measure of the EAFRD „Agri- Environment payments” of “Rural Development Programme 2007 – 2013” and the activity of the ERDF “Introduction of infrastructure in Natura 2000 territories” under the measure “Environment” of the Operational Programme “Infrastructure and Services”.

330. Demarcation – mode of use of agricultural land

- EFF: land of aquaculture companies under waters, which is used for

growing aquaculture animals and agricultural land not used for agricultural activities.

- EAFRD: agricultural land used for agricultural activities.

331. Demarcation –objective of support:

- EFF: Compensation for protection and strengthening of environment, natural resources and genetic diversity;
- ERDF: Introduction of infrastructure in territories of Natura 2000.

332. The measure „Processing and marketing of fishery and aquaculture products” is complimentary to the EAFRD co-financed measures „Adding value to Agricultural Products” and „Modernisation of Agricultural Holdings” of the “Rural Development Program 2007-2013”

333. Demarcation – mode of the produced production

- EFF: processing of fishery and aquaculture products, processing of by-products;
- EAFRD: processing of the products mentioned in Annex 1 of the Treaty, except production of fishery products.

334. The measure „Processing and marketing of fishery products and aquaculture products” is complementary to the measure funded by the Cohesion Fund „Development of infrastructure of water management, if the agglomeration with human equivalent is bigger than 2000” and the measure „Development of water infrastructure in populated areas with the number of inhabitants up to 2000” of the operational programme “Infrastructure and Services” co-financed by the European Regional Fund.

335. Demarcation – investment attraction object

- EFF: co-financing is provided to water supply, sewage water gathering and draining facilities only to ensure production processes;
- CF and the ERDF: co-financing is provided to water supply, sewage water gathering and draining facilities for the infrastructure of populated areas.

336. The measure “Processing and marketing of fishery and aquaculture products” and the measure “Productive investments in aquaculture” are complimentary to the measure “Improvements of business infrastructure and equipment” of the operational programme “Innovation and entrepreneurship” co-financed by the ERDF.

337. Demarcation –the object of investment raise:

- EFF: aquaculture and fisheries and aquaculture products processing enterprises;
- ERDF: other enterprises.

338. The activities “Professional training” of the measure “Productive investments in aquaculture” and of the measure “Processing and marketing of fishery and aquaculture products” are complimentary to the measure “Vocational training and information actions” of “Rural Development Programme 2007 – 2013” co-financed by the EAFRD and the activity “Development of vocational educational system, improvement of quality, conformity and attraction” of the measure “Development of Vocational Education and General Skills” of the operational programme “Human Resources and Employment” co-financed by the ESF.
339. Demarcation –education field:
- EFF: professional training of employed in aquaculture and processing of aquaculture and fish products sectors;
 - ESF: education opportunities in different fields for all social groups;
 - EAFRD: availability of professional training and information for the persons employed in agriculture, forestry and production of agriculture products.

7.2.3. Priority axis III “Measures of common interest”

Main objective of the priority axis

340. Sustainable development of fisheries sector and increase of its economic efficiency by supporting common interest activities where the implemented results are significant and available to broader scope of representatives of fisheries sector and which help to achieve the objectives of the Common fisheries policy.

Achievable result indicators of the priority axis

341.

| Indicator | Indicator base level in 2006 | Achievable indicator level | |
|---|------------------------------|----------------------------|---------|
| | | In 2010 | In 2015 |
| Proportion of local fish production in common fish consumption in local market, % | 50 | 51 | 52 |
| Proportion of trained employees in total number of employees in fisheries sector. | n.d. | 2% | 5% |

Average Rate of the EFF co-financing of priority axis

342. The average rate of the EFF co-financing forms 75 % of total public co-financing, which is a standard EFF co-financing rate in accordance with Subparagraph a) of Paragraph 3 of Article 53 of the Regulation (EC) No 1198/2006.

Support beneficiaries

343. Unions (associations of fisheries, non-governmental organisations, etc.), producer organisations, state or municipal institutions, owners and tenants of constructions located in waters.

Main objectives of the priority axis

344. Following activities will be introduced under this priority axis:
1. Collective operation actions;
 2. Development and protection of aquatic flora and fauna;
 3. Investments in fishing ports and landing sites;
 4. Development of new markets and promotional campaigns.

Measure I “Collective operation actions”

Legal basis

345. Measure is implemented pursuant to Article 37 of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund (EFF) and Article 15

of Commission Regulation (EC) 498/2007 of 26 March 2007 laying down detailed rules for implementation of Council Regulation (EC) 1198/2006 on the European Fisheries Fund.

Purpose

346. Purpose of this measure is to support the activities of common interests in the fisheries sector, the implementation result of which is significant and available to wider scope of beneficiaries of the fisheries sector comparing to the activities carried out by private companies in order to implement their interests. The implementation of this measure will improve the simultaneous solution of the issues important to the wider circle of representatives of fisheries sector.

Justification

347. The fisheries companies must increase the productivity to improve the competitiveness. The investments are needed for the implementation measures, which results are significant and available to broader scope of representatives of fisheries sector. Sometimes the individual solution is not beneficial, the efficiency is low and does not achieve the set objectives.
348. Cooperation among the members provides opportunities to support its members in ensuring the production process as well as in the selling process, in such way reducing the costs in the product production chain and also promoting production of new products and introduction of new technologies.
349. Data of 2006²⁴ show that 32.6% of those employed in the fisheries sector have primary education. As a result the low level of education negatively impacts the competitiveness of the sector. Due to low level of salaries young people without higher education and older specialists with the higher education choose to work in other branches of the economy. Insufficient education of those employed in the sector hampers innovation and introduction of new technologies in the sector in such way reducing the competitiveness of the sector in general.
350. In order to overcome the above mentioned problems and promote the competitiveness of the fisheries sector it is necessary to ensure training opportunities. Training activities must be available throughout the whole territory of Latvia. When rendering the training the development possibilities of the sector must be taken into account as well as the production development tendencies and innovation in the world thus facilitating the competitiveness of Latvian fisheries sector among the EU and other world producers.
351. Fisheries development requires increased level of education on production of technically competitive and economically efficient products, application of management methods promoting sustainable use of natural resources, use of new information and communication technologies and increase of the added

²⁴ Opinion poll performed by the NBF

value as well as observing the requirements of mutual compliance of the Common Fisheries Policy.

Supported activities

352. Measure will include the following activities:
353. 1. Investments in production, processing or marketing equipment and infrastructure (if as a result of the project implementation the availability of the performed investments is ensured for a wider scope, according to the subparagraph h) of Article 37 of Council Regulation (EC) No 1198/2006);
354. 2. Promotion of acquiring skills, partnership, co-operation and exchange of experience (if as a result of the project implementation the availability of the performed investments is ensured for a wider scope According to the subparagraphs i), j) and k) of Article 37 of Council Regulation (EC) No 1198/2006).

Measure II “Protection and development of aquatic flora and fauna”

Legal basis

355. Measure is implemented pursuant to Article 38 of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund (EFF) and Article 16 of Commission Regulation (EC) 498/2007 of 26 March 2007 laying down detailed rules for implementation of Council Regulation (EC) 1198/2006 on the European Fisheries Fund.

Purpose

356. Promote renewal of fish migration routes and spawning grounds in the natural inland waters in order to preserve the fish resources to be used in the fisheries sector.

Justification and background of the measure

357. Economic activity quite often is connected with harm to the environment. Obstructing of rivers, destruction of spawning grounds and water pollution may cause extinction of natural populations of fish species and reduction of fish stock. As a result of construction of small water power plants the fish migration is encumbered or not provided at all and such constructions also negatively impact the fish spawning grounds. The mentioned factors reduce the ability to adapt and survival of species and individual animals in changing conditions of the environment. Therefore it is necessary to renew fish spawning grounds and fish migration routes.
358. Support under this measure will be provided for inland waterways, including

the renovation of spawning areas and migration routes for migrating fish species.

359. Direct restocking shall not be eligible for aid, unless explicitly foreseen as a conservation measure by a Community legal act. In the case of eel restocking aid will be eligible upon Commission adoption of the national management plan.

Measure III “Investments in fishing ports and landing sites”

Legal basis

360. Measure is implemented pursuant to Article 39 of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund (EFF) and Article 17 of Commission Regulation (EC) 498/2007 of 26 March 2007 laying down detailed rules for implementation of Council Regulation (EC) 1198/2006 on the European Fisheries Fund.

Purpose

361. To improve port infrastructure required for landing and storage of fish products as well as ensure quality of fishing port services to fishermen.

Justification and background of the measure

362. Nomination of such measure was due to the outdated infrastructure for ensuring the operation of fishing vessels in the ports of Latvia. The main activity in the majority of ports is reloading of different cargos as well as operation of ferry terminals and yachting club facilities. However, in the small ports ensuring fishery business and rendering of related services is of the same importance. In the planning period of 2004-2006 in the ports of Ventspils, Roja, Mērsrags and Salacgrīva projects were implemented involving improvement of the port infrastructure, but still the ports need more improvements to ensure successful operation of fishermen as well as to meet the continuously growing environmental protection requirements in using the ports and wharfs.
363. In turn the activities of coastal fishermen are encumbered by the lack of breakwaters and wharfs or their poor technical condition both in the territory of ports and outside them, which does not ensure conditions for landing and storage of fish caught by coastal fishermen.
364. Fresh and chilled fish comprise on average 6% of the total cargo turnover of the small ports. They are mainly fish caught in the Baltic Sea and those imported from the Scandinavian countries delivered to processing companies located in the coastal areas. Technical parameters of the small ports and the capacity of cooling facilities in the port territories may become the impulse for attraction of frozen products, including fish transit cargos to the small ports.
365. Arranging the infrastructure of small ports will promote balanced

development of the regions of Latvia, which is one of the grounds for successful development of the economy. Investments in the infrastructure necessary for fisheries activities in the ports will ensure cargo turnover and the increase of investments, including the private investments.

366. Following activities will be supported under this measure:
- Reconstruction and modernisation of fishing vessels wharfs, fish landing sites and required elements of infrastructure;
 - Ensuring conditions for storage of landed fish;
 - Ensuring computerised management of fishery activities;
 - Purchase of fishing vessel maintenance and repair facilities;
 - Formation of fish trade (auction) facilities.

Measure IV “Development of new markets and promotional campaigns”

Legal basis

367. Measure is implemented pursuant to Article 40 of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund (EFF) and Article 18 of Commission Regulation (EC) 498/2007 of 26 March 2007 laying down detailed rules for implementation of Council Regulation (EC) 1198/2006 on the European Fisheries Fund.

Purpose

368. To promote increase of the consumption of fishery and aquaculture products and expansion of the product sales markets.

Justification and background of the measure

369. Although high export share is characteristic to this sector it is necessary to promote the development of the competitiveness of companies to make the companies operate successfully both on the domestic market and export their products to other countries. It is important not only to develop new sales markets, but also strengthen positions in already existing markets. Co-operation between the companies for more successful selling of their products outside Latvia is an opportunity to offer wider range of manufactured products by ensuring larger orders and in such way increasing the competitiveness of respective products.
370. In order to promote co-operation between the companies in selling their products in the beginning it is important to perform market research. Market research is particularly important because the trade names of Latvian fish producers are known on a comparatively low level in the EU internal market and it is necessary to find a possibility to strengthen the identification of the companies as producers of safe, high quality and original products.

371. By expanding the sales opportunities of the products also the dependency of Latvian fish processing companies from the economic and political situation in the CIS countries and the interstate relations will decrease, which frequently negatively influences the business.
372. The following activities will be supported under this measure:
- Performance of advertising campaigns;
 - Market researches;
 - Implementation of product quality policy and quality certification.

Complementarity of the priority axis with other financial instruments and measures

373. The measure “Protection and development of aquatic flora and fauna” is complimentary to the activity “Introduction of Infrastructure in the territories of Natura 2000” of the measure “Environment” and the measure “Introduction of Infrastructure ex situ for the Preservation of Biological Diversity” of the operational programme “Infrastructure and Services”, co-financed by the ERDF.
374. Demarcation –object of the investment raise:
- EFF: renovation of fish migration paths and spawning places in the internal natural reservoirs in order to preserve the fish stock available for fisheries;
 - ERDF: other objects.
375. Activity “Promotion of acquiring skills, partnership, co-operation and exchange of experience” of the measure “Collective operation actions” is complemented to the activity “Enhancement of the competitiveness of residents in working age, including retraining and active employment measures” of the measure „Employment”, activity “Development of vocational educational system, improvement of quality, conformity and attraction” of the measure “Development of Vocational Education and General Skills” and activity “Development of professional career guidance and professionally-oriented education” of the measure “Development of Lifelong Learning and Cooperation and Capacity Strengthening of Institutions responsible for Education and Lifelong Learning Policy” of the operational programme “Human Resources and Employment”, co-financed by the ESF as well as to the measure “Vocational training and information actions” of the “Rural Development Programme 2007 – 2013” co-financed by the EAFRD.
376. Demarcation – education field:
- EFF: common operations for professional training in fisheries;
 - ESF: educational opportunities in different fields for all social groups;
 - EAFRD: availability of professional training and information to the persons employed in agriculture, forestry or production of agricultural products.
377. Measure „Investments in the fishing ports and landing sites” is

complementary to the activity “Improvement of Infrastructure of Small Ports” of the measure “Promotion of Accessibility and Transport System” of the operational programme “Infrastructure and Services” and to the activity “Improvement of the infrastructure of big ports in the framework of “Sea Mainlines”” of the measure “Improvement and development of large scale transport infrastructure” co-financed by the ERDF.

378. Demarcation – mode of operation and ports:

- EFF: only those activities, which are related to servicing of fishing vessels and their catches in the fishing ports. Construction and reconstruction of jetties will be supported by the EFF in the existing small fishing ports, except ports involved in the international shipments.
- ERDF: activities, which are related to other modes of operation, as well as the construction and reconstruction of jetties in the small fishing ports involved in the international shipments.

379. Measure „Investments in the fishing ports and landing sites” is complementary to the activity “Development of water infrastructure in populated areas with the number of inhabitants above 2000” of the measure “Infrastructure of Environment Protection” of the operational programme “Infrastructure and Services” co-financed by the Cohesion Fund and to the activity „Development of water infrastructure in populated areas with the number of inhabitants up to 2000” of the measure “Environment” of the operational programme “Infrastructure and services” co-financed by the ERDF.

380. Demarcation – object of the investment raise:

- EFF: co-financing to ensure water supply, sewage water gathering and draining facilities only to provide the port services for fisheries;
- CF and the ERDF: co-financing to ensure water supply, sewage water gathering and draining facilities for the infrastructure of populated areas.

381. Measure “Development of new markets and promotional campaigns” complements to the activity “Development of external markets” under the measure “Entrepreneurship support measures” of the Operational programme “Innovation and entrepreneurship” co-financed by the ERDF

382. Demarcation – mode of the production:

- EFF: fishery production;
- ERDF: other production.

7.2.4. Priority axis IV “Sustainable development of fisheries areas”

Main objective of the priority axis

383. Develop and improve in a sustainable way the living quality in those areas linked with the fishery the strategy of which is in line with the Strategic Plan and by which the development of regional employment, competitiveness and gender equality as well as introduction of innovations and regional and international co-operation is promoted.

Achievable result indicators of the priority axis

384.

| Indicator | Indicator base level in 2006 | Achievable indicator level | |
|--|------------------------------|----------------------------|---------|
| | | in 2010 | In 2015 |
| Proportion of the territories covered by the supported regional strategies of the total of territories of importance for the fisheries sector. | n.d. | 70 | 70 |
| Gross number of workplaces | n.d. | 100 | 300 |
| Business activity in fisheries territories, number of economically active units per 1000 inhabitants | 47 | 49 | 52 |

Average rate of the EFF co-financing of priority axis

385. The average rate of the EFF co-financing forms 75% of the total public co-financing, which is standard rate of the EFF co-financing in accordance with Subparagraph a) of Paragraph 3 of Article 53 of the Regulation (EC) No 1198/2006.

Support beneficiaries

386. LFAG, support beneficiaries have been stipulated by the LFAG in the territory development strategies.

Main activities of the priority axis

387. 1. Implementation of territorial development strategies;
2. Ensuring the operation of the LFAGs, acquiring of skills, activation of territories;
3. Inter-territorial and trans-national co-operation.

Justification and description of measure

388. By introducing sustainable conservation measures of fish resources, the working opportunities decrease in the fisheries sector, especially in the fishing.

In order to decrease the social risks, which occur in such situations, it is necessary to offer alternative modes of business or opportunities to develop business in another field.

389. Due to the fact that the development index of the territories important for fisheries is negative, upon the increase of the number of unemployed persons and the decrease of the personal income tax, the possibilities of territory development also get reduced. When introducing measures within the framework of this axis, an opportunity to increase the competitiveness of the territories important for fisheries is implemented and thus the business would be developed. One of the preconditions of successful business growth is the quality of infrastructure. Currently the small-scale infrastructure in the territories important for fisheries is rather poor. In order to achieve development comparatively considerable investments are necessary.

Measure I „Implementation of territorial development strategies”

Legal basis

390. Measure is implemented pursuant to Articles 43, 44 and 45 of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund (EFF) and Articles 21, 22, 23, 24 and 25 of Commission Regulation (EC) 498/2007 of 26 March 2007 laying down detailed rules for implementation of Council Regulation (EC) 1198/2006 on the European Fisheries Fund.

Purpose

391. Stimulate improvement of the small-scale infrastructure as well as the quality of infrastructure related to fisheries, and diversify the employment in the fisheries areas to preserve population and attraction of the territories.

Supported activities

392. The following activities will be introduced under the measure:
1. Recovery and development of villages in which fisheries activities are being performed;
 2. Development of small-scale infrastructure and services related to fisheries and tourism;
 3. Restructuring and re-directing of economic activities and diversification of activities;
 4. Re-establishment of the production potential in the fisheries sector when damaged by the natural or industrial disasters.

Measure II “Ensuring the operation of the LFAGs, acquiring of skills, activation of territories”

Legal basis

393. Measure is implemented pursuant to Article 44 (1)(i) and (j) of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund (EFF) and Article 21 of Commission Regulation (EC) 498/2007 of 26 March 2007 laying down detailed rules for implementation of Council Regulation (EC) 1198/2006 on the European Fisheries Fund.

Purpose

394. Promote efficient operation of LFAGs in developing local development strategies, acquiring skills as well as activating territories in such way promoting continuity of the development of the fisheries areas.

395. The following activities will be carried out under the measure:

- 1) Research of the respective area;
- 2) Measures providing information on the respective area and the local development strategy;
- 3) Training of staff of the LFAGs involved in the preparation and implementation of local development strategies;
- 4) Publicity and experience exchange activities, local leaders training;
- 5) Ensuring the operation of LFAGs, administrative costs of local development strategies.

396. Expenses that are related to ensuring the operation of LFAGs under this measure do not exceed 10% of the total amount of financing provided for implementation of the local development strategy.

Measure III „Inter-territorial and trans-national co-operation”

Legal basis

397. Measure is implemented pursuant to Article 44 (1)(h) of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund (EFF) and Article 21 of Commission Regulation (EC) 498/2007 of 26 March 2007 laying down detailed rules for implementation of Council Regulation (EC) 1198/2006 on the European Fisheries Fund.

Purpose

398. Through the use of co-operation projects of national or international scale promote quality transfer and acceptance of experience of LFAGs on solving problems topical for local population as well as implementation of new and

innovative co-operation ideas in the territories important for fisheries in such way promoting business development and employment opportunities in fisheries areas and stimulating achievement of goals set in the local development strategy.

399. Following activities will be carried out under this measure:
- 1) Inter-territorial co-operation between the LFAGs on the national level;
 - 2) Trans-national co-operation between the LFAGs in the territories of the European Union Member States.
400. The development of the local fisheries groups' network and its functioning will be implemented in the framework of the priority Axis V "Technical assistance".

Complementarity of the priority axis with other financial instruments and measures

401. The activities in the framework of the priority Axis are complementary to the measures of Axis IV "Implementation of Leader approach" of the "Rural Development Program 2007 – 2013", which is co-financed in the framework of the EAFRD. To ensure demarcation of financing provided by the EAFRD and the EFF in cases when in a single territory both LEADER and EFF partnership establishes, the local action groups are established according to the scheme given below:

| Local action group | | | |
|-------------------------|--|--|--|
| Management institutions | Decision-making institutions | Supreme decision-making body – <u>meeting of members</u> | |
| | | <u>Decision-making body of representatives (proportional representation of representatives of EFF and EAFRD)</u> | |
| | | EAFRD LEADER partnership (observing the proportion in percentage between the municipal and socially economic partners) | EFF partnership (observing the proportion in percentage between the municipal and socially economic partners) |
| | | EAFRD LEADER project evaluation commission | EFF Project evaluation commission |
| | | <u>Executive body/Board</u> | |
| | Administrative manager | Administrative manager | |
| | Finance manager | Finance manager | |
| | Strategy | | |
| | Social and economic analysis of the territory, analysis of needs, vision | | |
| | Action plan for the EAFRD LEADER | Action plan for the EFF | |

| | | |
|--|--|---|
| | Procedures of implementation and supervision of the strategy in accordance to the requirements of the EAFRD LEADER | Procedures of implementation and supervision of the strategy in accordance to the requirements of the EFF |
|--|--|---|

402. As the Local Operation group is an association or foundation registered in the Register of Associations and Foundations (see conformity conditions of LFAG), its organizational structure and competences shall comply with the conditions prescribed by the “Law of Associations and Foundations”. According to this the Local Operation group contains the member assembly with wide social representation, the competences of which are prescribed by the law mentioned above. The decision making body of representatives is a partnership, the obligations and structure of this are prescribed by the Articles of Association, ensuring the proportional number of representatives from the EAFRD and the EFF.

Specific information

1) Selection procedure and criteria of fisheries areas

403. Long coastal zone (total length of the coastal area of Latvia is 494 kilometers) and the amount of inland waters (comprise 2543 square kilometers or 4.1% of the land area) has determined the development of fishery companies over almost the whole territory of Latvia. However, the fisheries areas are selected by taking into account the following criteria:

- 1) areas where more than 1% of all employees working in the fisheries sector of the country are concentrated;
- 2) Areas where more than 1% of all companies of the country are concentrated.

404. According to these criteria fisheries areas are districts in the coastal areas of Kurzeme Region and Vidzeme Region as well as in Latgale Region, i.e. in the territories of districts of Cēsis, Daugavpils, Kuldīga, Liepāja, Limbaži, Ogre, Rēzekne, Rīga, Talsi, Tukums, Valmiera and Ventspils. Selection of the areas has been made basing on the proportion of employment in fisheries and the fishery companies. In these areas the proportion is from 1% to 23.8% of the employment in the fisheries sector and from 1% to 21.3% of companies²⁵.

405. Total area of fisheries areas comprises 49.5% of the total area of the country. As the sector narrows the risk of increasing social tension is possible in the areas.

2) Selection procedure and criteria of local fisheries action groups, time schedule, indicative number of LFAGs, total area of fisheries areas in % that will be covered by the LFAG strategies

406. Selection of LFAGs and acceptance of the applications of local development strategies is announced and organized by the Rural Support Service.

²⁵ Annex 2 to the Fisheries Sector Strategic Plan for 2007 – 2013

407. Selection of LFAGs and their prepared local development strategies is performed simultaneously.
408. The most appropriate local development strategies will be supported based on tender competition in accordance to the criteria specified in the Operational programme and the laws and regulations governing the LFAGs and the selection of local development strategies.
409. Selection of LFAGs and their prepared local development strategies is based mainly on the following criteria:
- Compliance of a LFAG to the LFAG eligibility criteria;
 - Proportion of representatives of the fisheries in the territory of particular LFAG;
 - Types of involvement of the population and different organisations of LFAG territory in the preparation process of the local development strategy;
 - Compliance of the local development strategy prepared by the LFAG to the local development strategies eligibility criteria;
 - Local development strategy prepared by the LFAG promotes employment and revenue opportunities for the population living in the territory of respective LFAG;
 - Local development strategy prepared by the LFAG ensures gender equality and involvement of youth in the territory of respective LFAG.
410. LFAG eligibility criteria:
- 1) registered in the register of societies and foundations;
 - 2) structure consists of such management institutions, the rights, duties and responsibilities of which have been defined in the articles of association or regulation, and which conform to the operation type of the local action groups:
 - a) societies – supreme decision-making body, decision-making body of representatives and executive body;
 - b) foundations – board and decision-making body, which is responsible for preparation and implementation of the strategy.
 - 3) administrative and financial manager has been nominated, who has the qualification to perform the given tasks;
 - 4) accounting complies with the laws and regulations of the Republic of Latvia;
 - 5) not announced insolvent, is not in the liquidation process, its economic activity has not been discontinued or interrupted, no court proceedings has been initiated concerning suspension of activities, insolvency or bankruptcy;
 - 6) does not have any arrears of tax and mandatory social security payments provided for in the laws and regulations;

7) involves representatives from the private sector, local municipalities and non-governmental organisations as well as representatives from the fisheries sector;

8) territory of operation of the LFAG is located in the territory marked in the Strategic Plan as the areas important to fisheries;

9) territory of operation is compact and does not affect the operational territories of other LFAGs, which have applied for aid under the EFF;

10) not more than 50% of its decision-making body (decision-making body is responsible for implementation of the development strategy) is comprised of representatives from state and municipal institutions (for example, education and culture institutions) and at least 50% - of economic and social partners (including representatives of fisheries sector).

11) in the territory of operation:

a) number of population is between 5000 to 65 000;

b) proportion of the urban population (settlements) where the number of population is between 5000 to 15 000, shall not exceed 49% of the total number of population of the territory;

c) there are no cities with population over 15 000.

411. Main eligibility criteria of the local development strategies:

1) local development strategy has been co-ordinated with other local, regional and national planning documents and comply with the objectives (tasks, priorities, measures) specified in the Strategic Plan and the Operational Programme;

2) local development strategy is implemented in the territory of operation of the respective LFAG;

3) preparation process of the local development strategy shall use the integrated approach based on co-operation between all involved parties and sectors by actively attracting the population of the territory of operation of the respective LFAG;

4) promotes employment and revenue opportunities by improving the living conditions of the local population;

5) promotes the use of principles of sustainable development by ensuring gender equality and involvement of youth;

6) local development strategy includes the following (also regarding the fisheries sector):

| | |
|--|--|
| Description and analysis of the existing situation | <ul style="list-style-type: none">• Detailed description and analysis of the socio-economic situation in the territory of the LFAG;• Evaluation of strengths, weaknesses, opportunities and threats (hereinafter – the SWOT analysis);• Strategic solutions. |
|--|--|

| | |
|---|---|
| Action plan for the EFF measures/activities (hereinafter – the Action plan), which arises from the analysis of existing situation | <ul style="list-style-type: none"> • priorities; • objectives, which are focused on improving the living quality in the territory of LFAG and formation of the social capital based on local initiative development activities; • measures arising from the SWOT analysis; • action corresponding to local needs. |
| Implementation procedures of the EFF support | <ul style="list-style-type: none"> • description of the preparation process of the local development strategy and the involved parties; • implementation phases and procedures; • evaluation and supervision mechanisms; • project selection criteria. |

7) activities included in the Action Plan comply with the measures of priority axis IV;

8) LFAG has clearly defined procedures for supervision, strategy implementation and administration;

9) justifies in the Action plan the importance of fisheries in the area (for instance, number of persons employed in the fisheries, decline in the fisheries sector has been observed, etc.);

10) measures of the Action plan must be in compliance with the strategy developed by the local partnership group and must comply with the objective of the local development strategy, set priorities, measures and activities;

11) for measures, which have available support under other European Union funds, demarcation must be indicated in the local development strategy of the territory, and the same activities may not be supported from different funds;

12) the majority of the operations under the Action plan of a local development strategy shall be led by the private sector.

412. Selection of LFAGs and their prepared local development strategies will be performed once during the planning period not later than four years after approval of the Operational programme.

413. During the programming period from 2007-2013 it is planned to support at least 10 LFAGs, which will be located in that part of the territory of Latvia, which in the Strategic Plan is marked as fisheries areas and comply with the provisions specified in the Operational programme and the respective laws and regulations for the particular measure. It is planned that they will cover approximately 70% of the fisheries areas.

3) Description of the management procedure and the finance flow (until the support beneficiary, including the description of selection procedure and role of groups, and tasks regarding the management, supervision and control systems).

414. 1. Local development strategies supported on the basis of tender competition will be introduced by implementing the projects corresponding to the objective of the local development strategy.
415. 2. Introduction of local development strategies supported on the basis of tender competition:
- 1) submission of project applications is announced and organised by the LFAG:
 - a) in accordance with the Action plan specified in the local development strategy;
 - b) by observing the terms and conditions of project open tender procedure.
416. 3. LFAG evaluates projects and takes decision on the project development for the local development strategy by observing:
- a) project selection criteria, which are included in the respective local development strategy;
 - b) decision-making procedure.
417. 4. Rural Support Service:
- a) examines the conformity with terms and conditions of project eligibility, which are approved by the respective laws and regulations;
 - b) approves the decision made by the LFAG;
 - c) concludes agreement with the project applicant on project implementation;
 - d) performs support payments;
 - e) performs supervision of the spending of project funding.
418. 5. LFAG performs project (content) supervision and evaluates the implementation results of the local development strategy by observing the supervision and evaluation procedures that are included in the local development strategy;
419. Selection, evaluation and administration of co-operation projects are performed by the Rural Support Service in accordance with the procedure specified in the laws and regulations.
420. Amount of the support for implementation of territory development strategy is calculated individually for each particular strategy application in accordance with the procedure set out in the laws and regulations laying down detailed implementation rules for such measures. The amount of support for implementation of territory development strategy does not include the co-financing by the EFF prescribed for the financing of the LFAGs interterritorial and international cooperation projects.
421. Selected projects being in conformity with the territory development strategies are financed in accordance with the procedure specified in laws and regulations, which lay out detailed implementation rules for the measure.

4) Identification of measures, which are simultaneously justified under several funds and the substantiation of made selection

422. Activity “Recovery and development of villages in which fisheries activities are being performed” under the measure “Implementation of territory development strategies” complements the measure “Basic services for the economy and rural population” of the “Rural Development Programme 2007 – 2013” co-financed by the EAFRD.
423. Demarcation – territory:
- EFF: villages with fisheries activities and which are located in the territories important for fisheries in compliance with Annex 2;
 - EAFRD: the rest of rural territory.
424. The activity “Development of infrastructure and services related to fisheries and tourism” of the measure “Implementation of territorial development strategies” is complementary to the measure “Tourism” of the Operational programme “Infrastructure and Services” co-financed by the ERDF and to the measure “Encouragement of tourism activities” of the “Rural Development Programme 2007 – 2013” co-financed by the EAFRD.
425. Demarcation – territory:
- EFF: small fisheries community - territory of local authority with fisheries activities and which are located in the territories important for fisheries in compliance with Annex 2;
 - EAFRD: the rest of rural territory.
426. Demarcation – object of investment:
- EFF: development of small scale fisheries and tourism related infrastructure and services which are located in the territories important for fisheries in compliance with Annex 2;
 - ERDF: adjustment of national significance infrastructure to tourist product development.
427. The activity “Restructuring, re-orientation and diversification of economic activities” of the measure “Implementation of the territorial development strategies is complimentary to the measure “Support for creation and development of micro enterprises” of the “Rural Development Program 2007 – 2013” co-financed by the EAFRD. The restructuring, re-orientations and diversification of economic activities of the representatives of fisheries not supported by the EAFRD receive the support in the framework of the EFF.
428. The measure “Implementing of territorial development strategies”, “Ensuring the operation of the LFAGs, acquiring of skills, activation of territories” and the measure “Inter-territorial and trans-national co-operation” compliments the measure “Local development strategies”, “Running the local action group, acquiring skills and animating territory” and measure “Inter-Territorial and

Transnational Cooperation” of the “Rural Development Programme 2007 – 2013” co-financed by the EAFRD. There will be no overlapping between the measure the EFF and the EAFRD measure as the beneficiaries are different.

429. The measure “Ensuring the operation of the LFAGs, acquiring of skills, activation of territories” is complimentary with measure “Capacity building of human resources” of the Operational Programme “Human resources and employment” co-funded by the ESF. There will be no overlapping between the EFF measure and the ESF measure, as those LFAG, which will receive support from the EFF in relation with the costs of running, acquiring skills and activation the territory, will not be supported from the ESF.
430. Avoiding from overlapping of measures to be supported by several EU financial instruments is described and ensured in the territory development strategies prepared by a LFAG.

7.2.5. Priority axis V “Technical assistance”

Main objective of the priority axis

431. To support efficient and safe management, implementation, supervision, evaluation and control of the Operational programme, as well as the establishment of the network of the local fisheries groups.

Rates of EFF co-financing for measures of priority axis

432. The average rate of the EFF co-financing forms 75% of the total public co-financing, which is standard rate of the EFF co-financing in accordance with Subparagraph a) of Paragraph 3 of Article 53 of the Regulation (EC) No 1198/2006.

Support beneficiaries

433. 1. State institutions, legal persons.

Measures of the priority axis

434. 1. Ensuring the management and support functions of the Operational programme
2. Establishment of the network of local fisheries action groups.

Legal basis

435. Measure is implemented pursuant to Article 46 of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund (EFF).

Purpose

436. The aim of the measure “Ensuring support and managements functions of the Operational programme” is to provide support to institutions involved in the management of the Operational programme in ensuring the management functions by financing the management, administration, control of the implementation of the Operational programme, as well as the implementation and maintenance of the computerised information system of monitoring, technological facilities, salaries to experts (e.g. auditors) involved in the performance of management functions, cover costs related with direct programme processes (organising of monitoring committees, working place, etc.). Similarly the aim of the measure is to support institutions involved in the management of the Operational programme in ensuring the support functions by

financing services related to the implementation of the Operational programme (studies for the implementation of the Operational Programme, training, conferences, expertise in legal matters, etc.).

437. The aim of the measure „Establishment of the network of local fisheries action groups” is to facilitate an establishment of continuous cooperation platform among the local fisheries action groups targeted at the facilitation of sustainable development of territories important for fisheries, strengthening of formation of civic society, development and cooperation of the local fisheries action groups by establishing the network of local fisheries action groups, which would mainly cooperate with state and municipal authorities, non-governmental organisations, fisheries companies and other institutions, ensure technical assistance and advice, as well as support for local fisheries action groups, coordinate the activities of the network of the local fisheries action groups, organise thematic seminars, informative events and conferences.

Justification and background of the measure

438. In order to acquire successfully the EFF financing provided to Latvia it is important to increase the capacity of institutions involved in the EFF management. For this purpose it is necessary to introduce the separate priority axis proposed under the EFF to strengthen the administrative capacity of the institutions involved in the EFF management process.

439. In order to facilitate the development and cooperation of local fisheries action groups, it is necessary to establish the network of local fisheries action groups. For this purpose, it is necessary to implement the priority axis offered within the EFF “Technical assistance”.

440. The local network will ensure participation in the European Community.

Complementarity of the priority axis with other financial instruments and measures

441. Because the Ministry of Agriculture performs the functions of Managing authority of both the EFF and the EAFRD, it must be ensured that the measures of Technical assistance from both funds do not overlap. To ensure the management and support functions of the Operational Programme the financing of the Technical assistance of the EFF will be used, but for ensuring the support functions of the Rural Development Programme for 2007-2013 the financing of Technical assistance of the EAFRD will be used.

8. FINANCIAL PLAN OF THE OPERATIONAL PROGRAMME (CCI NO: CCI 2007LV14FPO001)

442. Financial Plan of the Operational programme giving the annual commitment of the EFF.

443. Table I. Convergence objective regions, EUR:

| Year | EFF |
|--------------|--------------------|
| 2007 | 13 597 544 |
| 2008 | 14 887 723 |
| 2009 | 16 282 146 |
| 2010 | 17 736 296 |
| 2011 | 19 243 706 |
| 2012 | 20 816 794 |
| 2013 | 22 451 354 |
| Total | 125 015 563 |

444. Operational programme's Financial Plan in which separately for the whole planning period and each priority axis the total public funding has been indicated, including the EFF co-financing, state co-financing and the rate of the EFF's co-financing.

445. Table II. Convergence objective regions, EUR:

| Priority axis | Total public financing | EFF co-financing | State co-financing | Rate of the EFF co-financing |
|--|------------------------|--------------------|--------------------|------------------------------|
| 1. Measures for adaptation of the Community fishing fleet | 27 814 590 | 20 860 942 | 6 953 648 | 75 % |
| 2. Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products | 61 505 000 | 46 128 750 | 15 376 250 | 75 % |
| 3. Measures of common interest | 32 204 000 | 24 153 000 | 8 051 000 | 75 % |
| 4. Sustainable development of fisheries areas | 38 548 635 | 28 911 476 | 9 637 159 | 75 % |
| 5. Technical assistance | 6 615 194 | 4 961 395 | 1 653 799 | 75 % |
| Total | 166 687 419 | 125 015 563 | 41 671 856 | 75 % |

9. IMPLEMENTING PROVISIONS OF THE OPERATIONAL PROGRAMME

9.1. Designation of authorities

446. According to Article 58 of Council Regulation (EC) No 1198/2006 for the management and implementation of the Operational programme the following authorities shall be appointed: Managing authority, Certifying authority, Audit authority as well as intermediate body, which will be responsible for particular tasks of the Managing authority and the Certifying authority.

447. Authorities involved in the implementation of the management and implementation of the Operational programme are shown schematically in Annex 1.

9.1.1. Managing authority

448. According to Article 59 of Council Regulation (EC) 1198/2006 and pursuant to Article 6 of the Cabinet Regulation No 267 of 17 April 2007 on the administration procedure of the European Agricultural Guarantee Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund, the Ministry of Agriculture of the Republic of Latvia has been appointed as the Managing authority.

449. According to Point 1 of the order of Ministry of Agriculture No 249 of 20 September 2006 on distribution of the management, supervision and control system functions of the European Fisheries Fund in the Ministry of Agriculture, the functions of the Managing authority at the Ministry of Agriculture is performed by the European Union and State Aid Department.

450. Main functions of the European Union and State Aid Department or the Managing Authority are as follow (except functions, which are assigned to the intermediate body):

- Ensure compatibility of the support with the Community policy, priorities and activities and complementarity with other Community financial instruments;
- Ensure co-ordination between the aid provided under the European Fisheries Fund and other Community financial instruments;
- Prepare the Operational programme and submit it for approval to the European Commission;
- Ensure partnership in preparing, implementing, monitoring and evaluating the Operational programme;
- Ensure defining of the conformity of the EFF expenditures in the national laws and regulations;

- Develop management and control system pursuant to articles 57 to 61 of Regulation (EC) 1198/2006 and its description; report, which includes evaluation results of the establishment of the system and provides statement on its conformity with articles 57 to 61 of Regulation (EC) 1198/2006, submit the documents to the European Commission;
- Ensure conformity of the information and publicity measures to requirements set out in Article 51 of the Regulation (EC) 1198/2006;
- Ensure organising of the work of the Monitoring Committee as well as ensures it with documents necessary to make possible the supervision of the quality of the implementation of the Operational programme taking into account its specific objectives;
- Prepare yearly progress, control and final reports after receiving information from the respective institutions and ensure the supervision principles;
- After submission of the annual report and taking into account the statement by the European Commission, it examines together with the European Commission the progress achieved by implementing the Operational programme, the main results achieved in the previous year, financial implementation and other factors;
- Ensure ex-ante and interim evaluation of the Operational programme as well as provide to the European Commission the information required for ex-post evaluation;
- In the course of implementation of the Operational programme attracts experts for improvement of the programme measures and supervises continuous control over the implementation of the Operational programme and is responsible for managing the financial means of the technical assistance.

451. Detailed list of the functions of Managing authority and description of their implementation is included in the description of the management and control system.

9.1.2. Intermediate body

452. According to Article 58 (2) of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund an intermediate body may be designated for performing one or more functions of the Managing authority.

453. According to the order of the Ministry of Agriculture the functions of the intermediate body to the Managing authority is performed by the Rural Support Service - an institution operating under the supervision of the Ministry of Agriculture and accredited for administering the EU co-funded measures.

454. Basic functions assigned to the Rural Support Centre or the Intermediate

body are as follows:

- Ensures that operations are selected according to the criteria applied to the Operational Programme and that throughout the whole implementation process it complies to the Community and national effective laws and regulations;
- Ensure that beneficiaries and other structures involved in the implementation of activities, without referring to the rules on accountancy applicable in the respective country, maintain a separate accounting system or apply corresponding accounting codes to all transactions related with the respective activity;
- Ensure reliable computerised accountancy, supervision and financial statement systems within the management and control system;
- Ensure compliance of the expenditures of the beneficiaries to the criteria approved by the Monitoring Committee and defined in the national laws and regulations;
- Ensure existing of a system, which in an electronic way registers and stores accountancy documentation on each activity under the Operational Programme and that data are being summarised on the implementation process required for financial management, supervision, checks, audits and evaluation;
- check the delivery of co-funded products and services and whether the expenditures declared by the beneficiaries have been actually incurred and conform to the Community and national laws and regulations; inspection of particular activities is performed on random basis in accordance with detailed rules approved by the European Commission.

455. Detailed list of functions assigned to the Intermediate body and description of their implementation is included in the description of management and control system.

9.1.3. Certifying authority

456. According to Article 60 of Regulation (EC) 1198/2006 and Article 10 of the Cabinet Regulation No 267 of 17 April 2007 on the administration procedure of the European Agricultural Guarantee Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund the Ministry of Agriculture of the Republic of Latvia has been appointed as the Certifying authority.

457. According to Point 2 of the order of Ministry of Agriculture No 249 of 20 September 2006 on distribution of the management, supervision and control system functions of the European Fisheries Fund in the Ministry of Agriculture, the functions of the Certifying authority at the Ministry of Agriculture is performed by the Budget and Financial Department.

458. Main functions of the Budget and Financial Department or the Certifying authority are as follows:

- Prepare and submit to the European Commission the approved declarations of expenditures and payment applications;
- Approve the correctness of the declaration of expenditures;
- Approve the compliance of the declared expenditures to the Community and national laws and regulations;
- Store in electronic form the accountancy documentation on expenditures declared to the European Commission.

459. Detailed listing of the functions of Certifying authority and the description of their implementation is included in the description of the management and control system.

9.1.4. Audit authority

460. According to Article 61 of Council Regulation (EC) 1198/2006 of 27 July 2006 on the European Fisheries Fund and Article 11 of the Cabinet Regulation No 267 of 17 April 2007 on the administration procedure of the European Agricultural Guarantee Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund the Ministry of Agriculture of the Republic of Latvia has been appointed as the audit authority.

461. According to Point 3 of the order of Ministry of Agriculture No 249 of 20 September 2006 on distribution of the management, supervision and control system functions of the European Fisheries Fund in the Ministry of Agriculture, the functions of the Audit authority at the Ministry of Agriculture is performed by the Internal Audit Department.

462. According to the Instruction of the Ministry of Agriculture of 20 July 2007 „On the implementation of the Audit Authority of the European Fisheries Fund for the introduction of European Fisheries Fund Support in Latvia in 2007-2013” by the allocation of functions defined for the Audit Authority by the Article 61 of Council Regulation (EC) No 1198/2006 and the responsibilities of the involved institutions and departments in their implementation are the following:

- The performance of the system audits is provided by the Internal Audit Department of the Ministry of Agriculture, meanwhile the Audit Department of the Rural Support Service is responsible for management and control systems of the EFF in the Rural Support Service;
- The Audit Department of the Rural Support Service provides the audit of the activities reposed on appropriate selection with the aim to revise the declared expenses;

- the Internal Audit Department of the Ministry of Agriculture in cooperation with the Audit Department of the Rural Support Service provides the elaboration of audit strategy and submits it to the European Commission;
- The function of information submission regarding the audits and inspections performed to the Managing and Certifying Authority is implemented by the Internal Audit Department of the Ministry of Agriculture;
- The submission of the annual control report, the opinion concerned the operation of the management and control system, the submission of the declarations in case of partial closing of the Operational Programme as well as the submission of the final control report and final declarations until the established date are provided by the Internal Audit Department of the Ministry of Agriculture

463. The Audit Authority prepares the report and opinion on the authorities or intermediary bodies enclosed in the management and control system mentioned in Article 71 of Council Regulation (EC) No 1198/2006, meanwhile the report and opinion regarding the Audit Authority mentioned in Article 71 of Council Regulation (EC) No 1198/2006 is prepared by public or private structure selected among the applicants of the public procurement organized according to the Law of the Public Procurement.

464. Detailed listing of the functions of Audit authority and the description of their implementation is included in the description of the management and control system.

9.2. The body responsible for receiving payments made by the Commission and the body responsible for making payments to the beneficiaries

9.2.1. The body responsible for receiving payments made by the Commission

465. According to Article 8 of the Cabinet Regulation No 267 of 17 April 2007 on the administration procedure of the European Agricultural Guarantee Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund, the State Treasury of the Republic of Latvia has been appointed as the body responsible for receiving payments from the European Commission.

466. The State Treasury is an institution subordinated to the Ministry of Finance, which assigns from the revenues of the state budget and performs payments for certain purposes, performs the functions of state budget execution and accounting as well as the function of state budget management.

9.2.2. The body responsible for making payments to the beneficiaries

467. According to Article 7 of the Cabinet Regulation No 267 of 17 April 2007 on the administration procedure of the European Agricultural Guarantee Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund the Rural Support Service has been appointed as the authority responsible for making payments to the beneficiaries.
468. Payments to beneficiaries of EFF financing and, if foreseen in the project application, from the state budget will be performed by the State Treasury basing on the payment order prepared by the Rural Support Service.

9.3. Description of procedures for mobilisation and circulation of finance flow to ensure their transparency

469. Co-operation between the institutions involved in the management and implementation of the Operational programme in receiving of the EFF financing and ensuring the flow of payments is shown in Annex 2.

9.4. Description of the monitoring and evaluation system as well as the composition of the Monitoring Committee

9.4.1. Description of the monitoring and evaluation system of the Operational programme

470. In Latvia in co-operation with the European Commission a single monitoring and evaluation system must be created. The system must specify a limited number of monitoring and evaluation indicators to be applied to the Operational programme.
471. The Ministry of Agriculture ensures operation of a system to register and store information on the programme implementation in a computerised form appropriate for monitoring and evaluation.
472. For the purpose of gathering the information specified under Article 59 (c) of Regulation (EC) 1198/2006 the Informative System of the Rural Development Programme for 2007-2013 (hereinafter – the IS) has been developed including also the function of summarising the financial and statistical data on the implementation of the Operational programme.
473. Competent authority for development, maintenance and gathering of information is the Rural Support Service – the intermediate body appointed for performance of some functions of the Managing authority.
474. The IS covers the following functional areas: administration process of project applications (processing of project applications, calculation of the amount of support), preparation of reports.
475. The IS incorporates also a system of impact and result indicators, as well as

the data on project implementation in accordance with Annex 3 of Regulation (EC) No 498/2007. It also incorporates the achievable impact and result indicators included in the Operational programme.

476. Data accumulated by the IS are used by the Managing authority for the analysis of the implementation of the Operational programme, informing the Monitoring Committee, as well as for preparation of reports provided for under Article 67 of Regulation (EC) 1198/2006.

477. Monitoring also includes summarising, evaluation of previously defined and agreed financial and result indicators as well as preparation of statements for submission to the European Commission and informing the society, which is performed by the Managing authority.

9.4.2. Monitoring Committee, its composition

478. Monitoring on the first instance is performed by the Monitoring Committee and the Managing Authority.

479. Monitoring Committee of the Operational programme is a collegiate institution involved in the administrating the European Fisheries Fund acting in accordance with Articles 63, 64, 65 and 66 of Council Regulation (EC) No 1198/2006 and its approved rules of procedure.

480. According to Article 15 of the Cabinet Regulation No 267 of 17 April 2007 on the administration procedure of the European Agricultural Guarantee Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund the composition of the Monitoring Committee of the Operational programme is approved by the Ministry of Agriculture, including the below mentioned representatives with the right of voting:

1. Two representatives from the Ministry of Agriculture;
2. Two representatives from the Rural Support Service;
3. A representative from the Latvian Association of Local and Regional Governments;
4. A representative from the Food and Veterinary Service;
5. A representative from the National Board of Fisheries;
6. A representative from the Kurzeme Planning Region Development Council;
7. A representative from the Vidzeme Planning Region Development Council;
8. A representative from the Latgale Planning Region Development Council;
9. A representative from the Zemgale Planning Region Development Council;
10. A representative from the Riga Planning Region Development Council;

11. Three representatives from the Fisheries Advisory Council²⁶;
12. Two representatives from the non-governmental environmental organisations;
13. A representative from the Ministry of Regional development and Local Governments;
14. A representative from the Ministry of Environment.

481. In addition to these representatives with rights to vote included in the composition of the Monitoring Committee the Ministry of Agriculture includes in the composition of the Monitoring Committee other social partners, state institutions, including the representatives of the environmental authorities, and the European Commission with the advisory rights.

482. In the course of implementation of the Operational programme the co-ordination among the European Union Structural funds, the Cohesion Fund, the European Agricultural Fund for Rural Development, the European Agricultural Guidance and Guarantee Fund and the European Fisheries Fund, from which the last three are under the supervision of the Ministry of Agriculture, will be ensured by the representative of the Structural funds Managing authority with the advisory participating in the Monitoring Committee of the Operational programme, as well as by the representative from the Ministry of Agriculture with the advisory rights participating in the Monitoring Committee of the Structural Funds and the Cohesion Fund Operational programmes.

483. Additional coordination mechanism between the funds mentioned above shall be ensured during the elaboration and approval of national laws and regulations. The Cabinet Regulations, which will be elaborated for each support measure of the Operational Programme before their approval in the Cabinet of Ministers, shall be agreed by different social partners, as it is set by the order of progression and consideration of laws and regulations of the Cabinet of Ministers of the Republic of Latvia.

9.5. The arrangements regarding the computerised exchange of data needed to fulfil the management, monitoring and evaluation requirements

484. Exchange of data related with the Operational programme between the institutions appointed for management and implementation of the Operational programme and the European Commission is ensured by using the European Community Fund Management System (SFC 2007) developed by the European Commission.

485. To introduce the data exchange software appropriate web application is applied. For the purpose of data automatic synchronisation and registration it is accessible from the computer management systems of institutions appointed for management and implementation of the Operational programme by observing the hierarchy and rights of users.

²⁶ The composition of the Fisheries Advisory Council is specified in Annex 6

486. The rights to submit documents to the European Community Fund Management System shall be provided to the following institutions involved in the European Fisheries Fund management: the Managing Authority, Certification Authority and Audit Authority. They are responsible for the submission of documents and information within their competencies to the system, as it is set by the European Community legal acts.
487. Users functions when working with the system are subjected to general document circulation principles in authorities, i.e., the information providers are responsible for the submission of information to the system. The check of the information placed in the system shall be performed by the line managers of the information providers. However, the rights to send the information to the European Commission shall be given to the head of the respective authority.

9.6. Social partners involved in preparation of the EFF planning documents (Strategic Plan, Operational programme) and the co-operation results, ensuring gender equality

9.6.1. Partnership and the results of co-operation

488. According to provisions of Article 8 of Regulation (EC) No 1198/2006 upon formulating the implementation strategy of the Strategic Plan and determining the measures to be achieved by the intermediation of the Operational programme the Ministry of Agriculture consulted with the co-operation partners in Latvia on the policy-making level, the administrative and non-governmental organisations level and on the level of potential support beneficiaries.
489. In the course of preparation of the Operational programme economic and social partners were involved as well as the competent regional and local authorities and other public administration institutions. Management group of elaboration of the Strategic Plan and the Operational programme was set up, which included representatives appointed by the previously mentioned social partners and other corresponding institutions.
490. The course of elaboration of the Operational programme is discussed also at the Fisheries Advisory Council chaired by the Minister of Agriculture as well as in other separate working groups that were established upon the initiative of the social partners or other corresponding authorities, or to a wider circle of the society at the seminars organised by the Ministry of Agriculture in such way ensuring the observation of the partnership principle.
491. For the purpose of selecting the measures to be supported under the Operational programme, for preparation of situation analysis of the particular branch of fisheries and the justification for the required support measures, defining the support beneficiaries as well as preparation of detailed conditions for granting the support all to be included in the national laws and regulations, the Ministry of Agriculture has 5 separate working groups (working group

“Permanent or temporary cessation of fishing activities”, working group “Protection measures of aquatic environment and aqua-environmental requirements”, working group “Diseases of aquatic animals”, working group “Protection and development of aquatic flora and fauna”, working group “Introduction of the EFF priority axis IV in Latvia”). Each of the groups involved experts in specific matters, policy-makers and decision-makers on the national, regional and local level, representatives from the institutions administrating the measures and expertise authorities, representatives from the non-governmental organisations and the society. Between the meetings of the working groups the involved representatives consulted with the specialists from other sectors thus covering wider part of the society.

492. At the end of 2006 and in the beginning of 2007 the Ministry of Agriculture organised several open discussions – seminars dedicated to the evaluation of the support measures selected under the draft Operational Programme and that were participated by representatives of state and municipal institutions, fisheries associations and foundations, fisheries companies as well as other social partners and interested persons. Information about the event was published on the website of the Ministry of Agriculture.

493. After preparation of the draft Operational programme it was published for public discussion. All received proposals were gathered, evaluated and included in the Operational programme. Operational programme project was submitted for *ex-ante* evaluation and the proposals prepared following the evaluation introduced in the Operational Programme.

494. Support measures included in the Operational Programme are evaluated by the representatives from the Latvian Fish Resources Agency, Latvian Association of Crayfish and Fish Farmers, Union of Latvian Fish Processors, Latvian Fisheries Association, Cooperation Council of Agricultural Organisations, Latvian Ornithological Society and the WWF (The World Wildlife Fund) by participating in different working groups and other information events organised by the Ministry of Agriculture.

495. In the course of elaboration of the Operational programme the social partners have a significant role, particularly concerning the following:

- Participation in the elaboration process of the Operational programme within the scope of their competency;
- Informing and consulting the representatives of the fisheries sector on the availability of financial support or amendments in legislation defining such financial support;
- Representing the interests of different target groups in the process of decision-making (particularly in the Monitoring Committee of the Operational programme);
- Gathering of proposals regarding improvements or elimination of

deficiencies in the implementation mechanism of the measures and informing the institutions involved in administering the support.

496. List of social partners is given in Annex 3.

497. Summary of the results of discussions with social partners:

- Regarding the compensation for permanent cessation of the fishing activities receivable under the measure “Permanent cessation of fishing activities” of the priority axis I, the calculation method of the compensation amount used in the previous programming period must be maintained;
- Due to the fact that in Article 25 (3)(c) of Regulation (EC) 1198/2006 it is said that installation of new engine with the rated power by at least 20% less than the power of previous engine of the trawler, whose total length exceeds 24 metres, is possible with the condition that the rescue and restructuring plan applies to the particular company; it is not necessary to foresee opportunity of replacement of engine for this segment of fishing fleet, because companies that own fishing vessels of previously mentioned type do not conform to the status of company in difficulties;
- Due to the fact that the conditions and maximum allowed rate of public co-financing specified in Article 25 (3) (4) of Regulation (EC) 1198/2006 are not attractive to the fishing companies it is not necessary to include possibility to replace engines for the groups of fishing vessels.

498. Results generated during the consulting process were taken into account when preparing the Operational programme.

9.6.2. Ensuring gender equality

499. Operational Programme complies with the Concept for Implementing the Gender Equality approved by the Cabinet on 16 October 2001 as well as with the auxiliary material prepared by the Ministry of Welfare for including the gender equality horizontal priorities in the European Union structural funds programming period for 2007-2013.

500. Gender equality integrated approach is being applied, i.e. gender equality as a principle is taken into account in all stages of policy, programme, administrative and financial activities and in preparation, implementation and evaluation. It is provided that representation of both genders will be ensured thus ensuring conformity of the measures to the different needs, interests and opportunities of men and women. None of the activities will worsen the situation of any of the genders.

501. Operational Programme ensures equal availability of financial resources to both women and men.

502. Project preparation and evaluation phases under the measures of the

Operational programme will observe the Concept for Implementation of the Gender Equality and the Guidelines for observing the principle of gender equality for the EU structural funds project applicants and evaluators, as prepared by the Ministry of Welfare.

9.7. Ensuring the information and publicity

503. The Ministry of Agriculture as the Managing authority is responsible for providing complete information to the society on available activities co-financed by the EU and the state and explains their importance in the development context of the sector.
504. To achieve the communications objectives the Managing authority uses the following means of communication:
- Press releases (first-time – gives new information for the first time, for instance, on the coming press conference, novelties regarding the Operational programme, etc., and repeated – remind on the coming event or inform about already completed event, for example, a press conference);
 - Wider publications in the press on the course of implementation of the Operational programme, on success stories, interviews with different involved institutions;
 - Seminars – educative, informative seminars on the Operational programme;
 - Information days – providing information on the Operational programme;
 - Press conferences – inform journalists about the Operational programme, its progress, answer to questions;
 - Expert interviews – interviews with specialists and experts of different levels, also success stories;
 - Thematic TV shows – participation of experts, success stories in different thematic TV shows;
 - Thematic radio shows/discussions – participation of experts, success stories in different thematic radio shows and discussions.
505. Simultaneously with these active means of communication information is available free of charge on the website of the Ministry of Agriculture: www.zm.gov.lv regarding the EU and national legislation, support policy and financing for fisheries sector. Any interested person has the opportunity to express his/her opinion, proposals in an interactive application on the website as well as inform about problems, participate in discussions. Largest periodical newspaper distributed nationally for rural inhabitants *Latvijas Avīze* as well as other newspapers and magazines – both central and regional publish information on novelties in the fisheries sector. Official newspaper *Latvijas Vēstnesis* includes publications of all laws and regulations and announcements on commencement of reception of applications for the EU and the state co-financing.

506. For explanation of the Operational programme and the Strategic Plan special activities will be organised participated by the Minister of Agriculture and the leading specialists of the Ministry to inform about the essence and objectives of these planning documents on a political level. Extensive explaining of the Strategic Plan and the Operational programme will take place during the annual regional conferences organised by the Ministry of Agriculture in all regions of Latvia (annual event in August).
507. Every working day there is possibility to ask questions and express opinions on different topics, including on the Operational programme by calling to the hotline of the Ministry of Agriculture. Answers will be prepared by the specialists of the Ministry and they will be forwarded to the interested person in two working days.
508. Within the scope of co-operation between the Ministry of Agriculture and the Latvian Association of Local and Regional Governments seminars to specialists from the rural municipalities will be organised with the purpose to inform them about the novelties and amendments in legislation, applications terms and other issues related with the fisheries sector.
509. Course of implementation of the Operational programme and the use of financing will be discussed in the meetings of public organisations, including those of Fisheries Advisory Council participated by the Minister of Agriculture and specialists from the Ministry and its subordinated institutions, and at the Monitoring Committee of the Operational Programme.
510. Throughout the whole period from 2007 till the end of 2013 special attention will be focused on training, advising and informing of support applicants on additional opportunities, changes in the elements of measure procedures, if any, to increase the efficiency of implementation of the measures under the Operational programme.
511. Upon performing the evaluation of the implementation of the Operational programme the Ministry of Agriculture will inform the society on the course of implementation of the Operational programme and actually achieved results by publishing evaluation reports on the website of the Ministry.
512. Information work with project applicants and performers will be done by the Rural Support Service – the intermediate body appointed by the Managing authority for performing particular tasks. The Rural Support Service will provide information on open project tenders and ensure explanation of conditions regarding the implementation of the EU and the state co-financed financial support.
513. The indicative amount of financing devoted to the public awareness campaigns in the programming period forms 750 000 euro, from which 500 000 euro devoted for information and publicity measures for potential beneficiaries and beneficiaries and 250 000 euro for information and publicity measures for the

public. The source of funding is V priority axis “Technical assistance”.

Detailed information characterising the Latvian fishing fleet

Table 1

Characterisation of Latvian fishing fleet in the coastal waters of the Baltic Sea and the Gulf of Riga (2006)

| Fishing vessels per size groups, m | Number of vessels | Average length, m | Gross tonnage, GT | Total power, kW | Average age, years |
|------------------------------------|-------------------|-------------------|-------------------|-----------------|--------------------|
| < 5 | 371 | 4.2 | 180.2 | 1117.7 | 21.3 |
| 5-10 | 345 | 6.9 | 894.4 | 5223.4 | 17.9 |
| > 10 | 18 | 11.0 | 142.1 | 720.2 | 18.1 |
| Total | 734 | 5.7 | 1216.7 | 7061.3 | 19.6 |

Source: Register of Latvian fishing vessels

Table 2

Catch dynamics of the Latvian fishermen in the Baltic Sea and the Gulf of Riga in 2003 – 2006, tons

| Fish stock | 2003 | 2004 | 2005 | 2006 |
|--------------|-------------|-------------|-------------|-------------|
| | tons | tons | tons | tons |
| Herring | 2977 | 2328 | 2013 | 1938 |
| Sprat | 6 | 13 | 4 | 12 |
| Flounder | 203 | 143 | 298 | 347 |
| Flatfish | 6 | 7 | 7 | 5 |
| Cod | 44 | 45 | 29 | 106 |
| Eel-pout | 21 | 21 | 17 | 24 |
| Salmon | 14 | 13 | 8 | 8 |
| Sea trout | 6 | 7 | 7 | 7 |
| Whitefish | 3 | 5 | 4 | 4 |
| Smelt | 30 | 53 | 47 | 33 |
| Vimba | 62 | 53 | 71 | 52 |
| Bream | 58 | 52 | 67 | 29 |
| Roach | 8 | 6 | 8 | - |
| Zander | 9 | 7 | 8 | 9 |
| Perch | 42 | 36 | 39 | 84 |
| Eel | 2 | 3 | 4 | 2 |
| Garfish | 18 | 23 | 27 | 25 |
| Other fish | 5 | 5 | 6 | 4 |
| Total | 3514 | 2820 | 2664 | 2689 |

Source: Latvian Fish Resources Agency

Table 3

**Characterisation of the Latvian fishing fleet in the Baltic Sea and the Gulf of Riga
outside offshore waters (2006)**

| Fishing vessels per size groups, m | Number of vessels | Average length, m | Gross tonnage, GT | Total power, kW | Average age, years |
|------------------------------------|-------------------|-------------------|-------------------|-----------------|--------------------|
| < 12 | - | - | - | - | - |
| 12-24 | 45 | 17.3 | 1553.4 | 6496.0 | 26.4 |
| > 24 | 108 | 26.4 | 11880.0 | 24929.5 | 26.4 |
| Total | 153 | 23.7 | 13433.4 | 31425.5 | 26.4 |

Source: Register of Latvian fishing vessels

Table 4

**Catch dynamics of the Latvian fishermen in the Baltic Sea and the Gulf of Riga outside
offshore waters in 2003 – 2006, tons**

| Fish stock | 2003 | 2004 | 2005 | 2006 |
|--------------|--------------|--------------|--------------|--------------|
| | tons | tons | tons | tons |
| Herring | 21210 | 21231 | 20189 | 19739 |
| Sprat | 41737 | 52386 | 64643 | 53474 |
| Flounder | 470 | 626 | 1415 | 807 |
| Flatfish | 3 | 1 | - | - |
| Cod | 4590 | 4982 | 3967 | 3506 |
| Eel-pout | 3 | 8 | 58 | 25 |
| Salmon | 35 | 18 | 12 | 8 |
| Smelt | 45 | - | 140 | 281 |
| Total | 68093 | 79476 | 90424 | 77840 |

Source: NBF

Table 5

Characterisation of Latvian fishing fleet in high seas (2006)

| Fishing vessels per size groups, m | Number of vessels | Average length, m | Gross tonnage, GT | Total power, kW | Average age, years |
|------------------------------------|-------------------|-------------------|-------------------|-----------------|--------------------|
| <60 | 4 | 52.2 | 5339.0 | 6137.0 | 27.3 |
| 60-100 | 4 | 69.9 | 8920.0 | 8591.0 | 27.5 |
| >100 | 2 | 103.0 | 8341.0 | 8005.0 | 20.5 |
| Total | 10 | 69.4 | 22600.0 | 22733.0 | 26.0 |

Source: Register of Latvian fishing vessels

Table 6

Catch dynamics of the Latvian fishermen in high seas in 2003-2006, tons

| Fish stock | 2003 | 2004 | 2005 | 2006 |
|--------------------|--------------|--------------|--------------|--------------|
| | tons | tons | tons | tons |
| Hake | 143 | 45 | 201 | 21 |
| Sea bass | 1269 | 1117 | 967 | 1462 |
| Sea breams | - | - | 471 | - |
| Mullets nei | - | - | 46 | - |
| Leer fish | 230 | 75 | 167 | 97 |
| Bluefish | 53 | 10 | 125 | 32 |
| Atlantic bonito | 462 | 218 | 382 | 621 |
| Bream | 163 | 8 | 27 | - |
| Sardinella | 8714 | 6986 | 9726 | 15589 |
| Pilchard | - | - | 5529 | 8281 |
| Mackerel | 10537 | 8999 | 4620 | 3595 |
| Horse mackerel | 8674 | 13838 | 25689 | 17758 |
| Tuna fish | 182 | 604 | 648 | 109 |
| Dentex | 65 | 221 | 58 | - |
| Other pelagic fish | 8040 | 7342 | 6335 | 7802 |
| Shrimps | 3677 | 3202 | 2356 | 1574 |
| Squid | 162 | - | - | - |
| Total | 42371 | 42735 | 57347 | 56941 |

Source: CSB and NBF data

Table 7

Breakdown of the fishing fleet in the Baltic Sea and the Gulf of Riga outside offshore waters per engine power and age (2006)

| No | Engine type | Number of vessels | Power, kW | | Average age of engines, years |
|-----|------------------|-------------------|-----------|---------|-------------------------------|
| | | | Total | Average | |
| 1. | 3D6 | 17 | 1870 | 110 | 23.6 |
| 2. | 8NVD36 | 2 | 444 | 222 | 30.6 |
| 3. | 6NVD26A-2 | 65 | 13592.5 | 209.1 | 21.5 |
| 4. | 6NVD24 | 7 | 880 | 125.7 | 30.4 |
| 5. | 6ČNSP18/22 | 11 | 1926 | 175.1 | 20 |
| 6. | 6ČSP 18/22 | 5 | 550 | 40 | 22.4 |
| 7. | Valmet 612DSIM | 10 | 1858 | 185.8 | 6 |
| 8. | Valmet 645DSBIM | 2 | 412 | 206 | 3.5 |
| 9. | Iveco 8281SRM50 | 9 | 3312 | 368 | 3.7 |
| 10. | Iveco 8210SRM45 | 5 | 1103 | 220.6 | 4.2 |
| 11. | Iveco 8210SRM22 | 2 | 324 | 162 | 4 |
| 12. | ScaniaDI1643M01P | 3 | 663 | 221 | 2 |
| 13. | ScaniaDI1241 | 1 | 221 | 221 | 5 |
| 14. | ScaniaD1960M | 1 | 220 | 220 | 3 |

| | | | | | |
|------------------------|-----------------|------------|----------------|--------------|-------------|
| 15. | Deutz SBV6M628 | 2 | 1803 | 901.5 | 19 |
| 16. | Deutz TVD616V12 | 1 | 353 | 353 | 3 |
| 17. | DSI14-02VMO3 | 1 | 310 | 310 | 7 |
| 18. | 427EOT575 | 1 | 500 | 500 | 21 |
| 19. | SBA16M816 | 1 | 441 | 441 | 33 |
| 20. | SRM45 | 1 | 294 | 294 | 4 |
| 21. | Another | 6 | 349 | 58.2 | 22.6 |
| Total / average | | 153 | 31425.5 | 205.4 | 18.2 |

Source: NBF

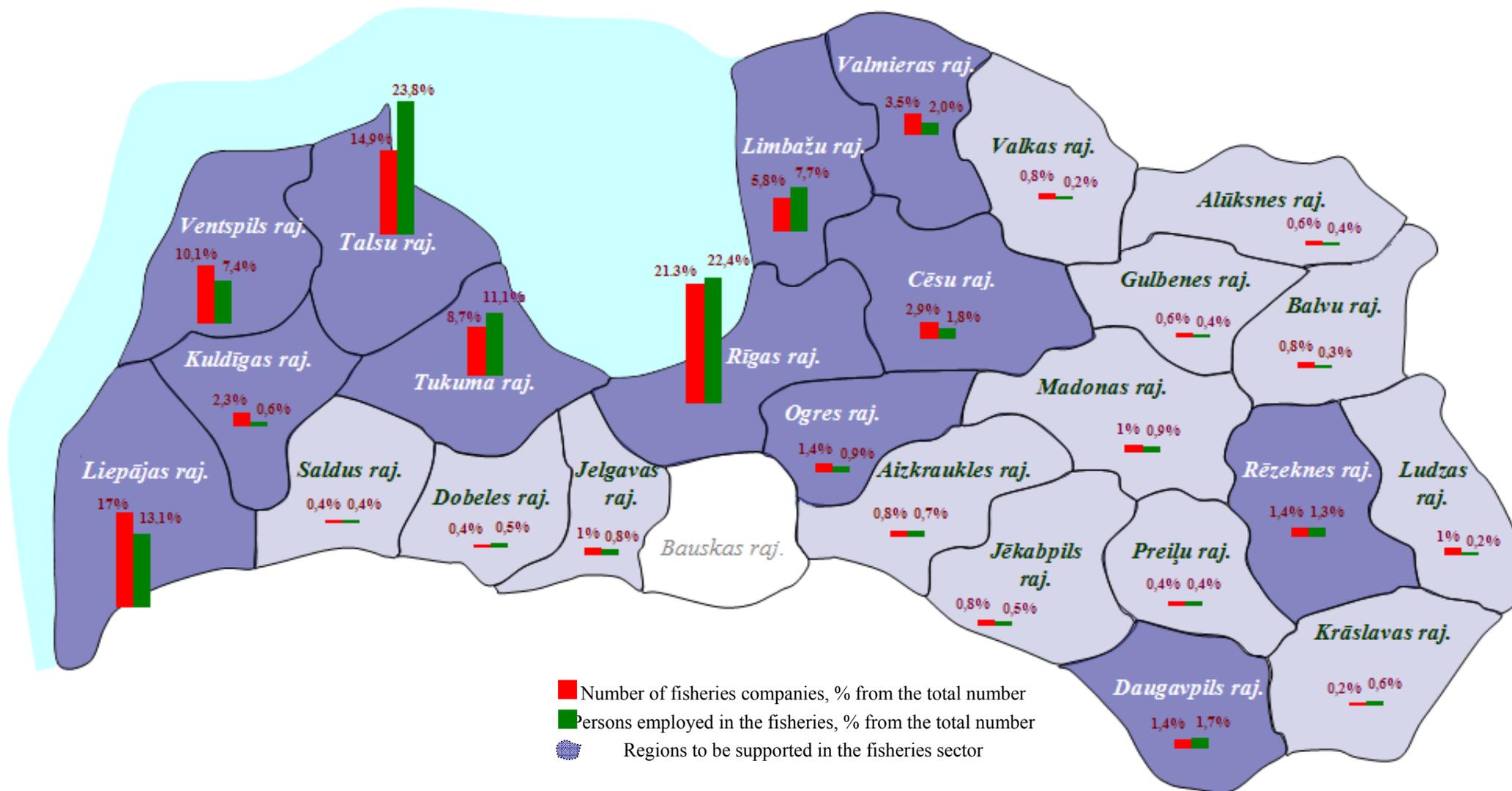
Table 8

Catch dynamics of the Latvian fishermen and fish species in the coastal waters in 2003 – 2006, tons

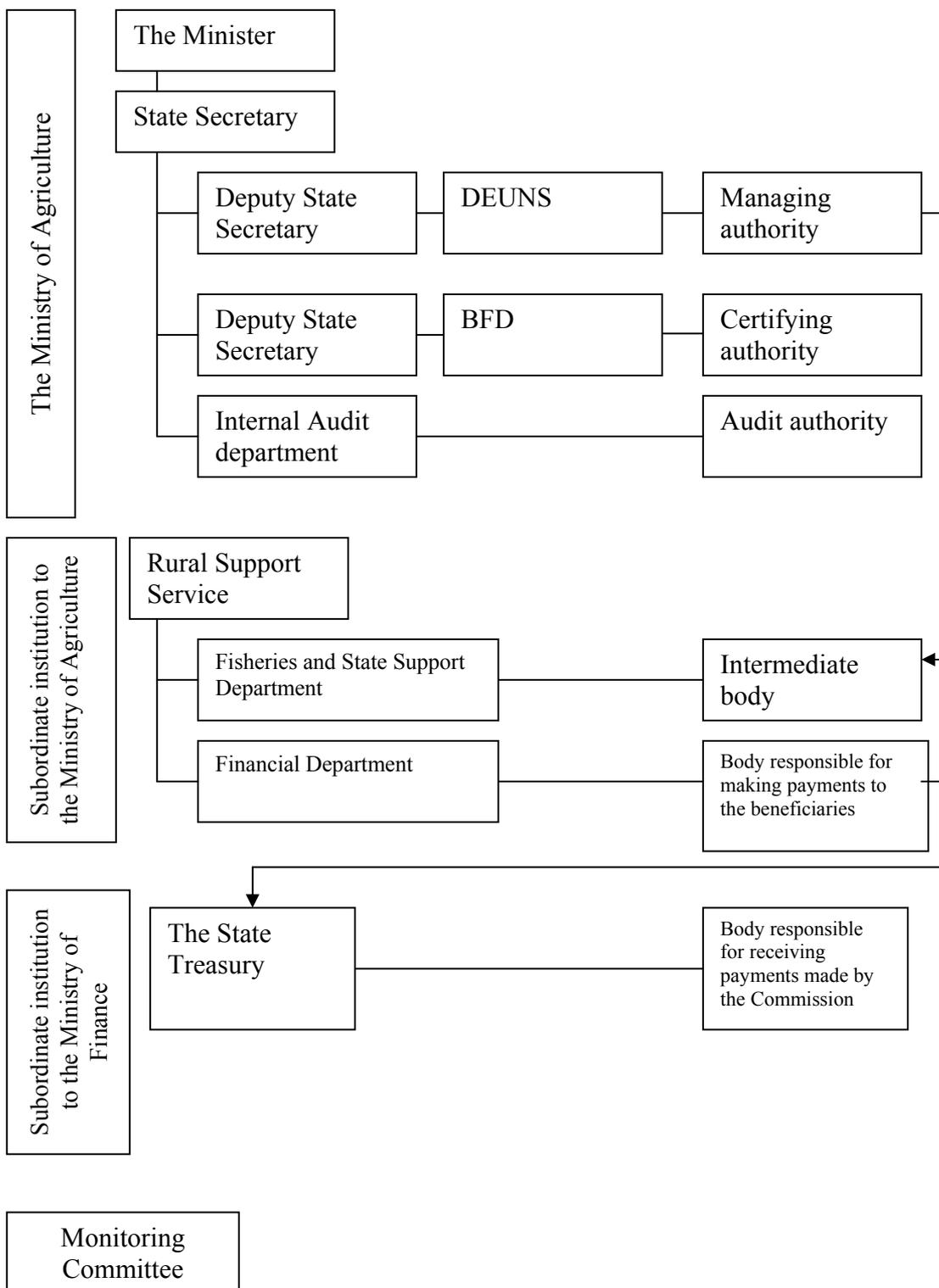
| Year/ Fish stock | 2003 | 2004 | 2005 | 2006 |
|------------------------|------------|------------|------------|------------|
| | tons | tons | tons | tons |
| Vimba | 17 | 7 | 8 | 3 |
| Tench | 47 | 28 | 29 | 41 |
| Bream | 134 | 82 | 55 | 62 |
| Dace | 1 | 1 | | |
| Roach | 38 | 33 | 18 | 15 |
| Smelt | 1 | 1 | 6 | 6 |
| Zander | 41 | 26 | 24 | 20 |
| Perch | 28 | 18 | 16 | 12 |
| Pike | 71 | 48 | 39 | 38 |
| Goldfish | 36 | 12 | 15 | 11 |
| Eel | 9 | 9 | 13 | 6 |
| Lamprey | 109 | 72 | 110 | 94 |
| Other fish | 33 | 23 | 23 | 20 |
| Total | 565 | 360 | 356 | 328 |

Source: Latvian Fish Resources Agency and CSB

Territories important for fisheries in Latvia



Scheme for ensuring the management and implementation of the Operational programme



Scheme for the receiving and circulation of financial flows

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|--|--|---|--|---|--|---|---|
| European Commission (EC) | | 3. Makes pre-financing amount for the period 2007-2013 according to Article 81 of Regulation (EC) No 1198/2006 | | | | | 13. Examines the received documents, takes decision on transfer of financing, performs transaction | |
| The body responsible for receiving the payments made by EC (The Treasury) | | | 4. Receives prepayment from the EC and transfers the funding to the state budget revenues | 7. Examines the PFA and in case of its approval transfers the financing to the project applicant | | 10. Performs accounting of improperly made expenditures and their recovery, in case of necessity performs return payment to the EC | | 14. Receives payment from the EC and transfers the financing to the state budget revenues |
| The body responsible for making payments to the beneficiaries (RSS) | | | | 6. Checks and approves the PFA, prepares payment order and submit to the Treasury for settlement | 8. Performs recovery, withhold and accounting of improperly made expenditures in accordance with the procedures specified by the Cabinet of Ministers | | | |
| Project applicant (beneficiary) | | | | 5. Implements project, performs complete accounting of the project, submits project financing application (PFA) to the RSS for the payment | | 9. Performs repayment of the improper expenditures in accordance with the procedure specified by the Cabinet of Ministers | | |
| Certifying Authority (CA) | 1. Sends to the EC a provisional forecast of likely applications for payment according to Article 75 (3) of Regulation (EC) No 1198/2006 | | | | | | 12. Checks the received declaration of expenditures, approves the made expenditures, prepares the request for payment and submits documents to the EC | |
| Intermediate body performing some tasks of the CA | | | | | | | 11. Prepares the declaration of expenditures and submits it to the CA | |
| Managing Authority (MA) | | 2. Submits to the State Treasury and the RSS the decision of the EC approving the Operational programme | | | | | | |

List of social partners

Ministry of Regional Development and Local Government
Ministry of Finance
Ministry of Economy
Ministry of Transport
Ministry of Environment
Ministry of Welfare
National Board of Fisheries
Rural Support Service
Marine and Inland Waters Administration
Association of Fishermen of Kurzeme Region
Latvian Rural Advisory and Training Support Centre
Latvian Ornithological Society
Latvian Association of Local and Regional Governments
Central Statistical Bureau of the Republic of Latvia
Latvia State Institute of Agrarian Economy
Latvian Association of Crayfish and Fish Farmers
Latvian Fish Resources Agency
Union of Latvian Fish Processors
Latvian Fisheries Association
Agricultural companies, farms/farmers
Cooperation Council of Agricultural Organisations
Food and Veterinary Service
WWF (The World Wildlife Fund)
District and local municipalities
Environment Advisory Council
Fisheries Advisory Council
Fisheries companies

The composition of the Fisheries Advisory Council (on 01.10.2007 according to Paragraph 6 of the Cabinet Regulations of 25.01.05 No 62 „Regulation on the Fisheries Advisory Council”

The Council consists of following members:

1. Minister of Agriculture;
2. one representative of each institution: National Board of Fisheries, Rural Support Service, Food and Veterinary Service, Marine and Inland Waters Administration, Latvia Association of Local and Regional Governments, Latvian Fish Resources Agency;
3. Authorized representative of following NGOs of fisheries sector:
 - 3.1. Three representatives of Latvian Fisheries Association;
 - 3.2. Two representatives of Latvian Fishermen Federation;
 - 3.3. One representative of each organization: Union of Latvian Fish Processors, Fishermen Association of Kurzeme region, Latvian Crayfish and Fish Farmers' Association, Latvian Trade Union of Employees of Fisheries and Food sector, Organization “Rīgas Šprotes” and National Producer Organization.