

# **Payment Differentiation for Biologically Valuable Grasslands in the Context the Agri-Environmental Schemes: the Case of River Floodplains in Latvia**

Transfer project in the framework of the Klaus Toepfer Fellowship Programme

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## **Executive Summary**

Agriculture has been and still is one of the main driving forces influencing biodiversity in Europe and worldwide. In the last decades, agriculture and its farming techniques have changed rapidly. Farmers apply intensive agricultural practices such as heavy use of pesticides, nutrients and large scale drainage systems in order to boost yields. Or the opposite happens - grasslands become abandoned. All these actions are a mayor cause for the decline of biodiversity in Europe (Reihmanis, 2011), including Latvia.

The EU has taken this loss of biodiversity into consideration and gives opportunities to the Member States to develop different Agri-Environmental Schemes (AES) under the Common Agriculture Policy. The AES is a commitment with several requirements that farmers apply to agriculture practice and in return for that receive a support payment. In the case of Latvia, there is only one AES sub-measure for maintaining biodiversity in grasslands, which exists already since Latvia joined the EU in 2004. However, studies show that the support payment has not been sufficient, as the quality of biologically valuable grasslands has decreased under the AES. Many reasons can be linked to this, such as unsuitable requirements for management, a bad baseline, or payment rates that are not differentiated. From the farmers point of view the most limiting factor is not having a payment differentiation of biologically valuable grasslands (BVG) according to the management difficulty level. Despite the fact that such a methodology for differentiation was prepared already in 2007, it has not been approbated and implemented so far.

This project has focused on an evaluation of the existing methodology and its suitability for the current situation. To narrow down the scale, I have focused on river floodplains, as these areas are considered to be very difficult to manage due to topography, floods, moist conditions etc. Within one river floodplain, many grassland habitats can occur with a gradient from wet to dry and species-poor to species-rich.

The differentiated payment rate that includes the biodiversity targets and the loss of income due to extensive management and practice, and complicated situations (floods, slopes, small areas etc.) will increase the willingness of the farmers and land owners side to participate in the AES. In the long term the conservation status of grassland habitats in Latvia will improve rather than decline.

The main outcome is that the existing methodology implementation will need accurate and up-to-date spatial data, which cost a lot of money and time. Therefore, it would be easier to develop a new system how to differentiate the BVG and incorporate the management difficulty level into it. For example, new packages could be introduced. These packages should be simple and based on actual data from the field, and, of course, easy to administrate. The BVG itself does not need to be differentiated according to the management difficulty level but this factor or expenditures that comes from managing difficult and complex areas could be incorporated in a payment such as additional payment. This additional payment would be applicable only to those farmers/land owners who would have grasslands that are difficult to manage. Another package is needed for the conservation of the birds because conditions for management would be different and more specific than for botanic values. And finally a package that aims to restore semi-natural grasslands, especially those habitats that are rare in Latvia, is needed.

Within this project, I have learnt that project planning is a very important phase because the project implementation success depends on it. I need to think of all potential risks that could influence results from the start.