

At a glance:

LITHUANIA'S CAP STRATEGIC PLAN

Agriculture
and Rural
Development

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

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

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

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

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

Lithuania submitted its first proposal for a CAP Strategic Plan on 5 January 2022, after consultation with stakeholders. On 20 October 2022, Lithuania submitted a revised proposal, addressing the Commission's observations on the first draft. The Commission adopted this proposal on 21 November 2022. This document presents some of the main features of the CAP Strategic Plan of Lithuania.

1. DID YOU KNOW?



Lithuania's agricultural sector is characterised by relatively favourable production conditions, but has structural constraints. In particular, the high share of small farms results in low average farm incomes. Agriculture attracts young farmers and plays a significant role in the country's economy. Despite the challenging demographic conditions faced by Lithuania overall, **the share of the population living in rural areas (56.2%) is one of the highest in the EU.**

- There are around **150 300 agricultural holdings in Lithuania** and approximately 45% of the total area of the country is used for agriculture.
- The **share of young farmers** in Lithuania is increasing. More than 7% of farm managers are below 35 years old.
- The primary sector (including agriculture, forestry and fisheries) accounts for **3.6% of Lithuania's total gross value added (GVA).**



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

The Lithuanian Plan's main goal is to ensure the sustainable development of the agriculture and food sector in the country. Among others, this will be achieved by increasing the added value and the competitiveness of the sector, supporting farm viability, especially of small- and medium-sized farms, promoting sustainable production methods, while also ensuring adaptation to climate change and nature conservation. Enhancing innovation and increasing the attractiveness of rural areas are also emphasised.

2.1 AN ECONOMICALLY SUSTAINABLE AND FAIRER CAP

Lithuania's Plan puts a strong emphasis on ensuring a **fair income for farmers**. A total of around EUR 3 billion is allocated for income support (covering approximately 2.8 million hectares) and will contribute to maintaining local production. Particular attention in the Plan is also paid to ensuring a fairer distribution of income support among farmers by allocating 20% of the above amount to small- and medium-sized farms to improve their viability.

Additional support is given to sectors in difficulty **to help address the challenges they face and improve the quality, competitiveness or sustainability** of their output. The sectors concerned include protein crops, fruit and vegetables, nuts, dairy cows, seed potatoes, beef, sugar beet, sheep and goats.

An important share of the CAP support, around 35% of rural development funding, is allocated to **farm modernisation** (including farms of young farmers) and **sustainable investments**, such as investments in modern machinery for more sustainable fieldwork, more animal-friendly stables or renewable energy. In order to diversify financing sources, support is also used to help beneficiaries access loans on preferential terms.

- *Farms below 50 hectares will receive an additional 16% of support per hectare compared to larger farms, through the redistributive payments,*
- *Nearly 2 000 farms will receive support for a variety of single-farm or collective investments, such as the construction of farm buildings or storage capacity for manure, the development of the processing of on-farm production and preparation for selling, installation of renewable and alternative energy sources and the purchase of farm equipment.*

2.2 A GREENER CAP

The Plan will use 25% of the direct payments budget to support actions that incentivise farmers who voluntarily implement **environmentally and climate-friendly practices going beyond the mandatory** (eco-schemes). Farmers or

other land managers can choose to participate in 10 different eco-schemes that cover all types of agricultural area (arable land, permanent crops, grassland, wetlands) and receive support for a wide range of management practices. Some of these include managing pastures and meadows in order to reduce soil erosion or improve soil quality, carrying out sustainable practices in orchards and berry plantations by restricting the use of fertilisers and pesticides, applying no-tillage techniques or converting arable land into grassland.



Furthermore, the Plan supports sustainable farming practices and encourages the expansion of the area covered by organic farming. It is foreseen that the area under **organic farming** in Lithuania will increase by half and reach almost 13% by 2028.

In order to receive income support, farmers and foresters will have to respect certain **minimum good agricultural and environmental conditions** (GAECs). Such requirements involve, among others, increased establishment of buffer strips along water courses, increased soil cover to avoid bare soils in sensitive periods and crop rotation on arable land. They will need to be respected on around 96% of the farmland.



- *Over the period 2023-2027, more than EUR 1.1 billion will be spent on 'green' interventions, such as eco-schemes, maintenance of organic farming, afforestation or forest regeneration.*
- *Supported by almost EUR 160 million, more than 480 000 hectares of arable land will be managed using no-till farming methods that avoid disturbing the soil, in order to reduce greenhouse gas emissions and improve soil health.*



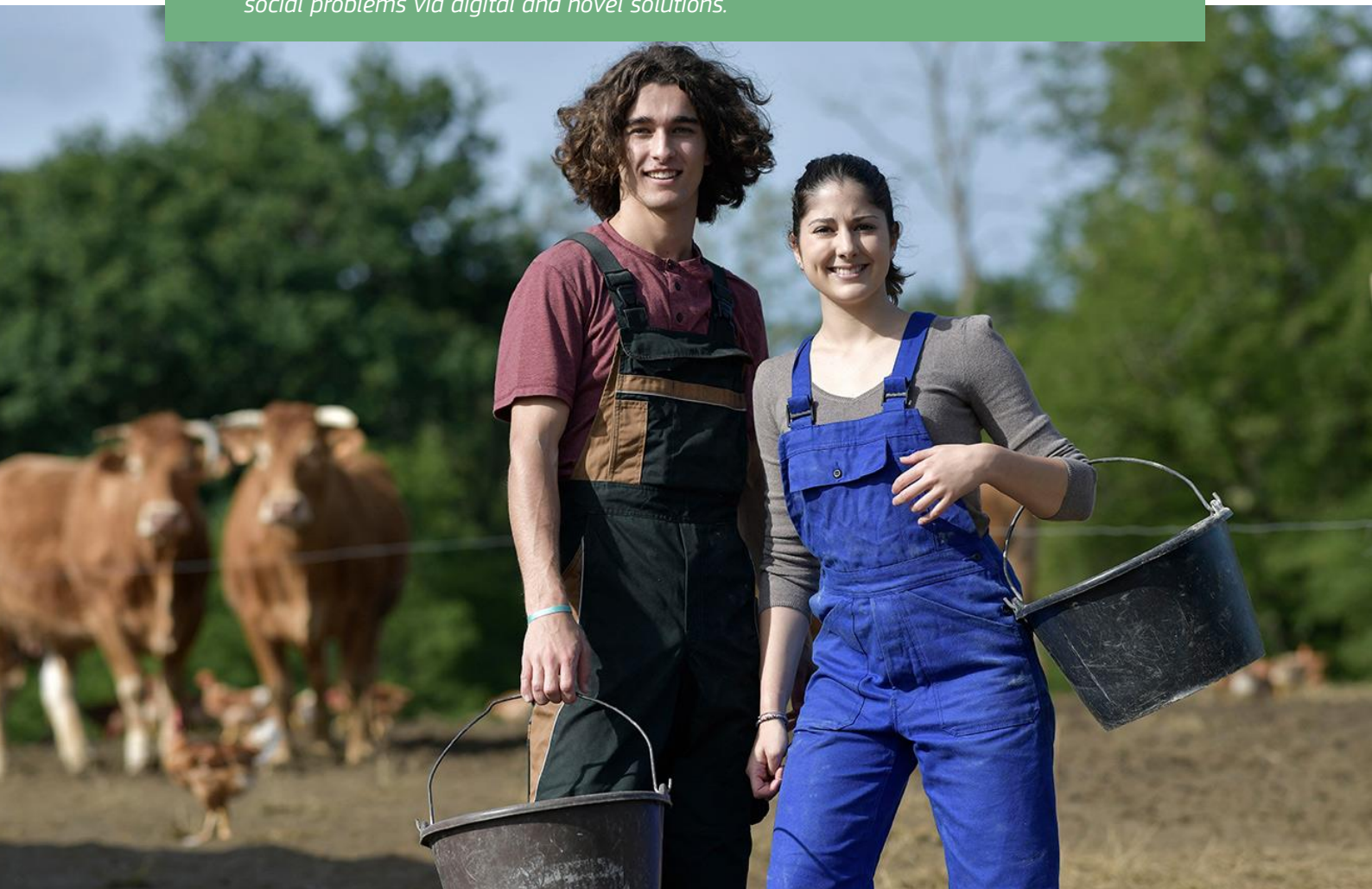
2.3 SOCIALLY SUSTAINABLE CAP

The Lithuanian Plan aims to implement a **comprehensive generational renewal strategy** to ensure the agricultural sector remains attractive for young farmers. Nearly EUR 70 million will be used to give young farmers, who manage farms smaller than 70 hectares, a premium in order to support their income. This is complemented by specific support for setting-up and the investments needed by young farmers in the initial years of launching their farm business.

Community-led local development will continue to play an important role and will be implemented with the LEADER approach, which brings together public, private and civil-society stakeholders to **find shared solutions for the development of the rural economy and society**. Stakeholders will come together in 49 local action groups, which will reach all rural areas in Lithuania; they will implement tailor-made local initiatives, in particular aimed at addressing the pressing challenges of employment and social exclusion in rural areas. These activities will, for example help in creating and developing services and businesses in rural areas, using local resources, markets and knowledge to support sustainable development.

Improving animal welfare is also a high priority of the Plan. That is why almost 50% of livestock units will benefit from actions to improve their welfare, particularly in the dairy, pig and poultry sectors. For example, support will be provided for livestock farms to ensure that animals have access to pastures or that pigs are kept with intact tails in more spacious housing systems in pig farms.

- *More than 4 600 young farmers will be supported to start their farming activities.*
- *The Plan will support, also through the LEADER groups, the development of 25 Smart Villages. These projects will contribute to the reduction of disparities between the levels of development of various regions and help rural settlements and towns to address the local social problems via digital and novel solutions.*



3. KNOWLEDGE SHARING, INNOVATION AND DIGITALISATION

The Plan promotes training, advisory services, information and knowledge transfer between the agri-food sector, researchers and other stakeholders. Particular attention is paid to **innovation and advanced solutions**, targeting a wide range of possible topics. These include enhancing the positive impact of farming on the climate and environment, increasing the competitiveness and value added of the agri-food industry and promoting recycling and zero- and low-waste technologies. More than **45 000 persons will benefit from advice, training, knowledge exchange**, or will participate in projects meant to spread innovative practices, led by the European Innovation Partnership (EIP) operational groups.

Rural areas in Lithuania will take full advantage of the improved broadband coverage supported by the Recovery and Resilience Plan and the European Regional Development Fund (ERDF). This will not only help with the **implementation of innovative digital solutions**, but will also enhance the attractiveness of rural areas.

- *More than 17 000 advisors are expected to gain new skills and participate in activities connected to knowledge exchange and strengthening of links between researchers, advisors and farmers.*
- *40 EIP operational group projects will receive support under the Plan.*





4. FINANCIAL ANNEX

	EU budget (€)	National funding (€)	Total (€)
Direct payments	3 012 267 192	n/a	3 012 267 192
Sectoral support	2 921 140	2 749 140	5 670 280
Rural development	977 475 810	233 882 055	1 211 357 865
Total	3 992 664 142	236 631 195	4 229 295 337

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

EU FUNDING RESERVED FOR	In EUR
Young farmers (generational renewal)	142 579 625
Environmental and climate objectives under rural development	391 597 971
Eco-schemes under direct payments	753 066 801
LEADER	62 912 950
Complementary redistributive income support	602 453 439

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

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

