

## CONTENTS

<b>Section 1: Title of Rural Development Programme</b>	3
<b>Section 2: Member State and Administrative Region</b>	4
<b>Section 3: Analysis of the Situation In Terms Of Strengths and Weaknesses, the Strategy Chosen To Meet Them and The Ex-Ante Evaluation</b>	5
<i>The Analysis of the Situation in Terms of Strengths and Weaknesses</i>	5
<i>The Strategy Chosen to Meet the Strengths and Weaknesses</i>	9
<i>The Hierarchy of Measures</i>	13
<i>Financial Weighting of Axes and Measures</i>	17
<i>The Ex Ante Evaluation</i>	18
<i>The Impact from the Previous Programming Period</i>	21
<b>Section 4: Justification Of The Priorities Chosen Having Regard To The Community Strategic Guidelines And The National Strategy Plan As Well As The Expected Impact According To The Ex Ante Evaluation</b>	28
<i>Axis 1 and the Community Strategic Guidelines</i>	30
<i>Axis 2 and the Community Strategic Guidelines</i>	31
<i>Axis 3 and the Community Strategic Guidelines</i>	32
<i>Axis 4 and the Community Strategic Guidelines</i>	34
<i>Expected Impact According to the Ex Ante Evaluation</i>	35
<b>Section 5: Information on the Axes and Measures Proposed for each Axis and their Description</b>	36
<i>Axis 1 – Improving the Competitiveness of the Agriculture and Forestry Sector</i>	36
<i>Axis 2 – Improving the Environment and Countryside</i>	38
<i>Implementing Axes 3 and 4</i>	53
<i>Axis 3 – Quality of Life In rural Areas and Diversification of the Rural Economy</i>	57
<i>Axis 4 – LEADER</i>	59
<i>Cross Axis Working</i>	66
<i>Cross-Cutting Themes</i>	67
<b>Section 6: The Annual Contribution from EAFRD and the Financial Plan by Axis</b>	69
<b>Section 7: The Indicative Breakdown by Rural Development Measure</b>	76
<b>Section 8: Additional National Financing by Axis and Measure</b>	78
<b>Section 9: The Elements Needed for the Appraisal under Competition Rules and where applicable the List of Aid Schemes Authorised under Articles 87, 88 and 89 of the Treaty to be used for the implementation of the programmes</b>	79
<b>Section 10: Information on the Complementarity with the Measures financed by the other CAP Instruments, through cohesion policy as well as by the European Fisheries Fund</b>	151
<b>Section 11: Designation of Competent Authorities and Bodies Responsible</b>	169

<b><i>Section 12: A Description of the Monitoring &amp; Evaluation Systems, as well as the Composition of the Monitoring Committee</i></b>	170
<b><i>Section 13: Provisions to Ensure that the Rural Development Plan for Wales 2007 – 2013 are Publicised – The Communications Strategy</i></b>	173
<b><i>Section 14: The Designation of the Partners Consulted and the Results of the Consultations</i></b>	178
<b><i>Section 15: Equality between Men and Women and Non Discrimination</i></b>	183
<b><i>Section 16: Technical Assistance Operations</i></b>	185

## **SECTION 1: TITLE**

1. This Plan, which is submitted under Regulation 1698/2005, is entitled The Rural Development Plan for Wales 2007 – 2013. Hereafter it will be referred to in this document as 'The RDP'.

## **SECTION 2: Member State and Administrative Region**

2. The RDP, which has been prepared by the Welsh Assembly Government, applies to the administrative region of Wales within the United Kingdom. It covers both Convergence (West Wales and the Valleys) and non-Convergence (East Wales) areas. The Convergence area is composed of the following Unitary Authorities:

- Blaenau Gwent
- Bridgend
- Caerphilly
- Carmarthenshire
- Ceredigion
- Conwy
- Denbighshire
- Gwynedd
- Isle of Anglesey/Ynys Mon
- Merthyr Tydfil
- Neath Port Talbot
- Pembrokeshire
- Rhondda Cynon Taff
- Swansea
- Torfaen

**SECTION 3: Analysis of the Situation in Terms of Strengths and Weaknesses, the Strategy Chosen to Meet Them and the Ex-Ante Evaluation**

**3.1 The Analysis of the Situation in Terms of Strengths and Weaknesses.**

3.1.1 In accordance with Article 16 of Regulation 1698/2005, the Welsh Assembly Government has carried out a detailed analysis of the situation in rural Wales in terms of its strengths and weaknesses, the results of which are set out in Part 2 of this document. Tables 1 to 3 below summarise the situation per Axis and highlight the main problems and opportunities that have been identified in rural Wales. Many are direct consequences of the physical and economic factors prevalent in rural Wales.

**Table 1: Axis 1**

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• High quality agricultural products e.g. lamb, beef and milk.</li> <li>• Competitive costs for sites and premises.</li> <li>• Adaptable workforce subject to provision of appropriate training.</li> <li>• Existing niche markets with potential for further development.</li> <li>• Established and growing food product profile within UK and the rest of Europe, e.g. PGI status for Welsh Lamb and Welsh Beef.</li> <li>• High levels of self-employment.</li> <li>• Competitive wage rates.</li> <li>• Extent of UKWAS certified forest in Wales.</li> </ul>	<ul style="list-style-type: none"> <li>• Dependence on traditional and declining industries such as agriculture.</li> <li>• Farm industry largely dependent on CAP payments.</li> <li>• Decreasing number of agricultural holdings.</li> <li>• Declining employment in the agriculture industry.</li> <li>• Narrow and vulnerable economic base.</li> <li>• Vulnerable income in farming.</li> <li>• Relatively few large employers.</li> <li>• Relatively few dynamic smaller employers.</li> <li>• Shortage of large sites and premises for strategic developments.</li> <li>• Lack of quality, well-paid jobs.</li> <li>• Productivity per worker below Welsh average.</li> <li>• Part-time and seasonal working.</li> <li>• Relatively poor transport infrastructure.</li> <li>• Topography a block to transportation.</li> <li>• Lack of processing capacity in Wales, including abattoirs.</li> <li>• Poor integration between farm and forestry sectors; competition from imported timber; loss of timber processing capacity in Wales; pressures on forestry employment; timber inaccessible to markets.</li> </ul>

<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Increasing premium from welfare friendly and extensive agricultural methods.</li> <li>• Increasing added value processing of food and non-food products.</li> <li>• Broadening the skills base.</li> <li>• Expanding the range of income sources for farming families.</li> <li>• Encouraging and supporting the development of businesses.</li> <li>• Improving business performance through better support services.</li> <li>• Expanding human capital by improving academic achievement levels.</li> <li>• Developing local markets for local produce including use of community initiatives.</li> <li>• Developing productivity and incomes by improving technology/knowledge transfer and exploitation.</li> <li>• Developing potential of ICT as a business, community and information tool.</li> <li>• Maximising synergy and complementarity by exploiting European and domestic funding using integrated approaches.</li> <li>• Improving access to supported premises, venture capital and soft loans.</li> <li>• Innovation in timber products and markets.</li> <li>• Market demand for products from environmentally friendly organic land management, including access to the hospitality sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Pressure on farm incomes and labour force requirements due to continuing specialisation of agriculture industry.</li> <li>• Failing to grasp skills opportunities and recognise skills needs leading to reducing employment potential.</li> <li>• Relocating of businesses due to inadequate investment in infrastructure.</li> <li>• Losing jobs and business opportunities as well as cultural and social developments due to inadequate investment in ICT.</li> <li>• Low productivity discouraging inward investment and job creation.</li> <li>• Inability to adapt to CAP Reform leading to continuing pressure on agriculture.</li> <li>• Failure to exploit opportunities arising from new markets, products and processes.</li> <li>• High transport costs in the timber sector.</li> <li>• Increase in transport costs and oil based fuel.</li> </ul>

**Table 2: Axis 2**

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• High quality landscape.</li> <li>• Adaptable workforce subject to provision of appropriate training.</li> <li>• Network of international, national and locally designated sites for the conservation of habitats and species.</li> <li>• Continuation of traditional and diverse</li> </ul>	<ul style="list-style-type: none"> <li>• High proportion of low-grade agricultural land.</li> <li>• Fragile wildlife habitats.</li> <li>• Lack of quality, well-paid jobs.</li> <li>• Average weekly full-time earnings below Welsh average in much of rural Wales.</li> <li>• Part-time and seasonal working.</li> </ul>

<p>patterns of mixed farming in many areas giving a rich landscape of traditional field boundaries.</p> <ul style="list-style-type: none"> <li>• Important environmental tourism sector.</li> <li>• High proportion of Wales is protected or designated for its wildlife or landscape value.</li> <li>• Internationally recognised high quality historic environment which includes World heritage Sites.</li> <li>• Distinctive biodiversity in Wales.</li> <li>• 3 National Parks and 5 Areas of Outstanding Natural Beauty.</li> <li>• 31% of Wales is covered by semi-natural vegetation as well as the 10.5% occupied by Sites of Special Scientific Interest.</li> <li>• A number of protected species under Section 74 of Countryside Rights of Way Act.</li> </ul>	
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Increasing biodiversity and habitats.</li> <li>• Expanding the range of income sources for farming families.</li> <li>• Broadening the skills base.</li> <li>• Mitigating climate change by exploiting opportunities for renewable energy and recycling.</li> <li>• Developing niche, green and sustainable tourism markets.</li> <li>• Diversifying the economy into service and other sectors.</li> <li>• Developing productivity and incomes by improving technology/knowledge transfer and exploitation.</li> <li>• Maximising synergy and complementarity by exploiting European and domestic funding using integrated approaches.</li> <li>• To enhance local and regional landscapes.</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing threat to biodiversity and habitats leading to direct impact on wildlife and indirect impact on tourism market.</li> <li>• Intensive agricultural practices.</li> <li>• Failing to grasp skills opportunities and recognise skills needs leading to reducing employment potential.</li> <li>• Reducing farm incomes and labour force requirements due to continuing specialisation of agriculture industry.</li> <li>• Inability to adapt to CAP Reform leading to continuing pressure on agriculture.</li> <li>• Continuing decrease in the number of agricultural holdings endangering rural areas, society and landscape.</li> <li>• Impact of climate change.</li> <li>• Diffuse water pollution from agriculture and pesticide use.</li> </ul>

**Table 3: Axes 3 and 4**

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• High levels of human potential and capacity in economic, social and cultural senses.</li> <li>• Strong sense of community co-operation, participation and cohesion.</li> <li>• Established community and voluntary sector infrastructure – Community Voluntary Councils, LEADER+ groups, Rural Community Action Partnerships etc.</li> <li>• Established tourism destination.</li> <li>• Employment growth in service sector industries.</li> <li>• Strong cultural and linguistic identity.</li> <li>• Strong support networks through families and wider community.</li> <li>• Established local partnerships in place between public, voluntary, community and private sector partners based on Local Government Areas.</li> <li>• Existing and extensive public access to the countryside through the Public Rights of Way Network and Open Access.</li> </ul>	<ul style="list-style-type: none"> <li>• Narrow and vulnerable economic base.</li> <li>• Relatively few large employers.</li> <li>• Relatively few dynamic smaller employers.</li> <li>• Average weekly full-time earnings below Welsh average in much of rural Wales.</li> <li>• Lack of quality, well-paid jobs.</li> <li>• Productivity per worker below Welsh average.</li> <li>• Part-time and seasonal working.</li> <li>• Relatively poor transport infrastructure.</li> <li>• Topography a block to transportation.</li> <li>• Outward migration of young people and in-migration of retirees.</li> <li>• A shortage of small rural units for micro-businesses.</li> <li>• Inconsistent ICT infrastructure.</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Developing potential of ICT as a business, community and information tool.</li> <li>• Developing niche, green and sustainable tourism markets.</li> <li>• Developing the tourism base through short breaks and activity holidays.</li> <li>• Developing a sustainable transport network and increasing usage of community transport.</li> <li>• Expanding the range of income sources for farming families.</li> <li>• Exploiting the potential of cultural and linguistic industries</li> <li>• Diversifying the economy into service and other sectors.</li> <li>• Encouraging and supporting the development of businesses.</li> <li>• Improving business performance through better support services.</li> <li>• Expanding human capital by</li> </ul>	<ul style="list-style-type: none"> <li>• Failing to grasp skills opportunities and recognise skills needs leading to reducing employment potential.</li> <li>• Losing people with the potential to stimulate development through increasing net out-migration due to lack of suitable employment opportunities and inadequate investment in services and the built environment in rural areas.</li> <li>• Relocating of businesses due to inadequate investment in infrastructure.</li> <li>• Losing jobs and business opportunities as well as cultural and social developments due to inadequate investment in ICT.</li> <li>• Low productivity discouraging inward investment and job creation.</li> <li>• Continuing decrease in the number of agricultural holdings endangering rural areas, society and landscape.</li> <li>• Failure to exploit opportunities arising</li> </ul>



<p>improving academic achievement levels.</p> <ul style="list-style-type: none"> <li>• Developing local markets for local produce including use of community initiatives.</li> <li>• Improving ability to return to work and quality of life generally by developing child care, crèche and day care facilities.</li> <li>• Developing productivity and incomes by improving technology/knowledge transfer and exploitation.</li> <li>• Tackling social exclusion through social economy, community engagement and skills.</li> <li>• Developing the social economy to enable local delivery of services, pump prime economic development and raise confidence levels in communities.</li> <li>• Mitigating climate change by exploiting opportunities for renewable energy and recycling.</li> <li>• Maximising synergy and complementarity by exploiting European and domestic funding using integrated approaches.</li> <li>• Developing low-cost, environmentally efficient premises.</li> <li>• Improving access to supported premises, venture capital and soft loans.</li> </ul>	<p>from new markets, products and processes.</p> <ul style="list-style-type: none"> <li>• Ongoing migration patterns leading to risks to the integrity of cultural and linguistic heritage.</li> <li>• Declining services due to rising delivery costs caused by remoteness and sparsity of population.</li> <li>• Increasing levels of stress and ill-health due to deprivation, social exclusion and low-income/poverty.</li> <li>• Relocation of businesses due to inadequate investment infrastructure.</li> <li>• Failure to maintain the Public Rights of Way network to the countryside will compromise participation in outdoor recreation.</li> </ul>
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### **3.2 The Strategy Chosen to Meet the Strengths and Weaknesses**

3.2.1 The purpose of this section is to describe the strategy to address the situation presented in the SWOT Analysis. This includes the measures to be implemented, hierarchy of measures and the financial weight given to the different axes. Details are also provided on measures which will **not** be implemented. The measures have been chosen in line with the strategic priorities set out in the Wales Annex of the UK National Strategic Plan.

#### **❖ Measures to be Implemented**

### **Axis 1 – Improving the Competitiveness of the Agricultural and Forestry Sector**

#### **Measures aimed at promoting knowledge and improving human potential**

- Vocational training and information actions, including diffusion of scientific knowledge and innovative practices, for persons engaged in the agricultural, food and forestry sectors (111).

- Use of farm and forestry advisory services (114).

### **Measures aimed at restructuring and developing physical potential and promoting innovation**

- Modernisation of agricultural holdings (121).
- Adding value to agricultural and forestry products (123).
- Co-operation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector (124).
- Participation of farmers in food quality schemes (132).

*[Note: Measure 132 will be implemented as part of the Axis 2 Organic Farming Conversion Scheme and activity will be funded through Measure 214. No funding will be available under Measure 132]*

## **Axis 2 – Improving the Environment and the Countryside**

### **Measures targeting the sustainable use of agricultural land**

- Natural handicap payments to farmers in areas with handicaps other than mountain areas (212).
- Agri-environment payments (214).
- Support for non productive investments (216).

### **Measures targeting the sustainable use of forestry land**

- First afforestation of agricultural land (221).
- First afforestation of non-agricultural land (223).
- Support for non productive investments (227).

## **Axis 3 – The Quality of Life in Rural Areas and Diversification of the Rural Economy**

### **Measures to diversify the rural economy**

- Diversification into non-agricultural activities (311).
- Support for the creation and development of micro-enterprises (312).
- Encouragement of tourism activities (313).

### **Measures to improve the quality of life in rural areas**

- Basic services for the economy and rural population (321).
- Village renewal and development (322).
- Conservation and upgrading of the rural heritage (323).
- Training and information (331).
- Skill acquisition, animation and implementation (341).

*[Note: It was not originally proposed to implement Measure 311 as experience under the previous Rural Development Plan (2000-2006) and the use of Structural Funds gave us reason to believe that if funding were allocated to this Measure then there would be a real risk that that funding might not be taken up. This view was supported by stakeholders during the consultation process. However, following negotiations with the European Commission it has been agreed that implementing both Measures would facilitate better indicator and target setting.]*

#### **Axis 4 - LEADER**

- Local development strategies (41).
- Inter-territorial and trans-national co-operation (421).
- Running the local action group, acquiring skills and animating the territory (431).

#### **❖ Measures Not to be Implemented**

#### **Axis 1 – Improving the Competitiveness of the Agricultural and Forestry Sector**

- Setting up of young farmers (112).
- Early retirement of farmers and farm workers (113).
- Setting up of management, relief and advisory services (115).
- Improving the economic value of forests (122).
- Infrastructure related to the development and adaptation of agriculture and forestry (125).
- Restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention actions (126).
- Meeting standards based on Community legislation (131).
- Information and promotion activities (133).

3.2.2 Measures 112 (but see paragraphs 3.2.3 and 5.2.25) and 113 will not be implemented as the pattern of entry to and exit from agriculture in Wales is consistent with the normal operation of market forces and does not justify policy intervention on economic grounds. Measure 115 will not be implemented as the Farming Connect initiative provides an appropriate and established operational framework to deliver the proposals. There is no perceived need to implement measure 126. Measure 131 will not be implemented as there is already in existence a range of broad-based quality schemes that aim to improve the quality of agricultural production in Wales and it is believed that the industry would not have the appetite for more. Measure 133 will not be implemented as activities related to information and promotion activities will either be linked to Measures 124 or are already provided for through the domestically funded Marketing Development Scheme.

3.2.3 As regards Measure 112, young farmers are an important source of innovation within farming, to help the industry adapt to be more competitive and more sustainable environmentally. Help is already being provided through schemes such as Farming Connect and the Welsh Assembly Government will be

reviewing the support that is available to young farmers, and will bring forward proposals in due course in the form of an amendment to the RDP.

## **Axis 2 – Improving the Environment and the Countryside**

- Natural handicap payments to farmers in mountain areas (211).
- Natura 2000 payments and payments linked to Directive 2000/60/EC (but subject to planned review of Axis 2 measures during 2007- 08) (213)
- Animal welfare payments (215).
- First establishment of agro-forestry systems on agricultural land (222).
- Natura 2000 payments (224).
- Forest-environment payments (225).
- Restoring forestry potential and introducing prevention actions (226).

3.2.4 No support is proposed under 213. We do not intend to introduce a specific support scheme for Natura 2000. Since support for the management of Natura 2000 sites is already provided through agri-environment schemes and state aided management agreements, the Welsh Assembly Government is not proposing to introduce any additional measures under Article 38 of Regulation 1698/2005 at this stage. The application process for Tir Gofal already gives a high weighting to scarce and threatened habitats, and this ensures that a significant proportion of the land entered into the scheme is of European significance for nature conservation. In addition, a revised approach to scheme targeting (see subsequent section on Tir Gofal revision – paragraph 5.2.28) should result in significantly enhanced entry into the scheme by those responsible for managing both Special Areas of Conservation (SAC) and Special Protection Area (SPA) land. From 2012 onwards, a new sustainable land management scheme, Glastir will be available. The application process for the Targeted Element of the scheme will direct expenditure to those areas assigned a high priority for action by domestic and European legislation and policies. This will include Natura 2000 sites.

3.2.5 As regards 215, the Regulation introduces the possibility of payments to farmers who enter into agreements relating to animal welfare commitments going beyond mandatory standards, but given that there is little evidence that such payments should be regarded as a priority for the use of finite resources in the RDP, the Welsh Assembly Government does not propose to introduce a scheme under Article 40 at the outset of the RDP. The Welsh Assembly Government has recently published a Code of Recommendations for the Welfare of Sheep and a Code of Recommendations for the Welfare of Cattle. The Codes are subject to cyclical review and are intended to encourage all those who care for farmed livestock to adopt the highest standards of husbandry. The recommendations contained within these Codes will help farmers comply with the cross compliance obligations under the Single Payment Scheme.

3.2.6 The Welsh Assembly Government has been working in partnership with the industry through the Animal Health and Welfare Implementation

Steering Group to develop Animal Health Planning tools in the form of frameworks for the beef, sheep and dairy sectors with accompanying guidance notes. These will be made available to the industry during 2007.

- 3.2.7 No agro-forestry schemes on agricultural land (222) are proposed.
- 3.2.8 As regards measure 225, *Better Woodlands for Wales* (BWW) is the successor to the Forestry Commission's well established Woodland Grant Scheme (WGS) and the Welsh Assembly Government's Farm Woodland Premium Scheme, (FWPS) and was developed in response to the Welsh Assembly Government's woodland strategy for Wales.
- 3.2.9 Under BWW, grant aid for the creation and management of woodlands is based upon an approved long-term management plan. Each plan will include long-term objectives for at least 20 years and also contain a detailed 5 year plan of operations. Many of these operations will be eligible for grant aid in which case the cost of the operation and the value of the grant will be specified. Once a BWW management plan has been approved, the grant for preparing the plan can be claimed and the woodland owner is free to implement the various operations and claim the grants as set out in the plan.
- 3.2.10 Better Woodlands for Wales is principally a capital grant scheme that pays the beneficiary for the work undertaken as agreed in the management plan. It does not generally pay annual area based grants, with the exception of the grant paid as part of the afforestation of agricultural land. Its structure therefore is not commensurate with the requirements governing Forest Environmental Payments (FEP). The FEP is a 5–7 year payment made to cover additional costs and income forgone resulting from the commitment made to improve the forest environment beyond any statutory duties.
- 3.2.11 Furthermore FEP is targeted at forest holdings that are currently intensively managed to encourage them to reduce the intensity of management and provide financial compensation. In Wales, dominated by unmanaged woodlands and imported timber, this is not a problem. In Wales the aim is to get more woodlands into sympathetic management to increase their environmental value. Using EAFRD funds through this article would not give best value.
- 3.2.12 Therefore, given the current structure of BWW and the requirements of Article 47, there appears to be no strong case for using Forest Environment Payments (225). There is no case for the use of measure 226.

❖ *Hierarchy of Measures*

- 3.2.13 Given that the environment, in its broadest interpretation, underpins everything we do in Wales and that the countryside of Wales is a key tourist attraction, it is essential that we act to protect our biodiversity and habitat profile by improving and increasing activity on land management consistent with meeting the challenge of climate change. This will also help exploit the opportunities highlighted for the development of environmental services and products e.g. green tourism and high quality agricultural products, and

correlate with actions on improving animal welfare and extensification. Taking account also of the ongoing contractual commitments under the agri-environmental agenda means that Axis 2 will be the dominant Axis.

3.2.14 In respect of Axis 2, the RDP will have a significant emphasis on measures to encourage actions that increase environmental sustainability including further development of farmer participation in agri-environment schemes and the continued development of support for forestry measures. The introduction of Glastir in 2012 will deliver a single, integrated land management scheme that will be founded upon the principle that agri-environment payments are the means by which the state buys environmental goods and services from a land manager. The scheme will have two main elements – an All-Wales Element, which extends the coverage and scope of schemes than previously, and a Targeted Element that will take action on spatially defined areas to deliver key environmental outcomes.

3.2.15 A key issue for Axis 2 measures is the extent to which the 2003 CAP reform process, implemented in Wales in 2005, leads to changes in livestock production and land management and the impact of such change on environmental sustainability. Overall the potential for less intensive farm production should benefit biodiversity, soil structure and water quality, although downward trends in livestock production in the hill and upland areas of Wales and localised under-grazing could have negative environmental consequences that require positive management intervention. In addition, increased requirements to manage and safeguard water resources and reduce carbon emissions plus challenges to better integrate rural development and environmental measures points the way for a gradual re-focusing of the Axis 2 agri-environment menu with greater integration with wider rural policy objectives supported under Axis 3 and 4.

3.2.16 The review of Axis 2 initiated in 2007 (see Section 5.2) was informed by a separate assessment about the impact of CAP reform in terms of production trends on rural economies and associated environmental issues. The conclusions led to a further reshaping of Axis 2 measures for implementation in 2012 designed to secure a sustainable environmental programme.

3.2.17 Based on the SWOT analysis, another major element of our action is the continued development of the agri-food and the non-food processing sectors. Our experience indicates that it is essential to target high quality, niche markets and this approach will be an integral part of action to support and/or develop this sector. For this reason activity in Axis 1 is the next priority after Axis 2 with an emphasis on building on the work already undertaken under the previous RDP and the Objective 1 Programme and continuing the movement of the sectors towards our overall objectives of sustainability, competitiveness and innovation. Within Axis 1 the overarching priorities will be knowledge transfer, modernisation, innovation, and quality improvement in terms of both human and physical potential. There will be continued support for direct investment in capital and revenue projects on the food production side, but also for environmental mitigation and non-food processing where it fits our strategic goals. This is particularly the case where it supports the objectives of

knowledge transfer and investment in human capital and the balance between priorities will reflect this.

- 3.2.18 The theme of broadening the economic base will also be carried through into Axis 3, which is third in the hierarchy, together with measures to address the major threats of out-migration, inadequate investment, deprivation, social exclusion and low-incomes. This is also where we will seek to exploit a number of opportunities such as developing the tourism market, improving transport through community activity, developing care facilities and expanding the role of the culture and craft industries. Under Axis 3 the measures to be implemented will be selected at the local level to meet local circumstances through local development strategies prepared in line with the objectives of the RDP. The overarching priorities will be the creation of employment opportunities and establishment of suitable conditions for sustainable growth and will address the specific requirements of women and young people.
- 3.2.19 A project will also be introduced which will accelerate the implementation of broadband infrastructure works in rural areas of Wales to address broadband notspots. The project will gap fill areas not covered by an existing ERDF funded State aid scheme (N57/2005 - Regional Innovative Broadband Support (RIBS) project) which terminates in March 2011.
- 3.2.20 The Welsh Assembly Government has previously received funding via the Objective 1 programme (ERDF) for extending broadband coverage to unserved broadband notspot areas. The European Commission approved the Regional Innovative Broadband Support (RIBS) project as compatible aid in June 2005 (EC decision N57/2005) and, following a competitive open procurement process, a contract was awarded to BT in March 2006 to provide broadband to these areas. The agreed aid intensity rate for the lifetime of the project (5 years) is 50%. The RIBS project delivered a combination of creation of new broadband infrastructure and upgrading of existing broadband infrastructure. To complement the intervention in the Objective One area of Wales, the Welsh Assembly Government also used core funding to extend the remit of the RIBS project to provide broadband to unserved areas across the rest of Wales. Despite numerous successes, the RIBS project has not been able to reach all notspots and considerable challenges remain.
- 3.2.21 The European Economic Recovery Package (EERP) funding will be used to expand the Assembly Government objectives for addressing broadband notspots further. The EERP will provide additional flexibility by enabling end users to access funding up to £1,000 per premise to choose their own supplier where the RIBS project has not reached. The funding will stimulate new broadband infrastructure on a technology neutral and supplier neutral basis and could be delivered across any of the eligible rural wards of Wales. The Broadband Support Scheme will be run on a no aid basis to end recipients, and will take advantage of the flexibility allowed through RDP to set a grant rate of up to 100%, thereby bring new infrastructure to the hardest to reach locations.

3.2.22 Direct recipients of EERP funding will be households, businesses and third sector organisations in Wales that cannot currently access broadband via commercial telecommunications companies. The principles of technology neutrality will apply throughout, mandating that no one technology will be favoured. Due to the topography and population dispersal of Wales, a mixture of technologies may have to be deployed to extend broadband coverage.

3.2.23 In terms of Axis 4, the last in hierarchical terms, the SWOT throws up a number of key strengths including the strong sense of community co-operation, participation and cohesion, high levels of human potential and capacity and strong support networks. These will assist with the delivery of the Axis and enable it to support a wide range of activities which target weaknesses and threats and exploit opportunities across the other Axes. As with Axis 3, the measures to be implemented under Axis 4 will be determined at the local level through local partnerships preparing local development strategies in line with the objectives of the RDP. Actions will deliver local priorities in a co-ordinated manner and will contribute to achieving the priorities of the other Axes as well as on improving local governance and endogenous development potential through capacity building and needs audits.

❖ *Cap Healthcheck and European Economic Recovery Package*

3.2.24 The EC's Health Check proposals, published in May 2008, provide an important cross-check with the contextual framework provided by the Wales Environment Strategy. The proposals envisage a significant acceleration in the transfer of resources into measures aimed at supporting rural development, and in particular the rural environment, with compulsory modulation increased to fund efforts with regard to EU priorities in the field of climate change, renewable energy, water management and biodiversity.

3.2.25 The current Rural Development Plan committed the Welsh Assembly Government to review support provided under Axis 2 of the Programme. Following a review and extensive consultation, a new scheme called Glastir will be introduced with agreements running from 2012. This scheme will replace Tir Gofal, Tir Cynnal, the Organic schemes, Tir Mynydd. The existing schemes will continue to deliver on the New Challenges agenda until the Glastir scheme becomes fully operational.

3.2.26 Glastir will deliver measurable outcomes at both the individual farm and landscape scales.

3.2.27 All telephone exchanges in Wales are broadband enabled, providing a solid foundation for the availability of basic fixed line broadband throughout Wales. A key milestone in recent years was the delivery of a project to ensure that telephone exchanges across Wales deemed economically unviable by the telecoms industry were enabled for DSL-broadband. This activity was supplemented by other activities to drive the demand for and take up of broadband services across Wales. As a result, take up of broadband has increased significantly over recent years and is now on a par with the UK average. Further more, recent research by the telecommunications regulator,



Ofcom, suggests that broadband take up in rural parts of Wales compare favourably with take up in urban areas.

3.2.28 In practice, however, local issues, such as line length and variable network quality mean that some locations continue to face difficulties accessing a broadband service. Consumers report issues ranging from total lack of service to patchy or intermittent service. Some of these issues are documented in Wales' urban areas, however, the majority of known broadband notspots are distributed throughout Wales' rural areas. These areas also feature a lack of third generation mobile broadband services and diminished second generation mobile coverage. This suggests that additional investment by the market will be required to enable mobile broadband in these areas. There is an opportunity to target investment to extend and upgrade high-speed broadband services in these rural communities.

❖ *Financial Weighting of Axes and Measures*

3.2.29 The policy framework set out in the Wales Annex of the UK National Strategic Plan and the integrated method of working required to meet the Welsh Assembly Government's objectives, means that, despite the hierarchy set out above, each of the Axes is important and cross-Axis working and utilisation of the Leader approach will be a significant part of our RDP. The need to honour ongoing commitments under Axis 2, and the fact that delivering environmental sustainability remains central, as emphasised in the Welsh Assembly Government's Environment Strategy, means that we will be allocating a greater proportion of funding to Axis 2. In addition, encouragement will be given to activities within the other Axes that also support Axis 2 objectives.

3.2.30 Taking account of the December 2005 European Council agreement on the future EU financial perspective for 2007-2013, the total funding available under the RDP would be around €1.1bn. This includes amounts from the European Agriculture Fund for Rural Development (EAFRD) including amounts available to convergence regions, the proceeds of compulsory modulation, voluntary modulation receipts and Welsh Assembly Government own resources including co-financing for voluntary modulation.

3.2.31 Table 1 gives the split of total spending by Axis, in both monetary (€) terms and as a percentage of the projected resource availability.

**Table 1 – Overall Spend**

	<i>Amount in millions of €s</i>	<i>Percentage of Total spend</i>
<b>Axis 1</b>	€ 134	<b>12.3%</b>
<b>Axis 2</b>	€ 769	<b>70.0%</b>
<b>Axis 3</b>	€110	<b>10.3%</b>
<b>Axis 4</b>	€ 55	<b>5.3%</b>

<b>Technical Assistance</b>	€23	2.1%
<b>Total</b>	<b>€1,092</b>	

3.2.32 Table 2 shows the minimum EAFRD percentage spend per Axis required in the Regulation 1698/2005, and the percentages associated with initial estimates of the likely spend pattern.

**Table 2 – EAFRD**

	<b>Minimum percentage per Axis</b>	<b>Current proposals percentage per Axis</b>
<b>Axis 1</b>	10.0%	18.3%
<b>Axis 2</b>	25.0%	56.0%
<b>Axis 3</b>	10.0%	14.6%
<b>Axis 4</b>	5.0%	8.0%
<b>Technical Assistance</b>	0%	3.1%

### **3.3 The Ex Ante Evaluation**

3.3.1 In accordance with Article 85 of the Regulation 1698/2005, the Welsh Assembly Government has undertaken an ex-ante evaluation of the RDP and an associated Strategic Environmental Assessment (SEA). The evaluation took place between October 2005 and September 2006 and was conducted by Agra CEAS Consulting Limited. The SEA was undertaken by Collingwood Environmental Planning over the same period. A copy of the full Ex Ante report is at Appendix 2, with a copy of the full SEA at Appendix 3.

3.3.2 In summary, the results and recommendations of the Ex Ante Evaluation are as follows:

- **The problems the RDP is expected to tackle – medium and long-term needs**

It is the view of the Ex Ante report that the SWOT analysis is complete in its coverage of medium and long-term needs in the context of the preparation of the Welsh RDP for the period 2007-2013. In addition the SWOT summary provides a secure link between the analysis of needs for policy intervention and the measures that are proposed in the RDP.

- **Identification of Target Groups**

The Welsh Assembly Government has successfully identified appropriate target groups and has considered the extent to which these different groups have different needs. There is clear recognition in the RDP that the approaches required to address these needs will differ from group to group.

- **Consultation**

The consultation exercise was widespread, covered a range of organisations active in the economic, environmental and social domains and that a reasonable number of comments were received. Where appropriate these were taken into account in subsequent drafts of the documents consulted on and in relation to the financial balance between Axes in the RDP.

- **Objectives the RDP is expected to achieve**

The overall policy objectives are not explicitly set out in the RDP, nor in the NSP. This reflects the fact that the RDP is set within the Welsh Assembly Government's national strategic agenda, as set out in *Wales: A Better Country* and a range of other Welsh Assembly Government policy documents that give greater detail, dealing inter alia with agriculture, skills and employment, sustainable development, environmental strategy and economic vibrancy. A case can be made that the RDP is capable of contributing to all the objectives contained in *Wales: A Better Country*.

It is the view of this ex-ante evaluation that the Wales RDP is coherent with the contents of the Wales Annex of the UK NSP.

- **Consideration of alternatives**

It is the view of the Ex Ante report that alternative schemes and instruments have been adequately considered as is the case for alternative delivery systems.

- **Balance between Axes**

The balance set out is clearly supply driven, in that the allocation is dominated by minimum spends per Axis, set by the legislative framework of Regulation 1698/2005, and existing commitments (for example, under ten-year agri-environment management agreements) that have to be carried forward to the next programming period. Consequently there is relatively little ability to reflect demand as shown by the analysis of needs in the SWOT (only 17% of total EU funding is not already taken up by existing commitments).

- **Positive and negative impacts expected from the measures to be applied**

It is clear that positive impacts are expected from the measures to be applied, though these cannot be quantified in this ex-ante evaluation for several reasons. Importantly, evidence from previous programming periods is not yet fully available. Whilst some outputs and results are known, impacts have yet to be fully assessed. This full assessment will take place in the ex-post evaluation, scheduled for 2008; some of these impacts can be expected to reveal themselves only over a protracted period and a thorough investigation will be required to quantify them. Furthermore, the impact of the RDP as a whole will depend on the interactions and synergies between measures. That said, it is clear that lessons learned from the 2000-06 programming period and previous policy interventions have been used in the design of the 2007-13 RDP and as a result, negative impacts are expected to be few.

- **Added value of Community involvement**

The impression of the ex-ante evaluators is that the designers of the Wales RDP have considered the issues of Community added value and that the proposals (taken together with the NSP) reflect this.

- **Cost effectiveness**

The view of the Ex Ante report is that the Welsh Assembly Government will operate the RDP in an efficient manner, drawing on the experience gained from the 2000-2006 implementation period. This coupled with the adjustments to payments under Axis 2 (which accounts for the vast majority of overall funding) and the fact that incentive payments are not made, should ensure that the RDP is delivered economically.

- **Implementing arrangements**

The approach taken by the Welsh Assembly Government to implementing the RDP appears to be considerably better organised than that applied to the previous RDP. This is partly the result of having more time to prepare the RDP, but it is also clear that experience gained from the 2000-2006 period has been taken into account. Again, attention can be drawn to the formal “lessons learned” exercise that the Welsh Assembly Government conducted. However the main change in implementation has been the centralisation of delivery, resulting from a review ‘*Making the Connections: Delivering Better Services for Wales*’; this led to the delivery of Tir Gofal being passed from the Countryside Council for Wales to the Welsh Assembly Government and the incorporation of the Welsh Development Agency within the Welsh Assembly Government. This approach has also been adopted for the ESF following the ‘*Making the Connections – Delivering Better Services*’ review.

- **Risks in relation to delivery**

The centralisation of the delivery mechanism holds the potential for greater control, integration and synergy of the various schemes that constitute the RDP. Centralising delivery will certainly have positive implications for access to scheme data for monitoring and evaluation purposes (a recommendation from the mid-term evaluation of the 2000-2006 RDP) and is also likely to result in some administrative cost savings, thus improving delivery efficiency. Risk is likely to be reduced compared to the previous programming period.

- **Assessment of the provisions for managing, monitoring and evaluating the programme**

It is clear that the recommendations made in the Mid Term Evaluation of the 2000-2006 RDP have been incorporated in the planning of monitoring and evaluation for the 2007-2013 programming period. This is best exemplified by the creation of the monitoring and evaluation sub-team (who have had input to the drafting of the RDP from an early stage) and the use of, as far as possible, a single payment agency.

- **Indicators**

The process of setting indicators and targets is not complete at the time of writing (September 2006), largely as a result of the delays in agreeing the budget for rural development at the EU level. The indicators specified in the RDP are therefore those set out in Regulation 1698/2005. Targets are likely to be agreed once resource allocation is known. It is therefore not possible to thoroughly assess the indicators at this time. However, given the fact that in most cases the measures put forward are similar to those under the current programming period, it is considered that the mechanisms to be used to collect information to service the indicators will be sufficient.

## **Results of the Strategic Environmental Assessment**

3.3.3 SEA objectives were developed under a number of themes in order to provide an appropriate means of focusing on the environmental baseline information that is most relevant to the nature and scale of the RDP. The Environmental Report (ER) provides a detailed description of the current baseline, key issues and environmental problems, reflecting the themes selected for the SEA objectives. Key environmental issues for Wales include, inter alia: halting the loss of biodiversity; pollution discharges from all sources to water courses; climate change; air quality; and landscape change. The RDP offers an opportunity to address many of these issues.

3.3.4 A total of six areas of possible conflicts were identified relating to two of the RDP objectives under Axis 2 and one under Axis 3.

3.3.5 Three alternative options (the draft RDP, a do-minimum option and a continuation of existing measures option) were assessed against the broad headline SEA objectives, taking into account the relevant sub-objectives. The

outcome of the assessment of alternatives shows that the draft RDP as proposed is the best of the three options with respect to environmental effects.

- 3.3.6 Although many aspects of the RDP are generally very positive as a result of its strong environmental focus and overall objectives, particularly relating to the agri-environment schemes, there are some key areas where there is considerable uncertainty and where there is potential for negative effects. The SEA identified measures across all Axes where further specification will be necessary to ensure that suitable environmental conditions are in place to mitigate the potential for damaging effects. As a result the Welsh Assembly Government has examined ways of addressing the areas highlighted in the report, in particular the proposed mitigation measures.
- 3.3.7 Whilst no changes will be made to the text of the RDP itself, the findings of the SEA report will be a key consideration when developing the schemes to be implemented through the RDP. In particular the proposed mitigation measures will be considered as part of the eligibility criteria for schemes and the conditions put in place for receiving payment.
- 3.3.8 The SEA emphasises the importance of SEA monitoring being integrated, as far as possible, into the monitoring of the implementation of the RDP. The Assembly fully supports this observation and through the development of the monitoring framework will ensure that this is taken forward.

#### **3.4 *The Impact from the Previous Programming Period***

- 3.4.1 EAGGF funded programmes allocated to the same programme area for rural development during the 2000-2006 programming period were:
- Rural Development Plan for Wales 2000-2006.
  - Objective One.
  - LEADER+.

##### ***Rural Development Plan 2000-2006***

- 3.4.2 The Rural Development Plan, working in conjunction with Priority 5 of the Objective 1 Programme, enabled considerable development of the Welsh agri-food industry, the establishment and successful operation of Farm Investment Grant (FIG) and Farm Enterprise Grant (FEG) schemes (although there were take-up issues with the latter), and the continued development of agri-environmental activities through schemes such as Tir Gofal, and Tir Cynnal The Plan was managed by the Department for Environment, Planning, and Countryside of the Welsh Assembly Government.
- 3.4.3 A Mid Term Evaluation (MTE) was undertaken in 2003 which considered how the existing Rural Development Plan was progressing. The full report is available via the hyperlink:

<http://www.wefo.wales.gov.uk/default.asp?action=page&ID=582>

- 3.4.4 The MTE found that, although the Plan was consistent with Regulation 1257/1999, it was not particularly relevant to the wider needs of rural Wales. This was largely because it focused on farming and did not address wider rural issues such as poor transport infrastructure, population migration, housing costs and declining rural services that were perceived as most important in rural areas. On the other hand, the Plan had to be prepared, and measures framed, within the context of the then statutory requirements set by the EU.
- 3.4.5 The MTE indicated that the Organic Farming Scheme, Farm Enterprise Grant and Tir Gofal were considered to be having the most positive impact, whilst Tir Mynydd and the Farm Investment Grant were found to have the least impact (although there were positive elements). The consultants observed that among the Rural Development Plan objectives it was clear that those focusing on improving access to services, supporting community regeneration and promoting social inclusion in rural communities were the least impacted by the Plan's schemes (although this was in part due to the late start of these measures), whilst the objective to become more sustainable economically, with an emphasis on premium, branded products with an environmentally-positive image, and much greater added-value processing of primary produce in rural Wales was the objective best addressed through the schemes.
- 3.4.6 The MTE concluded that within the limitations of scale and budget, the Plan did appear to have contributed significantly to retaining people on farms. Job security had been increased following scheme participation and, where employment has been created, it was typically for household members, though it also supported the use of contractors. The impact on incomes of farmers was determined to be more difficult to establish because of other changes taking place with beneficiaries reporting both positive and negative changes. That said, overall participation in the Plan was more likely to have caused income benefits than disbenefits. The MTE found also that at that particular stage in the programme, there was unlikely to have been a measurable impact on non-agricultural enterprises, except direct suppliers but it was reported that almost two-thirds of those surveyed felt that non-farming incomes had benefited from the activities supported under the Plan.
- 3.4.7 Overall, the results of the MTE were that participation via the Plan enhanced productivity with the overwhelming view in case study areas that environmental benefits had increased and that the rural landscape had been maintained or enhanced. A wide range of spin-off benefits were also identified, including greater social interaction and the promotion of the rural Wales image as one of environmental sustainability. In addition, beneficiaries showed a high degree of satisfaction with the way in which the schemes had been administered even though the Plan itself was generally poorly recognised and understood. In terms of the interaction of the Plan with other policies, this was considered to be well handled.
- 3.4.8 In summary, the MTE recognised the constraints under which the Plan was operating and made a number of recommendations:

- a) Re-balancing of schemes within it towards those that appeared to have greater congruence with overall rural development objectives - essentially this involved redirecting resources from Tir Mynydd in favour of other schemes or, as an alternative, the reduction in the basic element of Tir Mynydd, replaced with an increased emphasis on enhancements through environmental works and other objectives.
- b) Further research should be undertaken to examine the degree of latent demand for schemes where they are demand-led in order to enable a more considered judgement to be made on the degree of re-balancing required and exactly where additional funds should be allocated.
- c) Building on the evidence of synergy when considering re-balancing by examining how the schemes work together to ensure that the full synergy potential is harnessed.
- d) Greater emphasis be placed on raising awareness of the Plan and providing appropriate advice to farmers through Farming Connect.
- e) Enhancing the training element to provide farmers with the opportunity to improve the skills required to enable them to participate in the Plan.
- f) Using the monitoring process suitably expanded to collect socio-economic details, to monitor the nature of applicants to the Plan to give an early warning of any adverse selection (e.g. a bias towards farms of a certain size or type of occupier).

### ***Objective One***

3.4.9 Priority 5 of the Objective 1 Programme focused on rural development and the sustainable use of natural resources. Within the Priority there are six measures funded through the EAGGF Guidance Fund:

- Processing and marketing of agricultural produce (5.1).
- Training services to help farming families adapt and diversify (5.2).
- Forestry (5.3).
- Promoting the adaptation and development of rural areas (5.4).
- Investment in agricultural holdings (5.5).
- A sustainable countryside – enhancement and protection of the natural environment and countryside management (5.7).

### ***Objective One Mid Term Evaluation (MTE)***

3.4.10 The evaluation, which was undertaken at the **whole** Programme level, found that:

- The strategy developed for the Programme remained broadly appropriate at the time of the MTE.
- The Programme had been driven largely from the “bottom-up”, with systems and processes designed to respond to project ideas rather than to initiate them.
- Headline Programme targets for net impacts were ambitious.
- Progress on predicted outputs was broadly in line with, or superior to, the ambitions of the Programme with the exception of the jobs created targets (apart from those in Priority 1).



- The integration of Cross Cutting Themes was exemplary at strategy level but less effective in project design and delivery.
- The overall hierarchy of targets was in need of simplification.
- The system for project selection was participative but burdensome.
- The formal appraisal systems developed within Wales European Funding Office (WEFO) were of high quality. However, the European Social Fund application form was considered to be in need of an overhaul.
- There was insufficient contact with projects once they have been approved.

### ***Objective One Mid Term Evaluation Update (MTEU)***

3.4.11 The evaluation found that:

- Progress against financial and monitoring targets was generally good.
- The majority of the MTE recommendations had been implemented in full or partially. The evaluators accepted that WEFO had sound reasons for not implementing all recommendations.
- An estimate of up to 40,500 net new jobs will be created by the end of the Programme period.
- An estimate of up to 1,895 net new SMEs will be created by the end of the Programme period.
- An estimate of up to 84,800 (net) unemployed/inactive people moved into employment or further learning as a result of assistance by the end of the Programme period. It was clear that for some beneficiaries a key benefit of ESF support was not in securing a job but in securing one which they would find satisfying;
- Occupancy rates in completed sites and premises projects were generally high (89%). The sampled SMEs who were occupying sites and premises created by the Programme showed increases in employment since moving to premises. Some of the SMEs also reported increased turnover.

### ***LEADER+***

3.4.12 The aim of the LEADER+ Programme in Wales is: “To pilot innovative approaches to rural development which will contribute to a more sustainable society, economy and environment for rural Wales”. Managed by the Wales European Funding Office (WEFO) and the Welsh Development Agency (WDA), LEADER+ was implemented on a local level by competitively selected Partnerships of local organisations and people. There were seven Local Action Groups in Wales, which comprised a balanced and representative selection of partners drawn from the public, private and voluntary community and economic sectors in the local areas concerned.

3.4.13 A Mid Term Evaluation was undertaken in 2003. The main purpose was to comment on the continuing strategic relevance of the LEADER+ programme in Wales, to establish the progress that the activities were making towards achieving objectives, and to assess the quality and effectiveness of implementation and management processes.

- 3.4.14 The review concluded that the internal coherence and strategic fit between the seven local LEADER+ strategies and the LEADER+ in Wales Single Programming Document (SPD) was sufficiently robust and sound. The overall objectives of each LEADER+ theme were well represented amongst the various Local Action Group strategies, and identified projects were in line with the chosen thematic focus of each area.
- 3.4.15 Although organisational models varied considerably between Local Action Groups, partnership guidelines had been implemented coherently. The innovative character of LEADER+ was identified by most business plans, usually by a combination of territorial and thematic factors. Most business plans included quantified output targets with regard to target group involvement but no detailed performance indicators were identified for measuring achievement resulting from project activity affecting the cross-cutting themes.
- 3.4.16 With regard to the Programmes' continuing relevance with the overall strategy frameworks set by the Welsh Assembly Government, the evaluation found that the reviewed strategies and programmes, which were launched since the writing of the LEADER+ SPD, provided a very cohesive strategic framework for Local Action Group activity. LEADER+ needed to remain largely complementary to existing funding sources. In order to establish a niche position, LEADER+ had, therefore, to firmly remain in the area of innovation, experimentation and pilot projects, areas which most of the other programmes do not cover on a small-scale, local, and community-based basis. Separately, a desk-based element of the evaluation considered the LEADER+ monitoring system and related processes, commenting on its overall efficiency and comprehensiveness.
- 3.4.17 The findings of the MTE's fieldwork confirmed the high level of importance attributed to the bottom up, participatory, and area-based methodology of LEADER+ in business plans, and in the implementation principles applied by each Local Action Group. It was also widely acknowledged that the bottom up and participatory approaches were the most important LEADER+ principles to rural communities, although some comments suggested that improvements to the involvement of representatives from the local communities might help to implement these principles even more fully.
- 3.4.18 Consistently, inter-territorial and trans-national co-operation were perceived as less important principles of LEADER+. It was expected that more awareness of and interest in co-operation would materialise over time.
- 3.4.19 The findings of the MTE fieldwork confirmed that the awareness levels and application of the innovative principle of LEADER+ was very high. Innovation was one of the most important aspects in which the Programme differentiated itself from other rural initiatives, and its application in project development and selection was widely perceived as thorough by involved stakeholders.
- 3.4.20 In terms of Programme impact, the MTE found widespread consensus that the priority themes identified by LEADER+ and its business plans were well chosen to fit the current needs of the rural areas served. There was also

strong support for the mechanism of Local Action Groups and the bottom up approach, with both seen as instrumental to promoting successful co-operation amongst rural stakeholders.

3.4.21 In terms of programme management and financing structures, the MTE found that organisations and individuals involved in the LEADER+ Programme in Wales had a consistently positive view about the existing management structures. The technical assistance provided by WDA was also regarded as helpful and effective.

3.4.22 As part of the MTE, a total of seventeen LEADER+ projects were researched as case studies. The case study research focused on a range of areas where good practice might be visible, such as involving target groups, facilitating innovation, and the implementation of cross-cutting themes. It was reported that in terms of take-up of key components of the LEADER+ programme, the targeting of specific groups, level of innovation or concept of cross-cutting themes had been taken on board to varying degrees, and largely depended on the quality of the project team and direct relevance of the project to predetermined themes. One very positive aspect had been the level of success in generating participation among local businesses, communities and target groups. The consultants saw a number of good examples of capacity building and joint working between groups with little previous contact. Where this had been achieved it was hoped that further consolidation and expansion of projects and partnerships would follow.

3.4.23 The MTE produced 21 conclusions and recommendations for consideration for the remainder of the Programme period. Structured according to the key themes, they were:

- Avoid substantial shifts in business plans, and encourage Local Action Groups to continue with their current thematic orientation.
- Develop a sufficient range of appropriate performance indicators, which fully represent the width and depth of the Programme.
- Provide training to Local Action Group staff regarding the relevance and measurement of cross-cutting themes.
- Continue with the provision of the National Co-financing resource.
- Structure the second round of business plans more flexibly, approving the themes and umbrella projects in principle and in detail for the first year, however, reviewing the detail of the following years on an annual basis.
- Provide training to all Local Action Group staff regarding all aspects of LEADER+ programme operation and monitoring.
- Improve the format of the claim report, particularly with regard to cross-cutting theme indicators to become more user-friendly.
- Encourage the continuation of reviewing progress in quantitative ways and in comparison with other Local Action Groups.
- Make better use of existing monitoring data, to facilitate timely and appropriate responses.
- Develop a clear structure for mainstreaming of LEADER+ projects.
- Take full account of the experience from Local Action Groups regarding projects and their potential for mainstreaming.
- Commence Action 2 project activity as soon as possible.

- Review current staffing levels in light of the forthcoming demands of the second business plan period.
- Allow Local Action Group members to participate in networking events and appropriate funding should be made available.
- Create a Welsh LEADER+ consultation forum.
- Establish overall Programme targets, to assist the review of effectiveness of the Programme.
- Provide guidance on the range and definition of performance indicators to improve meaningfulness.
- Improve the coherence and inter-relationship between activity-oriented and impact oriented indicators.
- Establish a more clearly defined and quantified baseline position of Programme objectives and impacts.
- Relate actual project performance directly to the overall aims and objectives of LEADER+ in Wales.
- It is recommended that consideration be given to defining a number of 'headline' indicators to monitor key LEADER+ objectives effectively across the Action and Measure structure of the Programme.
- In addition, a separation of performance indicators into activity, output and impact indicators would increase the clarity of reporting.

## **SECTION 4: Justification of the Priorities Chosen having regard to the Community Strategic Guidelines and the National Strategy Plan as well as the Expected Impact According to the Ex Ante Evaluation**

### **4.1 Justification of the Priorities Chosen Having Regard to the Community Strategic Guidelines and the National Strategy Plan.**

- 4.1.1 The Community Strategic Guidelines identify the areas within the framework provided by Regulation 1698/2005 that are important for the realisation of EU priorities, particularly in relation to the Gothenburg sustainability goals and the Lisbon renewal strategy for growth and jobs.
- 4.1.2 Specifically, the Gothenburg agenda requires that future development should contribute to achieving sustainable development by increasing emphasis on encouraging healthy, high-quality products, environmentally sustainable production methods, including organic production, renewable raw materials and protecting biodiversity. This means that strong economic performance must go hand in hand with the sustainable use of natural resources and levels of waste, maintaining biodiversity, preserving ecosystems and avoiding desertification. The Lisbon agenda focuses on delivering stronger, lasting growth and creating more and better jobs within the context of sustainable development.
- 4.1.3 As stated in the Wales Annex of the NSP, '*Wales: A Better Country*', the strategic agenda for the Welsh Assembly Government, sets out seven priority areas where action is needed to achieve our vision for a sustainable future for Wales. The priority areas are:
- a) Promoting a diverse, competitive, high added-value economy, with high quality skills and education, that minimises demands on the environment.
  - b) Action on social justice that tackles poverty and poor health, and provides people and their communities with the means to help themselves and break out of the poverty trap.
  - c) Action in our built and natural environment that enhances pride in the community, conserves natural resources, supports biodiversity, promotes local employment, minimises waste and reduces adverse effects of transport on the environment.
  - d) Strengthening Wales' cultural identity and helping to create a bilingual country.
  - e) Ensuring all our children and future generations enjoy better prospects in life, and are not left with a legacy of problems bequeathed by us.
  - f) Supporting people to live healthy and independent lives; and
  - g) Promoting openness, partnership and participation.
- 4.1.4 These priority areas underpin both the development of the Wales Annex of the NSP and that of the RDP itself and align closely with the Gothenburg and Lisbon agendas. This ensures coherence between the NSP, the RDP and the Community Strategic Guidelines and hence to the specific aims of the Gothenburg and Lisbon agendas.
- 4.1.5 They are supported by a range of policy documents which give greater detail on the strategic agendas for specific aspects of the Welsh Assembly

Government's responsibilities. Of these documents there are seven that match directly with the Gothenburg and Lisbon objectives:

- '*People, Places, Futures – The Wales Spatial Plan*': the Wales Spatial Plan is about reflecting honestly and clearly on the way a whole range of activities and investment occurs across Wales. It aims to ensure the Welsh Assembly Government's policies and programmes come together effectively with the workings of local government, business and other partners across Wales, to enable a truly sustainable future - one that works for all the different part of Wales. It sets a strategic, integrating agenda for the next 20 years.
- '*Wales: A Vibrant Economy*': this is the strategic framework for economic development and focuses on encouraging sustainable growth through helping more people into work and helping to raise earnings for those in work by maximising the value created in the Welsh economy.
- '*Skills and Employment Action Plan 2005*': supports the lifelong learning agenda and provides the basis for the Welsh Assembly Government to work with its partners in the public, private and voluntary sectors to make real progress in taking forward action to tackle the skills and employment challenges facing us - it is an example of real partnership in action.
- '*Farming for the Future*': a 10 year strategy aimed at helping secure a viable future for farming in Wales that is sustainable economically, environmentally and socially. The Strategy was developed with guidance from an Advisory Group drawn from experts from academic, farming and countryside backgrounds. The Strategy contains 52 action points that the Welsh Assembly Government, working with partner organisations, is taking forward to help create a framework to facilitate and support change.
- '*The Sustainable Development Action Plan 2004-2007*': sets out how the Welsh Assembly Government will implement the commitments under the Sustainable Development Scheme and identifies the key issues faced by Wales and highlights the actions by the Welsh Assembly Government.
- '*Environment Strategy for Wales*': the long term strategy for the environment of Wales, setting out the strategic direction for the next 20 years. It will be supported by a series of regularly updated action plans and policy map setting out the key actions that will be taken to deliver the outcomes in the Strategy. It provides the framework within which to achieve an environment which is clean, healthy, biologically diverse and valued by the people of Wales.
- '*Making the Connections*': sets out the Welsh Assembly Government's vision of a prosperous, sustainable, bilingual, healthier and better-educated Wales which will guide the transformation of public services and deliver services of top quality in Wales. In June 2005 the Welsh Assembly Government published 'Delivering the Connections' which is the action plan for taking this vision forward. The plan sets out the improvements required in public services in Wales, incorporating local government, the

National Health Service, education, other public bodies, the voluntary sector and the private sector to improve services. The goal is to make services more responsive to the needs of individuals and communities; more accessible to all and open to genuine participation; more coherent, delivering through simpler, more joined-up structures; more effective in tackling problems and more efficient in delivery.

4.1.6 In addition, the Welsh Assembly Government is committed to Wales as a truly bilingual nation where people can choose to live their lives through their language of choice - Welsh or English or both - and where the presence of the two languages is a visible and audible source of pride and strength. In order to help fulfil that vision, the Welsh Assembly Government has made a commitment – in “*Iaith Pawb*”, the National Action Plan for a Bilingual Wales and its Welsh Language Scheme – to mainstream the Welsh Language across all policy areas. For this reason measures implemented under this RDP will fully mainstream the Welsh language.

4.1.7 Finally, the Welsh Assembly Government has committed itself to helping to create the conditions necessary for people to lead healthy lives and to improve their health and well being, and this commitment is demonstrated through the Government's public declaration of support for ‘*Health Challenge Wales*’. This is the new national focus for action to improve health and well-being and prevent ill health. It offers an opportunity to recognise the need to do more to prevent ill health from occurring in the first place; to stimulate more action by individuals and organisations and to help people see the wide range of services and information available to them to help them improve their health. The programmes and initiatives mentioned already make a considerable contribution to the Welsh Assembly Government's response to ‘*Health Challenge Wales*’, and organisations across all sectors, the media and individuals have been invited to respond to the Challenge to share responsibility for the nation's health and well-being.

❖ *Axis 1 and the Community Strategic Guidelines (CSG)*

4.1.8 The CSG identify seven key actions on which support under the RDP should be focused. These are:

- Restructuring and modernisation of the agriculture sector.
- Improving integration in the agri-food chain.
- Facilitating innovation and access to research and development.
- Encouraging the take-up and diffusion of ICT.
- Fostering dynamic enterprise.
- Developing new outlets for agricultural and forestry products.
- Improving the environmental performance of farms and forestry.

4.1.9 As stated in the Wales Annex of the NSP, our aim within Axis 1 is to build on the firm foundations laid by the RDP 2000-2006 while focusing more clearly on outcomes which will provide maximum benefit both in terms of competitiveness and sustainability. Substantial progress has been made over the past six years in establishing well-regarded support mechanisms, such as Farming Connect, which have been geared to helping the industry become

more market-focused and prepared for change. This view is supported by the findings from the MTE and by discussions with key stakeholders during the operation of the RDP 2000-2006.

4.1.10 The analysis of the agri-food and forestry sectors set out in paragraphs 84 to 120 in Part 2 (the Situational Analysis) clearly shows that there are both ongoing and new challenges and difficulties to be addressed as well as opportunities to be exploited. The key reasons why the industry needs support to do this are: lack of appropriate/sufficient skills in some areas; insufficient development of collaborative ventures; poor linkages between producers and processors; lack of market intelligence; lack of awareness of changing customer needs; limited business planning and inadequate take-up of technology and/or other innovations. Actions taken under Axis 1 will deliver this support in a focused way and the areas identified as a priority for investment are:

- *Improving the economic and environmental performance of agricultural and forestry producers:* as these sectors face the need to adapt effectively to changing support structures and ever increasing competition in the market place, there is a need to provide support, advice and training to businesses in this sector to develop their businesses to meet today's and the future's challenges in a sustainable way.
- *Developing market focus:* building on the brand position for Welsh food and drink, the aim is to ensure that the whole agri-food chain is focused on the developing needs of the market for quality products, and is able to respond effectively to changing demands.
- *Improving supply chain linkages:* there is a recognition that all within the supply chain for food need to work together to enable the agri-food sector to develop effectively and efficiently. There is a need to improve integration and working linkages between all elements of the supply chain.
- *Improving the economic performance of food processors:* to address some of the issues highlighted above, there is a need to continue to invest in the development of an efficient, innovative processing sector that is able to adapt quickly and provide quality food and forestry products into the market place.
- *Environmental mitigation:* there is recognition that targeted capital investment may be required to mitigate farm pollution and secure environmental improvement.

4.1.11 Details of the specific measures and the activities to be supported under them are set out in Section 5.1.

❖ *Axis 2 and the Community Strategic Guidelines (CSG)*

4.1.12 The CSG identify six key actions on which support under the RDP should be focused. These are:

- Promoting environmental services and animal-friendly farming practices.
- Preserving the farmed landscape and forests.
- Combating climate change.
- Consolidating the contribution of organic farming.



- Encouraging environment/economic win-win initiatives.
- Promoting territorial balance.

4.1.13 As can be seen from the hierarchy of measures in Section 3.2 and the Wales Annex of the NSP, considerable importance is attached to the environment and to land management/agri-environment schemes. The farming industry has an impact on rural Wales which goes far beyond the industry's economic value – encompassing both its role in sustaining isolated and often vulnerable rural communities and its vital role in managing traditional and fragile semi-natural agricultural landscapes to meet national environmental objectives. The analysis set out in paragraphs 121 to 191 of Part 2 confirms the high ecological value of the Welsh countryside and outlines the measures that have been taken, and will continue to be taken, to maintain and improve it. The positive impact of these measures has been supported both by the MTE, the RDP 2000-2006, and by separate evaluations of the Tir Gofal scheme. Glastir will build upon the achievements of previous agri-environment schemes and, by extending coverage and the scope of the scheme beyond that previously targeted, will deliver to a greater extent than had previously been possible.

4.1.14 For this reason, support under Axis 2 will continue to seek to encourage actions that increase environmental sustainability and work towards achieving the objectives of the *'Environment Strategy for Wales'*, the *'Sustainable Development Action Plan 2004-2007'* and *'Farming for the Future'*. In particular, the areas we have identified as priorities are:

- Managing the environment as a whole, taking account of its distinctive characteristics.
- Contributing to the achievement of wider nature conservation objectives, including the target of halting the loss of biodiversity by 2010.
- Ensuring that the majority of Welsh agricultural land is farmed sustainably.
- Maintaining and enhancing high quality woodlands which contribute social and community benefits, support thriving industries and contribute to a better quality environment.
- Contributing to sustainable development by protecting landscapes, enhancing habitats and managing diffuse pollution.
- Encouraging spatially targeted integrated programmes that deliver environmental and economic benefits and conserve natural resources.
- Reducing Wales' contribution to climate change by protecting and enhancing carbon sinks, managing flood risks, reducing consumption of non-renewable resources and encouraging use of renewable energy.
- Contributing to strengthening rural communities and the viability of rural businesses through sustainable agriculture and forestry.

4.1.15 Details of the specific measures and the activities to be supported under them are set out in Section 5.2.

❖ *Axis 3 and the Community Strategic Guidelines (CSG)*

4.1.16 The CSG identify nine key actions on which support under the RDP should be focused. These are:

- Raising economic activity and employment rates in the wider rural economy.
- Encouraging the entry of women into the labour market.
- Putting the heart back into villages.
- Developing micro-businesses and crafts.
- Training young people in skills needed for diversification of the local economy.
- Encouraging the take-up and diffusion of ICT.
- Developing the provision and innovative use of renewable energy sources.
- Encouraging the development of tourism.
- Upgrading local infrastructure.

4.1.17 One of the Welsh Assembly Government's main priorities for rural Wales is to create better communities where there is access to economic opportunity and reward, a pleasant and safe environment and active and inclusive social networks. The analysis of the various aspects of the rural economy and factors affecting the quality of life in rural areas set out in paragraphs 192 to 322 of Part 2 shows how diverse the issue facing rural communities and businesses are. Although there are considerable difficulties to be addressed, there are also considerable opportunities to broaden the economic base of rural areas, improve access to services, improve people's perception of the area they live in and increase their capacity to assess their needs and take action to meet them.

4.1.18 The approach chosen follows the Leader principles which have been endorsed by numerous evaluations, most recently the MTE Update of the LEADER+ Programme. In addition, separate evaluations have been undertaken during 2005-2006 which also support the approach and these have been drawn on during the development of the RDP. Priority areas for action will include:

- Broadening the sources of entrepreneurship and developing higher value business opportunities to deliver a better range of well-paid employment opportunities.
- Enhancing and providing additional support and services for the rural economy including the environment.
- Addressing gaps in skills provision and non-mainstream training to develop personal and community level confidence and abilities to take actions to meet needs.
- Encouraging developments which add value to the human resource, environmental heritage, produce and business resources of an area.
- Supporting activities that strengthen the value and length of the tourism season of an area, including support for craft activities.
- Improving the physical environment of villages and conserving the rural heritage.
- Addressing social exclusion across a wide range of sectors, including improving the sustainability of service delivery and tackling local community transport issues.

- Encouraging the development of products and activities that make best sustainable use of natural resources, including new energy production methods and using local ecology, habitats and biodiversity as tourism attractants.
- Establishing and/or expanding community-led initiatives including building capacity within local groups and structures, including essential skills for group management.

4.1.19 Welsh Assembly Government research and subsequent discussions with stakeholders has highlighted the fact that the quality of life in rural communities is as important to the people living there as improved employment opportunities. The clear message has been that there is little point in creating employment opportunities if the people that these could most benefit do not wish to remain in the area because of issues such as access to services, inadequate basic services and poor physical environment. Equally, it has become obvious from the current LEADER+ and Article 33 programmes that each area is different and that to set a prescriptive approach at the start of the new programme would limit its effectiveness. This being the case, it is the intention that each area being supported under Axis 3 will be free to develop a local development strategy based on the needs of the area rather than in line with a centrally determined approach.

4.1.20 Details of the specific measures and the activities to be supported under them are set out in Section 5.3.

❖ *Axis 4 and the Community Strategic Guidelines (CSG)*

4.1.21 The CSG identify four key actions on which support under the RDP should be focused. These are:

- Building local partnership capacity, animation and promoting skills acquisition.
- Promoting private-public partnership.
- Promoting co-operation and innovation.
- Improving local governance.

4.1.22 Achieving the regeneration of communities without the direct involvement of the communities themselves is virtually impossible and a vehicle to engage individuals and groups at an early stage is essential. Our operation and evaluation of the LEADER+ programme, and of previous programmes delivered through the Leader approach, has confirmed that the fact that it is bottom-up, participative and holistic makes it a very efficient and effective way to both secure that initial engagement, and to make the physical changes that encourage people to remain engaged.

4.1.23 Further, the added value of Leader activity has been demonstrated in a number of areas across Wales where the LEADER+ programme has worked with other European and domestic initiatives e.g. Rural Community Action (RCA) which specifically targets community capacity building, to develop projects and products and secure local support.

4.1.24 For these reasons the Leader approach under Axis 4 will be a fundamental part of our rural community regeneration strategy with Local Action Groups (LAGs), where they operate, formulating and implementing the local development strategies supported through Axis 3. It is also intended that the Leader approach be employed across the Axes as appropriate to take full advantage of the benefits that it's holistic and innovative elements can bring.

4.1.25 Details of the specific measures and the activities to be supported under them are also set out in Section 5.3.

#### **4.2 *Expected Impacts deriving From the Ex Ante Evaluation with regard to the Priorities chosen.***

4.2.1 The Ex Ante report includes a section on the expected positive and negative impacts with regard to priorities chosen.

4.2.2 In summary, although it is clear that positive impacts are expected from the measures to be applied, these cannot be quantified at the time of writing because a final budget settlement has yet to be reached. This also limits the ability to provide an analysis of any potential negative impacts as these are likely to be dependent, at least to some extent, on the allocation of resources to different measures. That said, negative impacts are expected to be few as lessons learned from the current programming period and previous policy interventions have been used in the design of the RDP.

4.2.3 In general terms positive impacts are expected in line with the objectives set out for each Axis and detailed in Section 3.3. It is possible that there might be conflicts between certain objectives, although the exact nature and magnitude of any conflict will depend on the overall allocation of resources and the manner in which individual measures are implemented. However, measures can be designed to reduce the capacity for conflict and lessons learned in the current programming period and from other policy interventions have contributed to the design of the RDP.

## **SECTION 5: Information on the Axes and Measures Proposed for Each Axis and their Description**

### **5.1 *Axis 1 – Improving the Competitiveness of the Agriculture and Forestry Sector.***

5.1.1 Articles 20 to 35 of Regulation 1698/2005 make provision for resources to be applied to a range of measures targeting the competitiveness of the agriculture and forestry sectors.

#### **Rationale**

5.1.2 The agriculture, agri-food and forestry sectors in Wales face a number of challenges arising from changes in support mechanisms, business size, income levels and commercial pressures. The main issues for each of the sectors are summarised below:

- *Agriculture*

5.1.3 The topography and climatic conditions in Wales, and the geographical position of Wales within the EU pose further difficulties for many farmers in terms of maintaining a competitive edge to their businesses. Many farms are family owned and managed, relatively small within the context of UK farming and some distance from major processors and markets. These problems are exacerbated by a failure of the industry to:

- Develop collaborative ventures in order to develop market opportunities, even though a recent survey of dairy farmers in Wales showed that the industry recognises the need to develop closer links between producers and processors.
- Effectively communicate market intelligence and information on changing customer needs.
- Encourage forward business planning; and improve technology transfer arrangements.

5.1.4 Set against this is the fact that the industry produces quality products in accordance with high animal health and welfare, and environmental standards with its lamb in particular, which has PGI status, being sought after in a number of domestic and international markets.

- *Food and Drink Processing Industry*

5.1.5 World-wide competition is affecting the development of the Welsh food and drink processing and manufacturing industry. It is evident that competing on price alone provides some significant challenges for the industry, so quality and added value are key development areas together with support for marketing and branding. Domination of the UK retail sector by major supermarkets makes it difficult for new and developing food and drink processing and manufacturing companies to enter and profit from this sector, particularly when most of the companies employ relatively small numbers. There is a need therefore to support these companies in finding new and

alternative markets, which should include the food service sector. Within Wales, over recent years new, innovative, added value food processing companies have emerged which need support for market development if they are to grow and make a significant contribution to the country's economy, and provide further opportunities to add value to the agricultural output of Wales.

- *Forestry and Timber Products*

- 5.1.6 The key strength of the forestry and timber industry in Wales is that connections exist from the grower to the processor. Unfortunately, the connection then to the end user is not as strong and the strengths that are found in the commercially managed woodlands are not replicated in the large area of smaller scale farm woodlands. In addition, although there is strong 'demand pull' through the supply chain, current markets are healthy and the secondary wood processing sector is strong, there is a growing disconnection between the current Welsh timber resource and the processing sector with around 90.0% of the hardwood and 65.0% of the softwood raw material flowing into the Welsh industry being imported. Recent years have been very difficult for timber growers and the wood processing sector generally with financial returns low due to the steep decline in the value of round and sawn timber. In response to these difficult trading conditions Welsh growers, and both primary and secondary timber processors, must control costs and continue to develop new markets and methods of adding value to a traditionally low value commodity in order to maintain or improve their place in the sector. Adding to the difficulties is the fact that the forestry sector has a major problem in recruiting skilled employees leading to an ageing labour force which threatens existing businesses and limits future growth of the sector.
- 5.1.7 The transportation of timber is another key weak point with Welsh haulage costs comparing poorly with international benchmarks and being very sensitive to any increase in the price of fuel. The existing rail infrastructure in Wales does not provide adequate coverage for forestry production areas. Support for the development of the rail network to carry timber is an expensive option although this would help to reduce the environmental impact of lorry movements along the roads of rural Wales.
- 5.1.8 There is also a clear need to better integrate the farm and forestry sectors in order to promote the management of the substantial area of woodland currently owned by farmers in Wales. These woods often require small scale and expensive working and, with limited local markets, the material is seen as of low value and large amounts of potentially valuable timber are not being brought to market. This is also true of the hardwood sector where there is a shortage of Welsh grown hardwood for processing as it is not seen to be viable to extract and process.
- 5.1.9 Many larger woodland owners now appreciate the benefits that can come from working with local communities and supporting businesses that bring visitors into Wales by promoting the use of woodland for many different types of recreational activity. This reflects the flexibility of owners and managers in seeking to respond positively to the changing needs of the public but also puts

a burden on them to adapt their management often without the necessary resources being available to support these changes. The management of woodland is by its very nature a long term activity and this can pose challenges in terms of reacting to a changing agenda.

## **Objectives**

5.1.10 The key areas for action are:

- Developing linkages between the production and processing sectors.
- Improving product quality and encouraging innovation.
- Developing new, emerging and existing markets.
- Developing skills across a broad range, including marketing and branding.
- Encouraging collaborative ventures.
- Improving environmental performance.

5.1.11 From these two main aims have been derived:

- To improve the performance of food and forestry producers and processors and encourage diversification.
- To identify, exploit and service new, emerging and existing markets.

5.1.12 A fully integrated support system to ensure appropriate linkages along the supply chain from the original point of production, such as farm or woodland, to final point of consumption or use, needs to be developed. The policies and programmes designed to meet the above objectives will be targeted at farmers, woodland owners and foresters, food processing enterprises, food and drink manufacturers, timber processors and manufacturers, and individuals involved in these industries.

## **Measures**

5.1.13 The Fiches for each of the measures being implemented are at Appendix 1.

### **5.2 *Axis 2: Improving the Environment and the Countryside***

5.2.1 Articles 36 to 51 of Regulation 1698/2005 make provision for resources to be applied in a range of measures targeting the sustainable use of agricultural and forestry land.

## **Rationale**

### ***Agricultural Land***

5.2.2 Economic and social pressures as well as UK, European and World agricultural policies over past decades have had a significant impact on environmental integrity of the Welsh countryside. Within Wales, sustained attempts to improve the quality of grazing land, the trend to a sheep monoculture in the hills and upland areas, and a decline in mixed farming practices have led to a reduction in quality of habitats and a negative impact on biodiversity.

- 5.2.3 On the other hand, the impact of the farming industry on the environment of rural Wales has not been wholly negative; on the contrary, much of the ancient and visually attractive landscape of Wales is the product of past and present agricultural practices, which have shaped the Welsh countryside and its ability to sustain a diversity of habitats and species. The inter-relationship between agriculture and the environment also has an impact which goes far beyond farming's economic value – encompassing the crucial role of farming in sustaining isolated and often vulnerable rural communities and the Welsh language. Agri-environment actions are therefore legitimately used to meet multiple rural development objectives and to help the process of adjustment in the agricultural industry following the 2003 CAP reform process.
- 5.2.4 Environmental land management has a contribution to make in the context of the Lisbon strategy drive to promote regional competitiveness and sustainable economic growth.
- 5.2.5 As stated by Wim Kok et al (2004) in *Facing the Challenge: The Lisbon Strategy for Growth and Employment*. "Well thought out environmental policies provide opportunities for innovation, create new markets and increase competitiveness through greater resource efficiency and new investment opportunities. In this sense environment policies can help achieve the core Lisbon Strategy objectives of more growth and jobs".
- 5.2.6 Within Wales, the environment underpins substantial economic activity, supporting 117,000 full time equivalent jobs – helping to support 1 in 6 of the Welsh workforce. In addition, the management and enjoyment of the Welsh environment generates goods and services worth around £9 billion per annum which is equivalent to almost 10% of Welsh GDP (Bilsborough S and Hill S (2000) Valuing our Environment: The Economic Impact of the Environment in Wales; Countryside Council for Wales).
- 5.2.7 The landscape of Wales represents a precious and vulnerable resource reflecting biodiversity, geographical variety, historic development and cultural identity. In addition, cultural and historic tourism makes a significant contribution to Welsh tourism industry with 1,280,000 people visiting monuments managed by CADW (the Welsh Assembly Government's historic environment division) in 2005. It is therefore important to maintain and enhance local distinctiveness through ongoing management of important social and economic assets.
- 5.2.8 Whilst environmental management helps to improve quality of life, it also sustains a vital tourism industry. Rural tourism makes a significant economic contribution to Welsh rural communities as a major source of employment (some 12%) and economic activity. Wales Tourist Board statistics show that rural tourism is worth around £350 million to rural communities per annum.
- 5.2.9 The employment associated with environmental management is particularly important to rural communities, since jobs tend to be dispersed across a wide area rather than concentrated on a single site. Furthermore, the nature of the work means that much of the revenue that is generated tends to stay within



rural communities rather than leaking out into the wider economy. For example, between 2000 and 2003, the multiplier effect meant that £14m of direct spending on capital works under the Tir Gofal agri-environment scheme supported some 385 full time job equivalents. Over 94% of this spending was retained within the Welsh economy (Agra-CEAS Consulting (2005) and Socio-Economic Evaluation of Tir Gofal from the Countryside Council for Wales and Welsh Assembly Government).

## **Forestry**

5.2.10 The 20th century saw dramatic changes in the distribution and composition of woodland in Wales. Following centuries of clearance, large areas of the uplands were planted from the 1940s with rapidly-growing tree species principally conifer varieties to create a strategic reserve of timber reflecting at that time the needs of the coal mining industry. This eventually led to concern over the environmental and landscape impact of this kind of woodland and also to many smaller areas of native woodland falling into neglect due to the focus on the commercial returns available from these large conifer forests. With the advent of the 21<sup>st</sup> century and the near demise of coal mining in Wales, the fall in the real value of home-grown timber due to cheap imports and the increased interest in the provision of multi-purpose benefits through the creation of mixed woodland and the restoration of native woodland has changed the way we view woodlands in Wales. Outdoor recreation, improved water quality and wildlife habitats and the need to bring neglected areas back into active management to increase their value to landowners are all factors that have contributed to the development of a grant scheme designed to support long term sustainable management that contributes to the integration of woodland and farm management in Wales.

## **Objectives**

5.2.11 In line with the Welsh Assembly Government's Sustainable Development Strategy and the Environment Strategy, support under Axis 2 of the RDP will be focused upon actions which increase environmental sustainability throughout Wales, whilst contributing to social and economic well being. In particular it will seek to:

- Ensure that the majority of land is used sustainably through an integrated programme of agri-environment and other positive measures.
- Contribute to the Gothenburg target of halting loss of biodiversity by 2010.
- Ensure protection of cultural landscapes including historic and archaeological features in line with the European Landscape Convention.
- Contribute to the Water Framework Directive target of achieving good ecological status of water by 2015, in particular through the management and reduction of point source and diffuse pollution.
- Maintain and enhance woodlands to ensure the provision of social, economic and environmental benefits.
- Reduce Wales' contribution to climate change by protecting and enhancing carbon sinks (especially by creating new woodlands and managing organic soils appropriately), managing flood risks and water resources, reducing

consumption of non-renewable resources and encouraging use of renewable energy.

- Contribute to public use, enjoyment and understanding of the countryside  
Strengthen rural communities and the viability of rural businesses.

5.2.12 The actions necessary to achieve these objectives will need to take account of:

- The effects in Wales of CAP reform, implemented in 2005, are as yet imperfectly understood: in particular the response of the farming community to the revised arrangements, in terms of animal stocking and land management activities, potentially could have profound impacts on the environment and consequently on the types of action which will be needed to conserve and enhance the landscape, biodiversity and wider environmental value of agricultural land.
- The results of the long-term ecological evaluation of agri-environment schemes.
- The results of the catchment sensitive farming demonstration projects, established in 2005 to tackle issues relating to point source and diffuse pollution from agriculture as the basis for establishing a “top tier” scheme.

## **Axis 2 Review**

5.2.13 The emerging agenda that highlights the need for effective policy interventions and actions to respond to the significant challenges posed by climate change raise questions, within the context of Wales, whether the current suite of RDP measures that support farm-based environmental and land management activities will continue to provide an adequate framework in the 2007-2013 programming period through which to deliver against increasingly complex issues. In addition, it is still too soon to fully understand the impact of CAP reform, in terms of the significant potential to re-structure livestock production, particularly in the more extensive farming methods adopted in the hill and upland areas, and the consequent negative and wider impact on the broader environment and landscape of Wales.

5.2.14 Within Axis 2, the main agri-environment scheme, Tir Gofal, was introduced in 1999. Since that time, the scheme has undergone modification and has proven popular with farmers to the extent that financial pressures have meant that scaled participation has had to be introduced. Monitoring and evaluation demonstrates that the scheme generally is effective and efficient in delivering environmental outcomes. By Spring 2007, some 3,000 management agreements cover scheme participation, involving 321,000 hectares. Nonetheless, it remains the case that the concept of the scheme owes its origin at a time when the complexities of climate change were not so apparent.

5.2.15 In 2005, Tir Cynnal was introduced on a pan-Wales basis to provide an opportunity for those in farming unable for whatever reason to reach the entry standards for Tir Gofal to participate in environmental action to make a contribution towards the Welsh Assembly Government’s broader sustainable

environment agenda. At Spring 2007, some 4,000 farmers are in the scheme covering some 264,908 hectares. This is a disappointment given that the Welsh Assembly Government's initial target projected 10,000 participants by 2007. One contributory factor for the lower level of take up may relate to the perception within the farming community that the scheme application process is overly bureaucratic – although the payment regime includes an element to represent the farmer's time invested in completing the application process – and that the value of the scheme payment, averaging some £2,000, offers insufficient financial incentive.

5.2.16 Against this background, it is the case that farmers continue to apply for participation within Tir Gofal and Tir Cynnal. Under the RDP, it is the intention to provide for an expansion of activity for both schemes through to 2009, consistent with the demand flow from within the farming community.

5.2.17 From the RDP 2000-2006, it is clear that there is a positive appetite to further develop the scale of organic produce from our farms. Under the Farming Connect element of Axis 1, it is the intention within the Farm Business Development Plan process to mainstream advice on opportunities for organic farming. The Welsh Assembly Government also has underway pilot projects to test the opportunity for farmers to work together in taking effective actions to mitigate the agricultural contribution on diffuse pollution and Water Framework issues. The intention, following evaluation of the current pilots, is to roll-out the Catchment Sensitive Farming scheme in a targeted way.

5.2.18 The Welsh Assembly Government is conscious also that the mid term evaluation of the previous RDP offered some criticism on the Less Favoured Area support mechanism, Tir Mynydd, on its delivery on environmental outcomes. On the other hand, Tir Mynydd is primarily an income support measure for those who farm in the more marginal areas. Under the RDP 2000-2006, the average annual investment under Tir Mynydd was £36 million.

5.2.19 In 2007, the Welsh Assembly Government reduced the scheme total payment to £24 million while at the same time ending the previous 10% provision within the annual budget for additional payments whereby farmers delivered actions that might be regarded as making an extremely low level environmental contribution. This approach also reflected the introduction of Tir Cynnal as offering a more specific delivery mechanism for delivering on the environment.

5.2.20 For the RDP, the Tir Mynydd budget is set at £27 million for the 2008 scheme, reducing to £25 million from 2009 through to 2012. The increased funding from 2007 will be available where farmers are able to deliver a mixed grazing regime (cattle and sheep) within specified stocking density targets. This will enable such producers to support biodiversity. This additional funding would apply only to the 2008 scheme. A comparable stocking density measure will be introduced in 2008 for the Tir Cynnal entry level agri-environment scheme.

5.2.21 Although in Wales, we are proud that the RDP process has enabled farmers to take positive steps to advance the sustainable environment agenda, the

Welsh Assembly Government recognises that a number of fundamental issues need to be addressed in relation to the continuing relevancy of Axis 2 land management aspects as the Welsh Assembly Government places even greater emphasis on tailoring its policies to respond to the threats and opportunities arising from climate change. These include the effects of CAP reform, and possible further modification, and the need to tackle wider environmental objectives covering biodiversity, carbon and water management, to prepare for the implementation of the Water Framework Directive. Underpinning all of this is the recognition for greater integration between the schemes provided via Axis 2 and to provide for broader scheme access opportunities for all who farm in Wales.

5.2.22 The Welsh Assembly Government has therefore initiated a wide-ranging review of delivery across the whole of Axis 2. The key objective of the review is to maximise the effectiveness of spending under Axis 2 in meeting both specific scheme objectives and the Assembly Government's wider environmental objectives, particularly those arising from the Environment Strategy for Wales – a number of objectives including those relating to the climate change agenda, action to halt the loss of biodiversity and maintain sites in favourable condition, and the development of landscape-scale and ecosystem approaches to environmental issues; from Farming for the Future – in particular relating to the sustainability of farming and the shift from direct subsidy to payment for public goods; and from Woodlands for Wales – relating to the sustainable management of woodlands.

5.2.23 In order to ensure that the review is informed by, and achieves acceptance from, as wide a spectrum of key external stakeholders as possible, the following are represented on a stakeholder group which was established in February 2007: the farming unions (NFU Cymru, FUW, CLBA), the environmental agencies (CCW, EA Wales), the environmental NGOs (National Trust, RSPB representing Wales Environmental Link), the National Parks (SNPA), the organic sector (Organic Centre Wales) and the wider rural community (Institute of Rural Sciences, Upland Forum).

5.2.24 The review resulted in a new scheme being announced by the former Minister for Rural Affairs in May 2009. The scheme, known as Glastir, will run from 2012 and will replace Tir Gofal, Tir Cynnal, the Organics scheme and Tir Mynydd. The scheme will have two main elements: an All-Wales Element open to all farmers with eligible land and a Targeted Element available to those farms able to provide environmental goods and services that the Welsh Assembly Government wishes to buy. The current suite of schemes (Tir Gofal, Tir Cynnal, the Organic schemes) have all been closed to new entrants, although an interim organics scheme (Organic Farming Conversion Scheme) has been provided until the Glastir organic elements become operative. It is intended that a Glastir Organic conversion and maintenance elements will be available from 2014 onwards.

5.2.25 In parallel to this we will be undertaking a review of the activities supported under Axes 1, 3 and 4 to ensure that they complement Axis 2 measures post the review and provide the best possible support to help rural areas meet the challenges ahead. The exact nature of this review will depend on the results of

consultation with stakeholders but it could include the development of a support scheme for young entrants and detailed consideration of the scope and potential of a biomass/energy scheme.

5.2.26 It is also relevant that voluntary modulation has been a tool deployed by the Welsh Assembly Government since 2001 to generate additional funding to support the launch and subsequent expansion of the agri-environment agenda under Axis 2. For the purposes of the RDP, such modulation will continue to support these farm-based actions. The Welsh Assembly Government has notified the Commission separately of the voluntary modulation rates that will apply for each year from 2007 through to 2012. A rate of 0% will apply in 2007 rising to 2.5% in 2008. This reflects in part that voluntary receipts accumulated prior to 2007 will be invested to support the planned expansion of the Tir Gofal and Tir Cynnal schemes to 2009 (it is anticipated that by the latter year, such receipts will have been exhausted).

5.2.27 The voluntary rate will see a stepped increase from 2009 rising to 6.5% in 2010 as a deliberate mechanism to create additional funding, co-finance by the Welsh Assembly Government at the maximum of 45%, to implement decisions for new schemes, or modification to existing provision. It remains the case that support for Tir Gofal, Tir Cynnal and Tir Mynydd in particular is built into the RDP financial projections through to 2012 maintaining respective scheme provision at 2009 levels to the end of the programming period. A key issue for the review group will be the extent to which the Tir Mynydd scheme might be re-engineered as a mainstream environmental measure within the boundary of the existing Less Favoured Area – and open to all who farm in the LFA (as opposed to currently, where eligibility is confined to sheep and beef producers).

### **Measures targeting the sustainable use of agricultural land (5.3.2.1)**

#### **Common to all measures**

5.2.36 Farmers receiving payments for measures targeting the sustainable use of agricultural land will be required to adhere to minimum requirements for the use of fertiliser and plant protection products.

- minimum requirements for fertiliser will include the Codes of Good Practice introduced under the Nitrates Directive for farms inside Nitrate Vulnerable Zones, and, more widely, requirements concerning phosphorus and nitrate pollution;
- minimum requirements for plant protection products will include requirements for users, sales, storage, application equipment and use close to water and other sensitive sites as established by the EU Thematic Strategy for pesticides, national legislation and the statutory code of practice for using plant protection products. Furthermore, specific standards of operator competence and equipment maintenance are, where appropriate, required and defined in the whole farm code.

Where prescriptions within the scheme contain spatial or application restrictions on fertiliser and plant protection products, all payments are for actions that exceed the

statutory minimum requirements set out in national legislation for fertiliser and plant protection products use. These include requirements introduced under the Nitrates Directive Action Programme which apply to all farmers in Nitrate Vulnerable Zones in Wales. These actions will also exceed the requirements set out in the code of practice for using plant protection products.

All Plant Protection Products are authorised in accordance with the provisions of the UK Plant Protection Products Regulations 2005 which implement the Plant Protection Products Directive 91/414.

All beneficiaries of schemes must, as a mandatory condition of payment, comply with all cross compliance requirements as provided for by Regulation (EC) 1782/2003. All payments made under this Measure are for activities in excess of those required for cross compliance.

All beneficiaries of schemes must, as a mandatory condition of payment, maintain their land in compliance with Good Agricultural and Environmental Conditions (GAEC) as set out in Annex IV of 1782/2003, and adhere to environmental legislation in force during their contract period. The control measures for the Whole Farm Code are set out in Annex 1 of this document.

## **Nitrate Vulnerable Zones**

5.2.37 Nitrate Vulnerable Zones are areas designated in line with the criteria set out in Article 3 and Annex 1 of the EU Nitrates Directive (91/676/EEC). In Nitrate Vulnerable Zones, farmers are required to follow measures designed to provide a general level of protection against nitrate pollution of surface and groundwater. Previously there were 10 Nitrate Vulnerable Zones covering some 3% of Wales. As required by the Nitrates Directive, the extent of the designations in Wales is kept under review. As such, on the 1 January 2009 the new Nitrate Pollution Prevention (Wales) Regulations 2008 - Statutory Instrument 2008 No. 3143 (W.278) came into force. This increased the area designated as an NVZ to 4% of agricultural land in Wales.

5.2.38 A Revised Action Programme for Wales has been developed as a response to issues raised by the European Commission, in line with the criteria set out in Article 5 (4) (a) of the Nitrates Directive (91/676/EEC). The most significant development relates to Commission Decision 431/2009 granting a derogation from the permitted annual level of nitrate application of livestock manure to grassland in NVZs from 170 kg/ha to 250kg/ha. The derogation was agreed by the EU Nitrates Committee on 10 March 2009. Pursuant to Article 4 of the decision the derogation is on an individual farm basis and will need to be applied for each year. Farmers operating under the derogation will have to commit in writing to comply with Articles 5 and 6 of the decision which requires them to adopt additional nutrient management measures. This will ensure that operating at a higher livestock manure nitrogen farm limit does not adversely impact on water quality. For farms benefiting from the derogation under the nitrates directive, the terms of the derogation form an integral part of their action programme and cannot be supported via support measures under the RDP. For instance, farms benefiting from the derogation can not benefit from an agri-environment measure to reduce nitrate pollution

5.2.39 The main criteria of the derogation are:

- 80% of the agricultural area of the farm must be grassland;
- Farmers will need to apply each year to the Environment Agency;
- An application limit of 250kg of nitrogen per hectare per year from manure from 'grazing livestock' (cattle, sheep, deer and goats);
- Livestock manures may not be spread on grassland that is to be cultivated in the autumn;
- Temporary grassland on sandy soils must only be cultivated in the spring;
- Ploughed grass must be followed by a crop with a high nitrogen requirement;
- The crop rotation must not include leguminous or other plants which fix atmospheric nitrogen. This will not apply to clover in grassland with less than 50% clover or to other legumes that are under-sown with grass;
- The results of nitrogen and phosphorus analysis in soil shall be available for each farm benefiting from a derogation. Sampling and analysis must be carried out at least once every four years; and
- Farmers will need to keep a fertilisation plan which includes:
  - a) the number of livestock, a description of the housing and storage system, including the volume of manure storage available;
  - b) a calculation of manure nitrogen (less losses in housing and storage) and phosphorus produced in the farm;
  - c) the crop rotation and area of each crop, including a sketch map indicating location of individual fields;
  - d) the foreseeable nitrogen and phosphorus crop requirements;
  - e) the amount and the type of manure delivered outside the farm or to the farm;
  - f) results of soil analysis related to nitrogen and phosphorus soil status if available;
  - g) nitrogen and phosphorus application from manure over each field;
  - h) application of nitrogen and phosphorus with chemical and other fertilisers over each field.

### **Water Framework Directive**

5.2.40 Under the Water Framework Directive (2000/60/EC), three River Basin Districts (RBDs) have been established in Wales, two of which extend into England. Summary reports were submitted to the European Commission in early 2005 which incorporated for each RBD an analysis of its characteristics;

a review of the impact of human activity on the status of surface waters and groundwaters; and an economic analysis of water use. Where relevant, these reports encompassed agriculture and forestry, for example in looking at land use within RBDs; water abstraction by agriculture; the impact of acidification; and pollution by diffuse sources of nutrients.

5.2.41 The reports will be used to steer further characterisation and the development by December 2006 of a monitoring programme; and, as a starting point for the establishment of water protection measures, River Basin Management Plans will be prepared for each RBD by December 2009 encompassing this and other work being taken forward under the Water Framework Directive, targeted measures will be developed as part of the programme of activities within the Plans to address potential agricultural pollution and flooding hazards. Consideration will be given to evaluating the feasibility of and, as appropriate, implementing as part of top-tier agri-environment action some or all of the following measures:

- Farm audits.
- Provision of practical on-farm advice.
- Capital grants.
- Land management incentives to improve fertiliser, manure and livestock management to reduce eutrophication and contamination of water courses.
- Incentives to establish and manage buffer zones and reed beds to safeguard water quality and to land manage semi-natural areas of flood mitigation and to enhance biodiversity.

### **Proposed refinements to Tir Gofal prior to the review of Axis 2**

5.2.42 Whilst a wider review of land management actions under Axis 2 is programmed (with a view to instituting any changes in 2012), both European and national commitments to reversing the existing decline in biodiversity by 2010, dictate that a number of refinements are made to the existing Tir Gofal scheme in advance of the full review. These refinements will in general be applicable only to new agreement holders. A total of six revisions have been identified as follows:

- Adopting a more targeted approach to applications to ensure better representation of the most environmentally significant sites.
- Ensuring that the Whole Farm Section reflects recent changes in both the CAP and national legislation.
- Adapting the mandatory habitat prescriptions to ensure they are compatible with the proposed new woodland management scheme (Better Woodlands for Wales).
- Revising existing prescriptions to ensure that those sites in need of immediate restoration work can be provided with intensive treatment prior to a longer period of recovery management.
- Ensuring that all agreements contribute to the management of species as well as habitats.
- Testing out the proposed approach to co-operative land management schemes using the example of common land.



## **Organic Farming Scheme**

5.2.43 Organic farming seeks to deliver quality food, fibre and other products in an environmentally, socially and economically sustainable way. Management practices are based on ecological principles, avoiding growth promoters, GMOs, and dependence on pesticides, thereby offering environmental, animal health and welfare, food safety and quality and social benefits.

5.2.44 Organic farming is now well established in Wales. The share of agricultural land farmed organically has increased significantly from 0.3% in 1999 to 8.5% in 2010. The Organic Farming Scheme, introduced in 1999 as a replacement for the Organic Aid Scheme, has played a major role in helping to achieve this expansion. The scheme offers payments to farmers to help them convert to organic farming and to manage their land in a number of additional environmentally beneficial ways.

5.2.45 The Organic Farming Scheme closed to new applications in May 2009 following the announced introduction of Glastir. An interim Organic Farming Conversion Scheme was opened to support farmers converting to organic status in the period between the old scheme closing and the new Glastir organic conversion element becoming available from 2014 onwards.

5.2.47 Entry to the Organic conversion element of the scheme will be voluntary. Participants will be required to:

- Demonstrate that becoming organic will improve the economic viability of their farm
- Register their land and agree a conversion plan with a control body approved by the UK competent authority for controlling organic operators,
- Farm to the standards required by their control body, which includes farming to the standards required by the Advisory Committee on Organic Standards (ACOS).
- Maintain their organic registration for the life of their Glastir contract.
- Comply with all the other requirements of their Glastir contract.

5.2.49 The commitment under this scheme will last for five years with annual payments. Failure to achieve certified status at the end of the conversion period will result in reclaim, as will failure to maintain that status for the life of the Glastir contract.

5.2.50 In Wales, a three-year monitoring study undertaken by independent consultants, ADAS, for the Welsh Assembly Government found evidence of the compatibility of organic farming with environmental conservation. The study also found a positive attitude among participating farmers towards production issues but increasing concerns about marketing and profitability. The Welsh Assembly Government is committed to supporting a continued expansion in organic farming.

## **Development of a higher level scheme: the top tier approach**

5.2.51 For 2007 and 2008 the focus of action relating to a potential top tier scheme will be on completing and then evaluating the results of the demonstration projects on catchment sensitive farming in parts of the Tegid and Cleddau catchments which were established in 2005, and on continuing to develop proposals for a scheme which would go beyond the level of activity envisaged for Tir Cynnal and Tir Gofal by promoting action at a landscape or catchment scale to tackle specific environmental problems. This could include additional incentives to encourage collaborative action across farm boundaries.

5.2.52 The demonstration projects aim to develop, test and evaluate – in contrasting areas catchment sensitive farming measures aimed at improving the health of local water bodies. The lessons learned will inform the development of targeted measures in Wales to improve water quality to meet new standards arising from the EC Water Framework Directive.

5.2.53 The higher level (Targeted Element) will be delivered through Glastir. Contracts that will go live on 1<sup>st</sup> January 2013 and will provide support for actions addressing, water management issues; carbon management and actions to maintain and enhance biodiversity in specific areas where there is evidence that appropriate actions need to be undertaken. These will include:

- Specific action at a landscape scale targeted at species at risk from past farming practices, including yellowhammer.
- Co-operative action to achieve environmental improvements on common land, including support for initiatives undertaken by commoners' associations to mobilise farmers to act together.
- Action to tackle diffuse pollution from agriculture and improve water quality in specific problem catchments identified through river basin characterisation work and other studies.
- Measures to combat the effects of climate change on species and habitats, for example by enhancing connectivity between 'islands' of scarce or threatened habitats.
- Measures to safeguard water quality including the management of cross-slope buffers and fenced off land adjoining rivers and watercourses.

### **Complementary local action**

5.2.54 Support for agri-environment action will be based upon the delivery of a coherent suite of widely available schemes delivered as a coherent package by the Welsh Assembly Government. There will be no local schemes. Regional packages have been made available that will address the specific environmental needs of particular areas.

5.2.56 Glastir will provide assistance with capital works aimed at mitigating potential pollution hazards including measures to exclude stock from water courses and buffers and provide additional drinking sources; re-site gates and trials to counter erosion plus civil engineering and building improvement works designed to tackle brown water pollution.

### **Measures targeting the sustainable use of forestry land (5.3.2.2.)**

- 5.2.57 The key mechanism to support privately owned forestry in Wales and to deliver these objectives is the Forestry Commission's grant scheme, Better Woodlands for Wales. This scheme is designed to assist operational activities such as management planning, access improvement, thinning, fencing, dealing with invasive species and adding value and the marketing of forest products that will create and improve woodland. It provides advice, planning and grant aid in support of these objectives working alongside agri-environment schemes that are specifically targeted at farmers. From 2013, all woodland management grants will be delivered through Glastir and BWW will be closed.
- 5.2.58 Many woodland owners have long understood the importance of good management in order to achieve their objectives. It is now increasingly important for owners to demonstrate that their woodlands are managed effectively and in order to market their timber.
- 5.2.59 The timber industry is looking to buy timber from woodlands that have been certified as being sustainably managed and in order to secure certification owners must comply with the UK Woodland Assurance Scheme (UKWAS).
- 5.2.60 The *Better Woodlands for Wales* scheme is designed to fulfil many of the requirements of UKWAS and will make it easier and cheaper for owners to secure certification if they choose to do so.
- 5.2.61 A key element of *Better Woodlands for Wales* is that woodland management is based on a sound management plan. The plan will contain a detailed 5 year programme of operations and a longer term outline of management for at least 20 years. *Better Woodlands for Wales* will grant-aid the preparation of this plan and will provide owners with a wide range of grants to help them implement the plan.
- 5.2.62 *Better Woodlands for Wales* is an integrated scheme with one application through which applicants will be given access to professional help from woodland managers who will be able to provide advice in the preparation of the plan. Applicants must comply with all legal requirements associated with woodland. These include respecting statutory designations including Public Rights of Way, Health and Safety law and environmental designations. Woodland creation, felling and re-stocking must adhere to the principles and guidelines set out in the UK Forest Standard and supporting guidelines.
- 5.2.63 Higher rates of grant aid will be available for the establishment and restoration of areas of native tree species and Plantations on Ancient Woodlands Sites (PAWS). The plan will identify and evaluate the important ecological components of the woodland and identify any threats to it. Grant aid will not be available to help owners meet their statutory access obligations but will be available to help those allowing permissive access and help them provide appropriate facilities and manage any problems.

5.2.64 The scheme is computer based and applicants will use the FCW website to record and monitor progress in implementing the various operations within the Plan; to obtain maps and other information and to claim grants online using their password issued when the plan is approved.

5.2.65 Forestry Commission Wales (FCW) will manage and monitor the implementation of the scheme and will report on how it meets the following measures.

### **Common to all measures**

5.2.66 The proposed measures derive from the objectives defined in the UK Forestry Standard, the UK Government's approach to sustainable forestry and the National Assembly for Wales' Strategy for Trees and Woodlands, Woodlands for Wales.

5.2.67 Parts of Wales do suffer periodic small scale fire damage but local fires protection plans are in place and no part of Wales is considered to be at high or medium risk of forest fire damage according to the European Forest Fire Information System.

### **Biomass and Renewable Energy**

5.2.68 The Welsh Assembly Government has assisted the development of energy crops markets through a wide range of projects including capital grants to SMEs for equipment to burn woodfuel; fuel supply development; research on the commercial production of crops such as willow and other novel energy crops; signposting to market and technical information; assistance with planting of Short Rotation Coppice; and grants under the Farm Enterprise Scheme for establishing, harvesting and storing energy crops.

5.2.69 Further support for the development of energy crops in Wales has been excluded by the Ministerial announcement of Glastir in May 2009. It is intended that support (through *Better Woodlands for Wales*) should be provided to encourage farmers to bring their woodlands into management ( thus providing woody biomass as an output) where there is a local demand.

### **Measures**

5.2.70 The Fiches for each of the measures being implemented are at Appendix 1.

### **5.3. *Axis 3: Quality of Life in Rural Areas and Diversification of the Rural Economy.***

**Axis 4: *Implementation of the Leader approach.***

### **Implementing Axes 3 and 4**

5.3.1 Regulation 1698/2005 allows for an Axis 3 Partnership with an Axis 3 Local Development Strategy and an Axis 4 Local Action Group (LAG) with an Axis 4 Local Development Strategy. However, it is the view of the Welsh Assembly Government that delivering these two Axes together is

essential in order to promote closer integration of funding streams and programmes and ensure coherence and co-operation at the local level. It is also believed that implementing the Axes in this way will allow them to make a greater contribution to a more sustainable society, economy and environment for rural Wales.

- 5.3.2 This is why, following detailed discussions with local partners, it has been decided to have a single combined Axis 3 and Axis 4 Partnership for each Local Authority area (to ensure compliance with the Axis 4 population thresholds). The Axis 4 LAG will be a full member of this Partnership but will be a separate entity and will fully comply with the requirement set out in Articles 61 and 62(1) of Regulation 1698/2005 and will manage the implementation of Axis 4 activities. In selecting the LAG due regard will be given to the need for innovation, along with the other key principles of the Leader approach, and to existing experience and expertise in each area. The Local Partnership will submit an integrated Local Development Strategy covering Axis 3 and Axis 4 in separate yet interlinked sections.
- 5.3.3 Both Axes will operate in those areas of Wales identified as “rural” through the recent Rural Areas Definition exercise as explained in Section 3.1 of Part 2, paragraphs 11 to 17. It is intended to achieve pan Wales coverage by creating 18 combined Partnerships, and 18 LAGs (which will build upon the seven LAGs supported under LEADER+). The achievement of such a comprehensive network of LAGs will ensure equity of access to the programme, consistency of approach and facilitate the exchange of ideas, good practice and cross-border joint working. It will also facilitate networking between LAGs and encourage participation in co-operation projects.
- 5.3.4 Local partners have indicated a wish to expand the remit of the combined Partnership and Local Development Strategy to cover other programmes, such as the Regional Competitiveness and Employment Programme, and initiatives operating within Wales. Whilst this is clearly desirable as a means of maximising the synergy and hence impact of funding available to an area, it has been made clear that if this option is selected, the activities attributable to Axes 3 and 4 have to be clearly and separately defined in all documentation to allow for monitoring of expenditure and physical progress and for evaluation and reporting purposes.
- 5.3.5 It is recognised that the scope exists for Axis 3 to be delivered entirely through Axis 4 LAGs and this was given careful consideration and in the proposed structure, Axis 4 LAGs can deliver some or all of the activities under Axis 3, on behalf of the Local Partnership. However the capacity and maturity of LAGs in Wales differs so not all LAGs will deliver activities under Axis 3 in addition to their Axis 4 delivery. Whether or not the Axis 4 LAG delivers on Axis 3 activities, linking the LAG with the more traditional Axis 3 partners under the Local Partnership will help raise awareness and encourage the adoption of the Leader methodology. The wider membership of the combined Local Partnership, and its links to other funding sources, will ensure that activities developed within the LAG will have access to a greater range of funds and be more likely to receive support when ready for mainstreaming.

- 5.3.6 In terms of the activities to be supported under the Axes, as stated in the Situational Analysis, needs vary considerably from area to area. In order to be responsive to the needs and ideas coming forward from grass-roots at which these Axes can make the most difference and from previous experience, research and extensive consultation, it has been decided that if we are to achieve the maximum benefit for our rural communities and businesses from the funding available, the activities, how, where and what priority is attached to them have to be made at proposed by the Local Partnership and LAG, submitted to the Welsh Assembly Government for approval.
- 5.3.7 Accordingly the RDP is limited to setting out the overall objectives that link to the wider Welsh Assembly Government objectives and providing a broad framework for the scope and actions permitted. The specific sections on Axis 3 and Axis 4 which follow do not therefore list priorities, definitive activities, sectors, services or geographic areas and neither do the Measure Fiches in Appendix 1 as these will be compiled once the activities of the Partnerships and LAGs have been assessed and approved. However, in completing the Fiches it has been possible to make indicative allocations of funding to the different Measures and make a provisional assessment of targets etc. by drawing upon experience of previous programmes (e.g. LEADER+). A list of mandatory common target groups has been set for both Axes, although the Partnership and LAG can add to these if the needs of their area require it, and these are also shown in the Fiches.
- 5.3.8 The risk inherent in this approach is fully understood and a thorough, two-stage assessment process has been implemented which is set out in more detail in paragraphs 5.3.10 to 5.3.16 below. It is also recognised that this approach could have raised difficulties in reporting against indicators and targets etc. to the Commission but this has also been addressed with a detailed and sophisticated monitoring and evaluation system which was originally developed to monitor the LEADER+ programme and which has been refined and extended to meet the requirements of the RDP.
- 5.3.9 To ensure continuity and address some of the issues that adversely affect the delivery of community regeneration activities and the Leader approach in particular, it is intended to approve the Partnership, Local Development Strategy and the LAG for the full period of the RDP i.e. 2007-2013 subject to a mandatory mid-point review. There will also be the opportunity for more frequent reviews to allow proposals for an area to be modified to take account of changes in the local situation, national/regional programmes etc.

### **Selection of Operations/Projects**

- 5.3.10 A total of 18 Local Development strategies from 18 Local Authority areas were submitted for assessment. The process involved external and internal stakeholders. Scoring criteria for the strategies was developed based on the content of the application and guidance documentation originally sent to applicants. (A copy of the scoring criteria is at Annex H.)
- 5.3.11 The total score available for LDS assessment was 45. The scoring mechanism included a quality threshold of 20 marks, below which the application would be

rejected. A score of between 20 and 29 would be an approval, with areas for improvement noted. A score of 30 or above would merit unconditional approval. Initially, a benchmarking exercise was undertaken. After this phase, the plans were scored individually. Then, as a final adjudication exercise, plans were selected at random for second scoring.

5.3.12 Selection of Axis 4 Local Action Groups by Axis 3 Partnerships was based on criteria set out in Measure Fiche 41, in addition to the requirements of Article 61 and Article 62(1) of Regulation 1698/2005.

5.3.13 For both Axes, operations and projects will be selected through the development of Business Plans which will underpin the Local Development Strategy. The Business Plans will be commissioned once the Partnership, Local Development Strategy and LAG have been approved. The selected measures will provide for capital and/or revenue expenditure as appropriate. As regards Axis 4, the LAGs will choose the projects to be financed under the Local Development Strategy although the projects will be required to deliver against the objectives of the Local Development Strategy as a whole and have the support of the wider Partnership.

5.3.14 Business Plans will be subjected to a competitive bidding process as laid down in Regulation 1698/2005. Significant importance is being placed on the quality and substance of the Business Plans in the context of the Local Development Strategy. It is conceivable that a weak business plan will be rejected even though it contains some strong projects. Business Plans will form part of the future monitoring of progress against the declared strategic objectives under the approved Local Development Strategy.

5.3.15 At a secondary level project applications, submitted as component parts of the Business Plan, will be included in the competitive bidding process (with the exception of exploratory activities designed to initiate and develop new co-operation projects). Different arrangements will apply to services provided using the additional funding made available for broadband as part of the European Economic Recovery Package. This funding will be used to enhance activity that the Welsh Assembly Government is already undertaking to address the broadband needs of rural Wales. A project proposal to cover the whole of rural Wales will be appraised and approved by the Managing Authority. Local Partnerships can be involved in the selection of actions for their areas.

5.3.16 There will be two bidding rounds and Business Plans are to be submitted as follows:-

Business Plan One – to cover period 1 January 2008 to 31 December 2010  
Business Plan two – to cover period 1 January 2011 to 30 September 2013.

## **Target Groups**

5.3.17 In accordance with Article 62 (b) of Regulation 1698/2005 priority will be given under both Axes to women and young people, including young farmers. In addition, the following target groups, in no order of priority, are of particular

importance to rural Wales and their needs should be considered in developing the Local Development Strategy:

- Micro and small enterprises (including farming families).
- Welsh speaking communities.
- Black & Minority Ethnic Groups.
- Children.
- The elderly.
- The under-employed.

This list is not exhaustive and Partnerships/LAGs are able to add additional target groups to address the needs of their specific areas if required.

### **Areas with a population outside thresholds**

5.3.18 In compliance with Article 36(3) of Regulation 1698/2005 all areas covered by this combined approach fall within the 5,000 – 150,000 population threshold.

### **Financial Circuits**

5.3.19 To ensure compliance with the Regulations 1290/2005, 883/2006, 885/2006, 1320/2006 and 1975/2006, it is proposed, subject to further discussion at expert level, that the financial activities of the combined Partnerships will be undertaken by a Finance Co-ordinator who will be the appropriate Finance/Audit department of the relevant Local Authority (see section 11.6 – 11.9). If this approach is implemented the Finance Co-ordinator will operate under a Service Level Agreement with the Welsh Assembly Government and will be subject to the controls required under the Regulations listed above. In the case of LAGs, it is expected that the Finance Co-ordinator will act on their behalf in processing payments etc. although some mature LAGs may be judged capable of undertaking this for themselves and then accounting for their activities to the Co-ordinator.

### **Running Costs**

5.3.20 In compliance with Articles 36(c) and 38 of Regulation 1974/2006, the running costs of the elements of the combined Partnership shall not exceed 15% of the public expenditure relating to the Local Development Strategy for Axis 3 and 20% of the total public expenditure relating to the Local Development Strategy for Axis 4. For Axis 4, this limit will include the costs related to the participation in activities of national network activities.

### ***Axis 3: Quality of Life in Rural Areas and Diversification of the Rural Economy***

5.3.21 Articles 52 to 60 of Regulation 1698/2005 make provision for resources to be applied in a range of measures promoting improvements to the quality of life in rural areas and diversification of the rural economy.



## **Rationale**

5.3.22 As identified in Part 2, compared to European averages, much of rural Wales is characterised by relatively weak economic performance, by community fragility as a result of relatively low incomes and demographic changes (young people leaving the local countryside and older people moving in from urban locations or buying second homes), together with a loss of local services or local market failure as a result of economic change. These changes have led to a downward economic spiral of declining quality job opportunities in a low wage economy for many people in rural Wales, declining access to services, environmental disbenefits and increasing travel distances.

5.3.23 In order to ensure that these resources lead to a long term self-sustaining improvement across rural Wales, it is important that existing strengths are built upon and developed by complementing a spatially targeted bottom-up endogenous approach with a clear strategic direction, using local area-based partnerships to develop and implement appropriate local development strategies.

## **Objectives**

5.3.24 The objectives of the measures to be adopted are to address the key weaknesses identified in the SWOT, particularly increasing economic performance and income levels and improving quality of life, by:

- Providing a broader range of better-paid employment opportunities.
- Helping to raise economic activity rates.
- Enhancing or providing additional mainstream services for the rural economy.
- Providing openings for future economic development, including tourism and craft activities.
- Improving the physical environment of villages and conserving the rural heritage.
- Addressing social exclusion by improving access to a range of services and developing better links between remote and more densely populated areas.

## **Scope and Actions**

5.3.25 The activities to be supported will be wide ranging but will in particular be used to contribute to the overarching priority of improving employment opportunities; promote endogenous capacity building, skills acquisition and organisation for local strategy development; and also help ensure that rural areas can remain attractive for future generations.

5.3.26 In general, support will favour partnership-led projects that demonstrate effective and inclusive partnership involvement and complement other local strategies. Key areas for action will include:

- Broadening the sources of entrepreneurship and developing higher value business opportunities to deliver a better range of well-paid employment opportunities.
- Enhancing and providing additional support and services for the rural economy, including the environment.
- Addressing gaps in skills provision and non-mainstream training to develop personal and community level confidence and abilities to take actions to meet needs.
- Encouraging developments which add value to the human resource, environmental heritage, produce and business resources, waste and resource management of an area.
- Supporting activities that strengthen the value and length of the tourism season of an area, including support for craft activities.
- Improving the physical environment of villages, conserving the rural heritage and the promotion of local environmental quality.
- Addressing social exclusion across a wide range of sectors, including improving the service delivery and tackling local community transport issues.
- Encouraging the development of products and activities that make best sustainable use of natural resources, including new energy production methods and using local ecology, habitats and biodiversity as tourism attractants.
- Establishing and/or expanding community-led initiatives including building capacity within local groups and structures, including essential skills for group management.

## **Measures**

5.3.27 The Fiches for each of the measures being implemented are at Appendix 1.

### ***Axis 4: Implementing the Leader Approach***

5.3.28 Articles 61 to 65 of Regulation 1698/2005 make provision for supporting the implementation of the Leader approach with Article 61 setting out the minimum requirements.

## **Rationale**

5.3.29 There is a solid body of research and empirical evidence to show that sustainable regeneration of communities is best achieved through the direct involvement of communities themselves. The operation and evaluation of LEADER+ Programme, its predecessors and other programmes using the Leader approach to deliver their objectives in Wales has confirmed that there are several key elements to which their success can be attributed. Because they are bottom-up, participative, holistic, synergistic and non-risk averse it makes the approach extremely efficient and effective in securing the initial engagement of rural communities in the identification of problems and regeneration strategies and further encourages them to remain engaged.

5.3.30 For these reasons, the Leader approach forms a fundamental part of our rural community regeneration strategy which also contributes to the horizontal

priority of improving governance and mobilising the endogenous development potential of rural areas. The key features of the Leader approach will be as follows:

- a) Area-based local development strategies intended for well-identified sub-regional rural territories.
- b) Local public-private partnerships (to be known as Local Action Groups (LAGs)).
- c) Bottom-up approach with a decision-making power for LAGs concerning the elaboration and implementation of local development strategies.
- d) Multi-sectoral design and implementation of the strategy based on the interaction between actors and projects of different sectors of the local economy.
- e) Implementation of innovative approaches.
- f) Implementation of co-operation projects.
- g) Networking of local partnerships.

5.3.31 Activities undertaken under Axis 4 will link closely with those undertaken under Axis 3 and will also assist with the delivery of elements of Axes 1 and 2, plus a domestically funded rural community regeneration programme, Rural Community Action (RCA), which targets community capacity building.

## **Objectives**

5.3.32 The LEADER approach will be utilised across the Axes and will take full advantage of the benefits that its holistic and innovative elements can bring. Given the specific remit on innovation and piloting new approaches, Axis 4 proposals will prioritise 'new' processes, 'new' products and 'new' approaches where 'new' can be linked to the approach, the concept, the geographic area or the sector concerned. Axis 4 activity will also contribute to the horizontal priority of improving governance and mobilising the endogenous development potential of rural areas of Wales.

## **Scope and Actions**

5.3.33 The scope and actions under Axis 4 will be wide-ranging and will be geared towards the broader rural economy comprising multi-sectoral needs for endogenous rural development. Innovative and pilot projects will be undertaken using the bottom-up, holistic approach and maximising grass-roots community engagement.

5.3.34 Prioritised local actions will focus on fulfilling regional and national strategies aimed at making rural areas more attractive, reversing the trend towards economic and social decline and depopulation of the countryside. In the broadest sense, Axis 4 actions will be centred on five economic themes:

- Stakeholder partnership activity.
- Area identity and new product development.
- The natural environment.
- Sustainable rural services.
- Outdoor activities, tourism development and well-being.

5.3.35 In so doing, emphasis will be placed on entrepreneurship, adding value and improving quality of local products and making the best use of natural and cultural resources. Actions will seek to deliver local priorities in a co-ordinated manner and to improve local governance and development potential through capacity building and needs audits. Key actions will include:

- Developing Local Action Groups and building local partnership capacity, animation and promotion of skills acquisition.
- Improving endogenous development potential through capacity building and needs audits.
- Improving local governance by fostering innovative approaches to linking agriculture, forestry and the local economy, thereby helping to diversify the economic base and strengthen the socio-economic fabric of rural areas.
- Community capacity building and empowerment.
- Facilitating links between sectors and between public/private/voluntary and community groups.
- Support for innovation and entrepreneurship.
- Piloting of new products and approaches including dissemination of best practice.
- Support for co-operative development including infrastructure; and Encouragement of on-line communities to disseminate knowledge, exchange good practice and innovation in rural products and services.

**Indicative Estimate of Expenditure under Article 59 (a) to (d) of Regulation (EC) No. 1698/2005 which will be used for skills acquisition and animation for the LEADER Axis**

5.3.36 It is not currently possible to give an indicative estimate of the share of expenditure which will be used for skills acquisition and animation for the Leader Axis. The position will become clearer as potential applicants put forward proposals for Partnerships, Local Development Strategies and Local Action Groups.

**Measures**

5.3.37 The Fiches for each of the measures being implemented are at Appendix 1.

**Table 5.3.6** List of types of operations referred to in Article 16a of Regulation (EC) No 74/2009 and up to the amounts referred to in Article 69(5a) of that Regulation.

Measure	Types of operations	Potential effects	Existing' or 'New' type of operation (E or N)	Reference to the description of the type of operation in the RDP	Output indicator – target				
					Number of holdings supported	Total area supported (Ha)	Physical area supported (Ha)	Number of contracts	Number of actions related to genetic resources
121	Improve efficiency of nitrogen fertiliser use	Reduction of methane and Nox emissions	N	ACRES	200			200	
	Innovative operations to enhance water management	Improvement of the capacity to use water more efficiently and to improve water quality	N	ACRES	150			150	
	Water saving technologies	Improvement in the capacity to use water more efficiently	N	ACRES	150			150	
	Improvement of energy efficiency	Reduction of CO2 emissions	N	ACREs	350			350	
214	Improve efficiency of nitrogen fertiliser use (e.g. reduced use, equipment, precision agriculture), improvement of manure storage	Reduction of methane (CH4) and nitrous oxide (N2O) emissions	N	Glastir	2000	48000	48000	2000	

Soil management practices (e.g. tillage methods, catch crops, diversified crop rotations)	Reduction of nitrous oxide (N <sub>2</sub> O), carbon sequestration, adaptation to the effects of climate change on soil	<b>N</b>	Glastir	1000	8500	8500	1000
Extensification of livestock (e.g. reduction of stocking density) and grassland management	Reduction of methane (CH <sub>4</sub> ) and nitrous oxide (N <sub>2</sub> O)	<b>N</b>	Glastir	500	48000	48000	500
Wetland restoration including upland organic soils	Conservation of high-value water bodies, protection and improvement of water quality, sequestration of soil carbon	<b>N</b>	Glastir	1500	29000	29000	1500
Development of semi-natural water bodies	Conservation of high-value water bodies, protection and improvement of water quality	<b>N</b>	Glastir	10	5	5	10
No application of fertilizer and pesticides on agricultural land classified as semi-natural /habitat land	Conservation of species-rich vegetation types, protection and maintenance of grasslands	<b>N</b>	Glastir	1400	65000	65000	1400
Extensive forms of livestock management	Conservation of species-rich vegetation types, protection and maintenance of grasslands	<b>N</b>	Glastir	140	13500	13500	140

	Conservation of species-rich vegetation types, protection and maintenance of grasslands, reduction in external inputs	<b>N</b>	Glastir	110	1700	1700	110	
Integrated and organic production								
Perennial field and riparian boundary strips	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected fauna and flora	<b>N</b>	Glastir	350	145	145	350	
Land use change (extensive grassland management, conversion of arable land to permanent pasture, long-term set-aside)	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected fauna and flora	<b>N</b>	Glastir	189	63	63	189	
Management of high nature value perennials	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of	<b>N</b>	Glastir	1981	36272	36272	1981	

		protected fauna and flora							
	Setting up and preservation of meadow orchards	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected fauna and flora	N	Glastir	310	90	90	310	
	Land use change (e.g. conversion of arable land to pastures, permanent set-aside)	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats, conservation of protected fauna and flora	N	Glastir	600	2800	2800	600	
	Improvements in nutrient management, water management	<b>Improved water quality, reductions in eutrophication</b>	N	Glastir	128	2100	2100	128	

Measure	Types of operations	Potential effects	Existing' or 'New' type of	Reference to the description	Output indicator – target	
					Number of actions supported	Total volume of investment ('000 EUR)



			operation (E or N)	of the type of operation in the RDP		
321	Creation and enabling access to broadband infrastructure including backhaul facilities and ground equipment (e.g. fixed, terrestrial wireless. Satellite based or combination of technologies	n.a.	N	Measure Fiche 321	18 (One action per Local Action Group)	€3,805,620

## **Section 5.4: Cross Axis Working**

- 5.4.1 Cross Axis working is a key part of the delivery of the RDP 2007-2013 and is encouraged in order to ensure complementarity and synergy in delivery of the RDP. It will also enable the Welsh Assembly Government to take full advantage of the Leader approach and the benefits brought about through the holistic and innovative elements of that approach.
- 5.4.2 Our commitment to mainstreaming the Leader approach is evidenced by the establishment of a specific funding stream for Axis 4 which will attract 5% EAFRD plus domestic resources to make it a full part of the RDP. Activities supported through this funding stream will focus on delivering through the Leader approach and on setting up Leader groups, which will be required to, either directly or indirectly, add value to activities taking place under Axes 1, 2 and 3 and to contribute towards achieving the objectives of these Axes. The Leader groups will also play a key role in signposting potential applicants to the support and advice available to them.
- 5.4.3 As proposals are developed during early implementation of the programme, the areas where cross axis linkages should occur will become clearer. However, the areas where synergies and added value are currently most obvious are set out by Axis below:

### **Axis 1**

- Delivery of elements of Farming Connect e.g. facilitation role and new entrants scheme (although this is likely to be through tender procedures and not all Leader Local Action Groups will want to participate in this and there can be no guarantee of success in obtaining the work).
- Delivery of advice and training on diversification not covered by Farming Connect either into alternative agricultural/forestry activities or into other sectors including helping with piloting new ideas, small scale product development and marketing.
- Delivery/co-ordination of non-vocational training not covered by Farming Connect that has a land-based application e.g. dry-stone walling, traditional building skills, alternative crop management, equipment handling etc.
- Development/co-ordination of local food initiatives in partnership with the wider Agri-food strategy to support the creation of local food schemes (within state aid provisions), community supported agriculture, food co-operatives, food trails, local box schemes, local produce fairs/events etc., developing links between local producers/retailers/communities.

### **Axis 2**

- Small scale environmental schemes focused on communities that complement activities supported through agri-environment schemes but which do not take place on agricultural land.
- Small scale habitat schemes that provide a local community resource plus wildlife benefits and the potential for an economic return.

- Promoting the economic benefits of good environmental practice through awareness raising, exemplar community based schemes, and green business practices.
- Piloting sustainable development techniques and integrating them into community regeneration projects.
- Piloting recycling approaches and options for community based recycling schemes and proposals to use recycled products.
- Piloting the use of alternative energy sources e.g. community use of biofuels, community energy generation, woodchip usage, small scale hydropower.

### ***Axis 3 and Axis 4***

5.4.4 In a major commitment to both the Leader approach and cross Axis working, the Welsh Assembly Government has decided to combine the delivery of Axes 3 and 4. This will allow the innovative, cross sectoral, integrated Leader approach to feed directly into the activities delivered under Axis 3 and provide a direct route for moving successful Leader activity onto the next stage. Further, it will (a) encourage those receiving support through Axis 3 to consider alternative approaches, (b) help identify partners outside the spheres they might normally consider, and (c) help them explore ways of adding further value to activities e.g. alternative uses for community facilities, social enterprise options, development of clusters and other spin-off benefits.

5.4.5 In addition, activities within Axis 1 and 2 will add value to each other and to the different schemes within them. For example, Farming Connect will play a valuable role in sign-posting farmers to appropriate support and advice and work with the agri-food/forestry development agenda to promote the messages and reinforce the need for appropriate skills. Schemes in Axis 2 will assist with the achievement of high environmental and livestock standards necessary to meet the high product quality required for the agri-food development programme as well as working to meet obligations within the Axis on a range of key environmental issues including climate change, water quality/quantity, air quality and diffuse pollution.

### ***Cross-Cutting Themes***

5.4.6 In addition to cross axis working there will be three cross-cutting themes for the RDP. These are young people from across the rural community, organics, both production and produce, and energy efficiency.

### ***Young People***

5.4.7 Given the demographic imbalance in rural areas it is essential that we invest in our young people both in terms of vocational skills and wider life skills. For this reason all the Axes will include measures that either directly target young people or have them as a designated target group.

## ***Organics***

5.4.8 In terms of organic production methods and produce, the environmental and economic returns are a significant consideration for all the Axes and although the key support will come from Axis 2 measures under the other Axes will also take full advantage of the opportunities offered by this sector.

## ***Energy Efficiency***

5.4.9 It is essential that the RDP meets its full potential in delivering against renewable and energy efficiency targets and priorities. Two key aspects of this are to improve energy efficiency and reduce the demand for energy in rural communities and businesses. For this reason the sustainability and energy footprint of projects will be taken into consideration during assessment and farmers, foresters, other rural businesses and communities will be able to access advice on energy usage and reducing energy consumption.

## SECTION 6: The Financing Plan

- 6.1 In accordance with Article 16(d) of Regulation 1698/2005 this section provides a summary of all the financing arrangements for the Rural Development Plan for Wales 2007-2013. It includes the tables required by Annex 2 of Regulation 1974/2006, but also includes supplementary tables showing additional funding which will be spent on rural development support over the seven-year period. The RDP will be funded from a variety of different sources:
- The European Agricultural Fund for Rural Development (EAFRD) and national co-financing.
  - 'New' voluntary modulation system in accordance with Council Regulation 378/2007 and national co-financing.
  - 'Old' voluntary modulation system in accordance with Commission Regulation 1655/2004 and national co-financing.
  - State aid National top ups notified in accordance with Article 16(f) of Regulation EC (No) 1698/2005.
- 6.2 Table 6.0 below is a supplementary table to those required by the Regulations and is provided for information only. It provides an overall summary of all planned public expenditure by Axis and funding source, with the European contributions shown separately. This includes all expenditure, which is later reflected in Chapters 7 and 8, and so gives a comprehensive summary of all planned expenditure under the RDP. When viewed with Table 7.1 this helps to demonstrate that the minimum expenditure per Axis requirements from Article 17 of Regulation 1698/2005 (which apply to EAFRD and new voluntary modulation funds only) are being observed.
- 6.3 It also shows a summary of total expenditure in Sterling. The exchange rate used for planning purposes was €1 = £ 0.68 between 1<sup>st</sup> January 2007 and 31<sup>st</sup> March 2011, and €1 = £0.80 for the remaining period of the plan.
- 6.4 A brief summary of the information provided in the other tables is as follows:
- **Table 6.1:** the annual contribution from the EAFRD. This represents the Wales share of the UK's allocation as detailed in Commission Decision 636 of 2006.
  - **Table 6.2a-e:** the allocation of funding from Table 6.1 which will be spent in the non-convergence and convergence regions of Wales, along with the expenditure resulting from new voluntary modulation (in accordance with Council Regulation 378 of 2007), new compulsory modulation and the European Economic Recovery Package. This also includes the EAFRD contribution rates which are set at Axis level and used to determine the total public contribution.
  - **Table 6.2f:** a summary of the information provided in tables 6.2a-e. This reflects the full amount of expenditure from the EAFRD, but excludes state

aid and old voluntary modulation funding, which is shown in tables 8.1 and 8.2.

- **Table 7.1:** (see Chapter 7): a summary of the information in tables 6a-e at measure level. This includes all funding expected from the EAFRD.
- **Table 8.1:** (see Chapter 8): a summary of state aid top ups.

6.5 The table below sets out the detail of existing Voluntary Modulation (1655/2004) expenditure.

<b>Measure Code</b>	<b>Description</b>	<b>Voluntary Modulation contribution<sup>1</sup></b>	<b>Public expenditure</b>
<b>214</b>	<b>Agri-environment</b>	<b>24,558,823</b>	<b>49,117,646</b>

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<sup>1</sup> In accordance with regulation 1655/2004, existing voluntary modulation is co-financed at the rates notified in the RDP 2000-2006.

**Section 6: Financing plan**

**Table 6-0 - Overall Programme Summary 2007- 2013 – Provided for Information Only**

AXIS	FUNDING SOURCE	In EUR			% EAFRD (ex old VM)	In Sterling	
		Public Expenditure	% Public Expenditure	EAFRD Contribution		Public Expenditure	EAFRD Contribution
<b>AXIS 1</b>	EAFRD	76,846,556		38,423,278		58,629,006	29,314,503
	EAFRD - Convergence	23,512,733		17,634,550		18,695,110	14,021,333
	New Voluntary Modulation	17,543,535		9,648,944		13,449,119	7,397,015
	New Compulsory Modulation	6,250,000		3,437,500		5,000,000	2,750,000
	State Aid Top Ups	9,801,142		0		7,543,082	0
<b>TOTAL AXIS 1</b>		<b>133,953,966</b>	<b>12.3%</b>	<b>69,144,272</b>	<b>18.3%</b>	<b>103,316,317</b>	<b>53,482,851</b>
<b>AXIS 2</b>	EAFRD	232,578,646		65,771,814		181,597,391	51,456,415
	EAFRD - Convergence	276,349,694		77,351,609		215,691,849	60,480,432
	New Voluntary Modulation	56,438,627		31,041,245		43,466,939	23,906,817
	New Compulsory Modulation	68,392,467		37,615,857		54,713,974	30,092,686
	State Aid Top Ups	86,281,973		0		62,233,097	0
	Old Voluntary Modulation	49,117,648		0		34,562,864	0
<b>TOTAL AXIS 2</b>		<b>769,159,055</b>	<b>70.4%</b>	<b>211,780,525</b>	<b>56.0%</b>	<b>592,266,114</b>	<b>165,936,348</b>
<b>AXIS 3</b>	EAFRD	43,080,136		21,540,068		34,855,246	17,427,623
	EAFRD - Convergence	31,571,612		23,678,709		25,394,272	19,045,704
	EERP	1,902,810		1,630,980		1,522,248	1,304,784
	New Voluntary Modulation	15,343,055		8,438,680		12,378,905	6,808,398
	State Aid Top Ups	18,391,883		0		14,809,248	0
<b>TOTAL AXIS 3</b>		<b>110,289,496</b>	<b>10.1%</b>	<b>55,288,437</b>	<b>14.6%</b>	<b>88,959,919</b>	<b>44,586,509</b>
<b>AXIS 4</b>	EAFRD	26,511,462		14,581,304		21,425,722	11,784,147
	EAFRD - Convergence	28,969,618		15,933,290		23,284,275	12,806,351
	New Voluntary Modulation	0	<b>5.1%</b>	0	<b>8.1%</b>	0	0

<b>TOTAL AXIS 4</b>		<b>55,481,081</b>		<b>30,514,594</b>		<b>44,709,998</b>	<b>24,590,499</b>
<b>Technical Assistance</b>	EAFRD	23,300,118	<b>2.1%</b>	11,650,059	<b>3.1%</b>	18,126,787	9,063,393
<b>TOTAL</b>		<b>1,092,183,716</b>	<b>100%</b>	<b>378,377,887</b>	<b>100%</b>	<b>847,379,133</b>	<b>297,659,600</b>



## Annual contribution from EAFRD

**Table 6-1 - Annual Contribution from the EAFRD (in EUR)**

Year	2007	2008	2009	2010	2011	2012	2013	2007-2013
Non Convergence Regions	26,614,520	27,733,765	26,718,953	26,943,141	26,577,491	9,573,964	7,804,689	151,966,523
Convergence Regions	13,800,420	14,792,873	14,353,798	14,460,316	14,285,426	30,841,816	32,063,509	134,598,158
Voluntary Modulation	0	0	8,841,395	9,008,285	11,710,364	11,242,810	8,326,015	49,128,869
Additional Funds from Article 69(5a) of Regulation (EC) No 1698/2005 - non convergence region	0	0	239,850	1,629,209	2,200,418	2,936,204	3,665,403	10,671,084
Additional Funds from Article 69(5a) of Regulation (EC) No 1698/2005 - convergence region	0	0	719,550	4,887,629	6,601,254	8,808,612	10,996,208	32,013,253
<b>Total</b>	<b>40,414,940</b>	<b>42,526,638</b>	<b>50,873,546</b>	<b>56,928,580</b>	<b>61,374,953</b>	<b>63,403,406</b>	<b>62,855,824</b>	<b>378,377,887</b>

## Financial plan by axis (in EUR total period)

Table 6-2a - Non-convergence regions

Axis	Public contribution			Indicative EAFRD contribution rate for the period 2007-2013 (%)
	Total public	EAFRD contribution rate applicable for calculating EAFRD Payments (%)	EAFRD amount	
Axis 1	76,846,556	50%	38,423,278	
Axis 2	232,578,646	30%	65,771,814	28.28%
Axis 3	43,080,136	50%	21,540,068	
Axis 4	26,511,462	55%	14,581,304	
Technical Assistance	23,300,118	50%	11,650,059	
<b>Total</b>	<b>402,316,918</b>		<b>151,966,523</b>	

Table 6-2b – Convergence Regions

Axis	Public contribution			Indicative EAFRD contribution rate for the period 2007-2013 (%)
	Total public	EAFRD contribution rate applicable for calculating EAFRD Payments (%)	EAFRD amount	
Axis 1	23,512,733	75%	17,634,550	
Axis 2	276,349,694	30%	77,351,609	27.99%
Axis 3	31,571,612	75%	23,678,709	
Axis 4	28,969,618	55%	15,933,290	
Technical Assistance	0	0%	0	
<b>Total</b>	<b>360,403,657</b>		<b>134,598,158</b>	

**Table 6-2c - Voluntary Modulation (in EUR total period)**

Axis	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	17,543,535	55%	9,648,944
Axis 2	56,438,627	55%	31,041,245
Axis 3	15,343,055	55%	8,438,680
Axis 4	0	0%	0
Technical Assistance	0	0%	0
<b>Total</b>	<b>89,325,217</b>		<b>49,128,869</b>

**Table 6.2d – Additional Funds from Article 69(5a) of Regulation (EC) No 1698/2005 - non convergence region**

Axis	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	1,562,500	55%	859,375
Axis 2	17,098,117	55%	9,403,964
Axis 3	543,660	75%	407,745
Axis 4	0	0%	0
Technical Assistance	0	0%	0
<b>Total</b>	<b>19,204,277</b>		<b>10,671,084</b>

**Table 6.2e – Additional Funds from Article 69(5a) of Regulation (EC) No 1698/2005 - convergence region**

Axis	Public contribution		
	Total public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	4,687,500	55%	2,578,125
Axis 2	51,294,350	55%	28,211,893
Axis 3	1,359,150	90%	1,223,235
Axis 4	0	0%	0
Technical Assistance	0	0%	0
<b>Total</b>	<b>57,341,000</b>		<b>32,013,253</b>

**Table 6.2f – Summary table (in EUR total period)**

Axis	Public contribution		
	Total public	EAFRD amount	% of EAFRD total
Axis 1	124,152,824	69,144,272	18.3%
Axis 2	633,759,434	211,780,525	56.0%
Axis 3	91,897,613	55,288,437	14.6%
Axis 4	55,481,081	30,514,594	8.0%
Technical Assistance	23,300,118	11,650,059	3.1%
<b>Total</b>	<b>928,591,069</b>	<b>378,377,887</b>	

**Table 6.3 Indicative budget related to operations referred to in Article 16a of Regulation (EC) No 1698/2005 between 1 January 2009 and 31 December 2013 (Article 16a(3)(b) up to the amounts specified in Article 69(5a) of Regulation (EC) No 1698/2005**

Axis/Measure	EAFRD contribution for 2009-2013
Axis 1	
Measure 121	3,437,500
<b>Total Axis 1</b>	<b>3,437,500</b>
Axis 2	
Measure 214	27,979,872
Measure 216	0
Measure 221	5,135,500
Measure 223	849,063
Measure 227	3,651,422
<b>Total Axis 2</b>	<b>37,615,857</b>
Axis 3	
Measure 321	
- Related to priorities listed in Article 16a(1), points (a) to (f) of Regulation (EC) No 1698/2005	0
- Related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	1,630,980
<b>Total Axis 3</b>	<b>1,630,980</b>
- Related to priorities listed in Article 16a(1), points (a) to (f) of Regulation (EC) No 1698/2005	0
- Related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	1,630,980
<b>Total programme</b>	<b>42,684,337</b>
Total under Axis 1, 2, 3 and 4 related to priorities listed in Article 16a(1), points (a) to (f) of Regulation (EC) No 1698/2005	41,053,357
Total under Axis 3 and 4 related to priorities listed in Article 16a(1), point (g) of Regulation (EC) No 1698/2005	1,630,980

**SECTION 7: The Financing Plan - Indicative breakdown by measure, showing private as well as public expenditure**

**Table 7-1 - Indicative breakdown by Rural Development Measure (in EUR, total period)**

<b>Measure/Axis</b>	<b>Total Public expenditure</b>	<b>EAFRD Expenditure</b>	<b>Private Expenditure</b>	<b>Total Cost</b>
111 - Vocational training and information for agricultural, food and forestry sectors	31,526,739	17,683,224	6,305,348	<b>37,832,087</b>
114 - Use by farmers and foresters of advisory services	1,391,693	851,892	723,680	<b>2,115,373</b>
121 - Modernisation of agricultural holdings	8,700,647	4,756,970	9,831,731	<b>18,532,378</b>
123 - Adding value to agricultural and forestry products	49,959,378	28,970,675	25,978,877	<b>75,938,255</b>
124 - New products, processes and technologies	32,574,367	16,881,511	8,469,336	<b>41,043,703</b>
<b>Total Axis 1</b>	<b>124,152,824</b>	<b>69,144,272</b>	<b>51,308,972</b>	<b>175,461,796</b>
212 - Payments to farmers in areas with handicaps, other than mountain areas	117,797,065	31,860,719	0	<b>117,797,065</b>
214 - Agri-environment payments	457,150,295	157,689,636	114,287,574	<b>571,437,869</b>
216 - Support for non-productive investments	13,628,907	4,786,467	13,628,907	<b>27,257,814</b>
221 - First afforestation of agricultural land	25,261,006	9,641,841	15,358,691	<b>40,619,697</b>
223 - First afforestation of non-agricultural land	2,961,896	1,258,453	1,800,833	<b>4,762,729</b>
227 - Support for non-productive investments (forestry)	16,960,265	6,543,409	10,311,841	<b>27,272,106</b>
<b>Total Axis 2</b>	<b>633,759,434</b>	<b>211,780,525</b>	<b>155,387,846</b>	<b>789,147,280</b>
311 - Diversification into non-agricultural activities	3,791,859	2,352,018	189,593	<b>3,981,452</b>

312 – Support for the creation and development of micro-enterprises	12,332,317	7,029,415	616,616	<b>12,948,933</b>
313 - Encouragement for tourism activities	17,356,225	9,835,901	867,811	<b>18,224,036</b>
321 - Basic services	17,604,900	10,940,053	880,245	<b>18,485,145</b>
322 - Village renewal	8,756,279	5,048,159	437,814	<b>9,194,093</b>
323 - Conservation and upgrading of the rural heritage	12,845,391	8,077,481	642,270	<b>13,487,661</b>
331 - Training and information for economic actors	4,575,259	2,831,826	228,763	<b>4,804,022</b>
341 - Skills acquisition for preparation/ implementation of local development strategies	14,635,383	9,173,584	0	<b>14,635,383</b>
<b>Total Axis 3</b>	<b>91,897,613</b>	<b>55,288,437</b>	<b>3,863,112</b>	<b>95,760,725</b>
411 - Competitiveness	8,260,120	4,543,066	413,006	<b>8,673,126</b>
412 - Improving the Environment	1,652,024	908,613	82,601	<b>1,734,625</b>
413 - Quality of life	31,388,453	17,263,649	1,569,423	<b>32,957,876</b>
421 - Transnational and inter-regional co-operation	4,935,025	2,714,264	246,751	<b>5,181,776</b>
431 - Running the local action group	9,245,458	5,085,002	0	<b>9,245,458</b>
<b>Total Axis 4</b>	<b>55,481,080</b>	<b>30,514,594</b>	<b>2,311,781</b>	<b>57,792,861</b>
<b>Total axes 1, 2, 3 &amp; 4</b>	<b>905,290,950</b>	<b>366,727,828</b>	<b>212,871,711</b>	<b>1,118,162,662</b>
511 Technical assistance	23,300,118	11,650,059	0	<b>23,300,118</b>
- of which amount for the national rural network:				<b>0</b>
- (a) running costs	462,542	231,271	0	<b>462,542</b>
- (b) action plan	1,387,625	693,812	0	<b>1,387,625</b>
<b>GRAND TOTAL</b>	<b>928,591,069</b>	<b>378,377,887</b>	<b>212,871,711</b>	<b>1,141,462,780</b>

## SECTION 8: The Financing Plan - Additional national financing per axis

**Table 8-1 - Additional national financing (Article 16 (f) of Regulation (EC) No 1698/2005)**

(In EUR, total period)

<b>Measure Code</b>	<b>Description</b>	<b>Total additional national financing (in EUR, total period)</b>
111	Vocational training and information for agricultural, food and forestry sectors	1,883,186
114	Use by farmers and foresters of advisory services	0
121	Modernisation of agricultural holdings	0
123	Adding value to agricultural and forestry products	4,901,800
124	New products, processes and technologies	3,016,158
<b>Total Axis 1</b>		<b>9,801,143</b>
212	Support for farmers in other handicapped areas	86,281,973
214	Agri-environmental area payments	0
216	Agri-environmental non-productive investments	0
221	First afforestation of agricultural land	0
223	First afforestation of non-agricultural land	0
227	Forestry – non-productive investments	0
<b>Total Axis 2</b>		<b>86,281,973</b>
311	Diversification into non-agricultural activities	954,756
312	Support for the creation and development of micro-enterprises	5,531,844
313	Encouragement for tourism activities	5,187,383
321	Basic services	1,323,012
322	Village renewal	943,416
323	Conservation and upgrading of the rural heritage	2,643,166
331	Training and information for economic actors	1,808,305
341	Skills acquisition for preparation/ implementation of local development strategies	0
<b>Total Axis 3</b>		<b>18,391,883</b>
<b>Total Axis 4</b>	<b>n/a</b>	<b>0</b>
<b>Total axes 1, 2, 3 &amp; 4</b>		<b>114,474,999</b>



**SECTION 9: The Elements Needed for the Appraisal under Competition Rules and, when applicable, the List of Aid Schemes Authorised under Articles 87, 88 and 89 of the Treaty to be used for the Implementation of the Programme**

9.1 For additional national funding in favour of measures or operations falling within the scope of Article 36 of the Treaty.

**Table 9A**

<b>Measure Code</b>	<b>Name of the Aid Scheme</b>	<b>Indication of Lawfulness of the Scheme</b>	<b>Duration of Aid Scheme</b>
111	Rural Development Plan for Wales 2007-2013 - Farming Connect and Farm Advisory Service	See Annex 1 to Section for information sheet completed in accordance with Commission Regulation No 794/2004	2007 – 2013
114	Rural Development Plan for Wales 2007-2013 – Farming Connect and Farm Advisory Service	See Annex 2 to Section for information sheet completed in accordance with Commission Regulation No 794/2004	2007 – 2013
123	Rural Development Plan for Wales 2007-2013 - Processing and Marketing Grant	See Annex 3 to Section for information sheet completed in accordance with Commission Regulation No 794/2004 and the Supplementary Information Sheet for Regional Aid or in conformity with the de minimis Regulation (EC) No 1998/2006	2007 – 2013
124	Rural Development Plan for Wales 2007-2013 - Supply Chain Efficiency	See Annex 4 to Section for information sheet completed in accordance with Commission Regulation No 794/2004	2007 – 2013
212	Rural Development Plan for Wales 2007-2012 – Tir Mynydd	See Annex 5 to Section for information sheet completed in accordance with Commission Regulation No 794/2004	2007 – 2012

9.2 For measures pursuant to Articles 25, 27 (for the latter only for additional national funding referred to in Article 89 of Regulation (EC) No 1698/2005) and 52 of Regulation (EC) No 1698/2005 and operations under the measures pursuant to Articles 28 and 29 of that Regulation which fall outside the scope of Article 36 of the Treaty.

**Table 9B**

<b>Measure Code</b>	<b>Name of the Aid Scheme</b>	<b>Indication of Lawfulness of the Scheme</b>	<b>Duration of Aid Scheme</b>
111	Rural Development Plan for Wales 2007-2013 - Farming Connect and Farm Advisory Service	Any aid granted under this measure for forestry businesses will be in conformity with the <i>de minimis</i> Regulation (EC) No 1998/2006	2007 - 2013
114	Rural Development Plan for Wales 2007-2013 – Farming Connect and Farm Advisory Service	Any aid granted under this measure for forestry businesses will be in conformity with the <i>de minimis</i> Regulation (EC) No 1998/2006	2007 - 2013
123	Rural Development Plan for Wales 2007-2013 - Processing and Marketing Grant Scheme	Any aid granted under this measure will be in conformity with the <i>de minimis</i> Regulation (EC) No 1998/2006	2007-2013
124	Rural Development Plan for Wales 2007-2013 - Supply Chain Efficiency	Any aid granted under this measure will be in conformity with the <i>de minimis</i> Regulation (EC) No 1998/2006	2007-2013
221	Rural Development Plan for Wales 2007-2013 – Glastir Woodland Creation Scheme – agricultural land	Any aid granted under this measure for GWC will be in conformity with Commission Decision C(2011) 4195 of 11 June 2011.	2011-2013
223	Rural Development Plan for Wales 2007-2013 – Glastir Woodland Creation Scheme –non-agricultural land	Any aid granted under this measure for GWC will be in conformity with Commission Decision C(2011) 4195 of 11 June 2011.	2011-2013
311	Rural Development Plan for Wales 2007-2013 - Axis 3 Programme – Non-agricultural diversification	Any aid granted under this measure will be in conformity with the <i>de minimis</i> Regulation (EC) No 1998/2006	2007 - 2013
312	Rural Development Plan for Wales 2007-2013 - Axis 3 Programme – micro-enterprises	Any aid granted under this measure will be in conformity with the <i>de minimis</i> Regulation (EC) No 1998/2006	2007 - 2013
313	Rural Development Plan for Wales 2007-2013 -	Any aid granted under this measure will be in conformity	2007 - 2013

	Axis 3 Programme – tourism	with the <i>de minimis</i> Regulation (EC) No 1998/2006	
321	Rural Development Plan for Wales 2007-2013 - Axis 3 Programme – basic services	Any aid granted under this measure will be in conformity with the <i>de minimis</i> Regulation (EC) No 1998/2006	2007 - 2013
321	European Economic Recovery Package - Broadband	Any aid granted under this Measure will be in conformity with the <i>de minimis</i> regulation (EC) No 1998/2006	2007-2013

<b>Measure Code</b>	<b>Name of the Aid Scheme</b>	<b>Indication of Lawfulness of the Scheme</b>	<b>Duration of Aid Scheme</b>
322	Rural Development Plan for Wales 2007-2013 - Axis 3 Programme – village renewal	Any aid granted under this measure will be in conformity with the <i>de minimis</i> Regulation (EC) No 1998/2006	2007 - 2013
323	Rural Development Plan for Wales 2007-2013 - Axis 3 Programme – rural heritage	Any aid granted under this measure will be in conformity with the <i>de minimis</i> Regulation (EC) No 1998/2006	2007 - 2013
331	Rural Development Plan for Wales 2007-2013 - Axis 3 Programme – training and information	Any aid granted under this measure will be in conformity with the <i>de minimis</i> Regulation (EC) No 1998/2006	2007 - 2013
341	Rural Development Plan for Wales 2007-2013 - Axis 3 Programme – skills acquisition	Any aid granted under this measure will be in conformity with the <i>de minimis</i> Regulation (EC) No 1998/2006	2007 - 2013

9.3. In providing the above information, the Welsh Assembly Government also gives a commitment that any cases of application of the schemes referred to in Table 9B for which individual notifications are required under State aid rules or under conditions and commitments laid down in the respective State aid approval decision, will be notified individually pursuant to Article 88(3) of the Treaty.

### Part III.12. K

#### Supplementary Information Sheet On Aid For The Provision Of Technical Support In The Agriculture Sector

*This form must be used for the notification of any state aid measure whose aim is the provision of technical support in the agricultural sector as described by chapter IV.K of the Community Guidelines for State aid in the agricultural and forestry sector 2007-2013<sup>2</sup>*

#### 1. TYPE OF AIDS

##### A. Aid to primary producers

1.1 Which of the following types of aid can be financed by the aid scheme/individual measure:

- Education and training of farmers and farm workers.
- Provision of farm replacement services.
- Consultancy services provided by third parties.
- Organisation and participation in forums to share knowledge between businesses, in competitions, exhibitions and fairs.
- Vulgarisation of scientific knowledge.

- For this aid, can you confirm that individual companies, brands or – except for products covered by Council Regulation (EC) No 510/2006<sup>3</sup> and by Articles 54-58 of Council Regulation (EC) No 1493/99 of 17 May 1999 on the common market in wine<sup>4</sup>, provided that the references correspond exactly to those references which have been registered by the Community – origin are not named?

yes       no

- factual information on quality systems open to products from other countries, on generic products and on the nutritional benefits of generic products and suggested uses for them;

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<sup>2</sup> OJ C ....

<sup>3</sup> Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs; OJ L 93, 31.3.2006 p.12

<sup>4</sup> OJ L 179, 14.7.1999, p. 1. Regulation as last amended by Regulation (EC) No 2165/2005.

- For this aid, can you confirm that individual companies, brands or – except for products covered by Council Regulation (EC) No 510/2006<sup>5</sup> and by Articles 54-58 of Council Regulation (EC) No 1493/99 of 17 May 1999 on the common market in wine, provided that the references correspond exactly to those references which have been registered by the Community – origin are not named?

yes  no

publications such as catalogues or websites presenting factual information about producers from a given region or producers of a given product.

- For this aid, can you confirm that the information and presentation is neutral and that all producers concerned have equal opportunities to be represented in the publication?

yes  no

1.2 Please describe the envisaged measures:

The Farming Connect programme will offer training and guidance to encourage farm and forestry businesses to develop and enable them to remain viable and meet future challenges in a sustainable and innovative way. The Programme will provide a support structure to encourage farm and forestry owners improve business performance and investigate opportunities to diversify and create a more sustainable future. The underlying principle of Farming Connect is to offer training and guidance to allow businesses to make informed decisions.

1.3 Will the aid for the above mentioned measures be granted in favour of large companies?

yes  no

*If yes, please note that according to point 106 of the Guidelines, the Commission will not authorise state aid for above mentioned measures in favour of large companies.*

## **B. Aid to companies active in the processing and marketing of agricultural products.**

1.4 Which of the following types of aid can be financed by the aid scheme/ individual measure:

services provided by outside consultants not being continuous or periodic activity and not related to the enterprise's usual operating expenditure;

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<sup>5</sup> Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs; OJ L 93, 31.3.2006 p.12

first participation in fairs and exhibitions.

Please describe the envisaged measure

.....  
.....

1.5 Will the aid for the above mentioned measures be granted in favour of large companies?

yes  no

*If yes, please note that according to point 106 of the Guidelines, the Commission will not authorise state aid for above mentioned measures in favour of large companies.*

**C. Aid to primary producers and companies active in the processing and marketing of agricultural products for the vulgarisation of new techniques**

1.6 Will the aid be granted in favour of other activities for the vulgarisation of new techniques, such as reasonable small scale pilot projects or demonstration projects?

yes  no

1.7 If yes please give a clear description of the project including an explanation of the novelty character of the project and of the public interest in granting support for it:

.....  
.....

1.8 Does the project respect the following conditions:

Are the number of participating companies and the duration of the pilot scheme limited to what is necessary for proper testing?

yes  no

Will the results of the pilot scheme be made publicly available?

yes  no

**2 ELIGIBLE COSTS AND AID INTENSITY**

**A. Aid to primary producers**

2.1 Concerning education and training, do the eligible costs include only the actual cost of organising the training programme, travel and subsistence expenses and the cost of the provision of replacement services during the absence of the farmer or the farm worker?

yes  no

*If no, please note that according to point 104 of the Guidelines combined with Article 15.2 of Commission Regulation (EC) No ...<sup>6</sup>, aid to cover other costs cannot be authorised.*

2.2 Concerning the farm replacement services, do the eligible costs include only the actual costs of the replacement of the farmer, the farmer's partner, or a farm worker during illness and holidays?

yes  no

*If no, please note that according to point 103 of the Guidelines combined with Article 15.2 of Commission Regulation (EC) No .../...aid to cover other costs cannot be authorised.*

2.3 Concerning consultancy services provided by third parties, do the eligible costs include only the fees for services which do not constitute a continuous or periodic activity nor relate to the enterprise's usual operating expenditure (such as routine tax consultancy services, regular legal services or advertising)?

yes  no

*If no, please note that according to point 103 of the Guidelines combined with Article 15.2 of Commission Regulation (EC) No .../... aid to cover costs of continuous or periodic activities or relating to the enterprise's usual expenditure cannot be authorised.*

2.4 In the case of organisation of/and participation in forums to share knowledge between businesses, competitions, exhibitions and fairs, do the eligible costs only include: participation fees, travel costs, costs of publications, rent of exhibition premises and symbolic prizes awarded in the framework of competitions, up to a value of EUR 250 per prize and winner?

yes  no

*If no, please note that according to point 103 of the Guidelines combined with Article 15.2 of Commission Regulation (EC) No .../... , aid to cover other costs cannot be authorised.*

2.5 Please state the aid intensity .....The aid intensity for knowledge transfer will be 100%. The aid intensity for one to one support and mentoring will be 50% (80 % for young farmers.....)

2.6 Will the aid involve direct payments to producers?

yes  no

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<sup>6</sup> Commission Regulation (EC) No 70/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises; OJ L 10, 13.1.2001, p. 33–42.

Please note that according to point 103 of the Guidelines combined with Article 15.3 of Commission Regulation (EC) No/..... aid must not involve direct payments to producers.

**B. Aid to companies active in the processing and marketing of agricultural products**

2.7 Concerning the services provided by outside consultants, are the eligible expenses limited only to costs of activities of non-continuous or non-periodic character, not relating to the enterprise's usual operating expenditure?

yes  no

*If no, please note that according to point 105 of the Guidelines combined with Article 5 of Commission Regulation 70/2001 (or any provision replacing it) aid towards financing services being a continuous or periodic activity or related to the enterprise's usual operating expenditure, such as routine tax consultancy services, regular legal services or advertising can not be authorised.*

2.8 Concerning the participation in fairs and exhibitions, are the eligible costs limited only to the additional costs incurred for renting, setting up and running the stand and apply only to the first participation of an enterprise in a particular fair or exhibition?

yes  no

*If no, please note that aid for costs other than specified in point 105 of the Guidelines combined with Article 5 of Regulation 70/2001 (or any provision replacing it) cannot be authorised.*

2.9 Please state the aid intensity:..... (max. 50 %)

*Please note that according to point 105 of the Guidelines combined with Article 5 of Regulation 70/2001 (or any provision replacing it) aid rates higher than the above-mentioned ceiling cannot be authorised.*

**C. Aid to primary producers and companies active in the processing and marketing of agricultural products for the vulgarisation of new techniques**

2.10 Concerning the activities for the vulgarisation of new techniques, such as reasonable small scale pilot projects or demonstration projects, can you confirm that the total amount of aid for such projects granted to a company will not exceed EUR 100.000 over three fiscal years?

yes  no

2.11 Please state the aid intensity .....

**3. BENEFICIARIES**

3.1 Who are the beneficiaries of the aid?



- Farmers.
- Producer groups.
- Other (please specify).

3.2 If farmers are not the direct beneficiaries of the aid:

3.2.1 Is the aid available to all the farmers eligible in the area concerned based on objectively defined conditions?

- yes       no

3.2.2 Where the provision of technical support is undertaken by producer groups or other organisations is membership of such groups or organisations a condition for access to the service?

- yes       no

3.2.3 Is the contribution of non-members towards the administrative costs of the group or organisation concerned limited to the costs of providing the service?

- yes       no

### Part III.12. K Supplementary Information Sheet On Aid For The Provision Of Technical Support In The Agriculture Sector

*This form must be used for the notification of any state aid measure whose aim is the provision of technical support in the agricultural sector as described by chapter IV.K of the Community Guidelines for State aid in the agricultural and forestry sector 2007-2013<sup>7</sup>*

#### 4. TYPE OF AIDS

##### A. Aid To Primary Producers

1.9 Which of the following types of aid can be financed by the aid scheme/  
individual measure:

- Education and training of farmers and farm workers.
- Provision of farm replacement services.
- Consultancy services provided by third parties.
- Organisation and participation in forums to share knowledge between businesses, in competitions, exhibitions and fairs.
- Vulgarisation of scientific knowledge,

- For this aid, can you confirm that individual companies, brands or – except for products covered by Council Regulation (EC) No 510/2006<sup>8</sup> and by Articles 54-58 of Council Regulation (EC) No 1493/99 of 17 May 1999 on the common market in wine<sup>9</sup>, provided that the references correspond exactly to those references which have been registered by the Community – origin are not named?

yes       no

- Factual information on quality systems open to products from other countries, on generic products and on the nutritional benefits of generic products and suggested uses for them.

---

<sup>7</sup> OJ C ....

<sup>8</sup> Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs; OJ L 93, 31.3.2006 p.12

<sup>9</sup> OJ L 179, 14.7.1999, p. 1. Regulation as last amended by Regulation (EC) No 2165/2005.

- For this aid, can you confirm that individual companies, brands or – except for products covered by Council Regulation (EC) No 510/2006<sup>10</sup> and by Articles 54-58 of Council Regulation (EC) No 1493/99 of 17 May 1999 on the common market in wine, provided that the references correspond exactly to those references which have been registered by the Community – origin are not named?

yes                       no

Publications such as catalogues or websites presenting factual information about producers from a given region or producers of a given product.

- For this aid, can you confirm that the information and presentation is neutral and that all producers concerned have equal opportunities to be represented in the publication?

yes                       no

1.10 Please describe the envisaged measures:

The objective of the Farm Advisory Service is to effectively empower farmers with the skills required to improve the sustainable management of their holdings in order to implement the requirements of SMR's and GAEC's.

1.11 Will the aid for the above mentioned measures be granted in favour of large companies?

yes                       no

*If yes, please note that according to point 106 of the Guidelines, the Commission will not authorise state aid for above mentioned measures in favour of large companies.*

## **B. Aid To Companies Active In The Processing And Marketing Of Agricultural Products**

1.12 Which of the following types of aid can be financed by the aid scheme/ individual measure:

Services provided by outside consultants not being continuous or periodic activity and not related to the enterprise's usual operating expenditure.

First participation in fairs and exhibitions.

Please describe the envisaged measures: .....

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<sup>10</sup> Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs; OJ L 93, 31.3.2006 p.12

.....  
1.13 Will the aid for the above mentioned measures be granted in favour of large companies?

yes       no

*If yes, please note that according to point 106 of the Guidelines, the Commission will not authorise state aid for above mentioned measures in favour of large companies.*

**C. Aid To Primary Producers And Companies Active In The Processing And Marketing Of Agricultural Products For The Vulgarisation Of New Techniques**

1.14 Will the aid be granted in favour of other activities for the vulgarisation of new techniques, such as reasonable small scale pilot projects or demonstration projects?

yes       no

1.15 If yes please give a clear description of the project including an explanation of the novelty character of the project and of the public interest in granting support for it:

.....  
.....

1.16 Does the project respect the following conditions:

Are the number of participating companies and the duration of the pilot scheme limited to what is necessary for proper testing?

yes       no

Will the results of the pilot scheme be made publicly available?

yes       no

## 5. ELIGIBLE COSTS AND AID INTENSITY

### A. Aid To Primary Producers

2.12 Concerning education and training, do the eligible costs include only the actual cost of organising the training programme, travel and subsistence expenses and the cost of the provision of replacement services during the absence of the farmer or the farm worker?

yes  no

*If no, please note that according to point 104 of the Guidelines combined with Article 15.2 of Commission Regulation (EC) No ...<sup>11</sup>, aid to cover other costs cannot be authorised.*

2.13 Concerning the farm replacement services, do the eligible costs include only the actual costs of the replacement of the farmer, the farmer's partner, or a farm worker during illness and holidays?

yes  no

*If no, please note that according to point 103 of the Guidelines combined with Article 15.2 of Commission Regulation (EC) No .../...aid to cover other costs cannot be authorised.*

2.14 Concerning consultancy services provided by third parties, do the eligible costs include only the fees for services which do not constitute a continuous or periodic activity nor relate to the enterprise's usual operating expenditure (such as routine tax consultancy services, regular legal services or advertising)?

yes  no

*If no, please note that according to point 103 of the Guidelines combined with Article 15.2 of Commission Regulation (EC) No .../... aid to cover costs of continuous or periodic activities or relating to the enterprise's usual expenditure cannot be authorised.*

2.15 In the case of organisation of/and participation in forums to share knowledge between businesses, competitions, exhibitions and fairs, do the eligible costs only include: participation fees, travel costs, costs of publications, rent of exhibition premises and symbolic prizes awarded in the framework of competitions, up to a value of EUR 250 per prize and winner?

yes  no

*If no, please note that according to point 103 of the Guidelines combined with Article 15.2 of Commission Regulation (EC) No .../... , aid to cover other costs cannot be authorised.*

2.16 Please state the aid intensity .....Maximum 80% intensity.....

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<sup>11</sup> Commission Regulation (EC) No 70/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises; OJ L 10, 13.1.2001, p. 33–42.

2.17 Will the aid involve direct payments to producers?

yes  no

*Please note that according to point 103 of the Guidelines combined with Article 15.3 of Commission Regulation (EC) No .../.... aid must not involve direct payments to producers.*

**B. Aid To Companies Active In The Processing And Marketing Of Agricultural Products**

2.18 Concerning the services provided by outside consultants, are the eligible expenses limited only to costs of activities of non-continuous or non-periodic character, not relating to the enterprise's usual operating expenditure?

yes  no

*If no, please note that according to point 105 of the Guidelines combined with Article 5 of Commission Regulation 70/2001 (or any provision replacing it) aid towards financing services being a continuous or periodic activity or related to the enterprise's usual operating expenditure, such as routine tax consultancy services, regular legal services or advertising can not be authorised.*

2.19 Concerning the participation in fairs and exhibitions, are the eligible costs limited only to the additional costs incurred for renting, setting up and running the stand and apply only to the first participation of an enterprise in a particular fair or exhibition?

yes  no

*If no, please note that aid for costs other than specified in point 105 of the Guidelines combined with Article 5 of Regulation 70/2001 (or any provision replacing it) cannot be authorised.*

2.20 Please state the aid intensity: ..... (max. 50 %)

*Please note that according to point 105 of the Guidelines combined with Article 5 of Regulation 70/2001 (or any provision replacing it) aid rates higher than the above-mentioned ceiling cannot be authorised.*

**C. Aid To Primary Producers And Companies Active In The Processing And Marketing Of Agricultural Products For The Vulgarisation Of New Techniques**

2.21 Concerning the activities for the vulgarisation of new techniques, such as reasonable small scale pilot projects or demonstration projects, can you confirm that the total amount of aid for such projects granted to a company will not exceed EUR 100.000 over three fiscal years?

yes  no

2.22 Please state the aid intensity .....

**6. BENEFICIARIES**

6.1 Who are the beneficiaries of the aid?

- Farmers.
- Producer groups.
- Other (please specify).

6.2 If farmers are not the direct beneficiaries of the aid:

6.2.1 Is the aid available to all the farmers eligible in the area concerned based on objectively defined conditions?

- yes       no

6.2.2 Where the provision of technical support is undertaken by producer groups or other organisations is membership of such groups or organisations a condition for access to the service?

- yes       no

6.2.3 Is the contribution of non-members towards the administrative costs of the group or organisation concerned limited to the costs of providing the service?

- yes       no

### Part III.12.B.

## Supplementary Information Sheet For Aid For Investments In Connection With The Processing And Marketing Of Agricultural Products

*This notification form applies to aid investments in the processing<sup>12</sup> and marketing<sup>13</sup> of agricultural products, as dealt with in point IV.B. of the Community Guidelines for State aid in the agriculture and forestry sector 2007-2013<sup>14</sup>.*

### 1. SCOPE & BENEFICIARIES OF THE AID

1.1 Please specify under which provision of the *Agricultural Guidelines* this notification is meant to fall:

1.1.1  *point IV.B.2. (a)* [Commission Regulation (EC) No 70/2001<sup>15</sup> or any provision replacing it]

1.1.2  *point IV.B.2. (b)* [Commission Regulation (EC) No 1628/2006<sup>16</sup>]

1.1.3  *point IV.B.2. (c)* [Commission guidelines on national regional aid for 2007-2013<sup>17</sup>]

1.1.4  *point IV.B.2. (d)* [aid for intermediate companies in regions **not** eligible for regional aid]

### 1.2 Commission Regulation (EC) No 70/2001 (State Aid To Small And Medium-Sized Enterprises)

Is the beneficiary a SME in the processing or marketing of agricultural products?

yes  no

*If no, the aid does not fulfil the necessary conditions under this Regulation and cannot be declared compatible with the Common Market under point IV.B.2.(a) of the Guidelines.*

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<sup>12</sup> "processing of agricultural products" means any operation on an agricultural product resulting in a product which is also an agricultural product, except on farm activities necessary for preparing an animal or plant product for the first sale .

<sup>13</sup> "marketing of agricultural products" means holding or display with a view to sale, offering for sale, delivery or any other manner of placing on the market, except the first sale of a primary producer to resellers or processors and any activity preparing a product for such first sale; a sale by a primary producer to final consumers shall be considered as marketing if it takes place in separate premises reserved for that purpose.

<sup>14</sup> OJ ...

<sup>15</sup> Commission Regulation (EC) No 70/2001 of 12 January 2001 ; OJ L 10, 13.1.2001, p.33

<sup>16</sup> OJ L 302, 1.11.2006, p. 29.

<sup>17</sup> OJ C 54, 4.3.2006, p. 13.



*If yes, the aid is exempted from the obligation to notify. Please state the reasons why your authorities still would like to submit a notification. In this case, please refer to the relevant part of the general notification form (annex I part I and III.1 of Regulation n. 794/2004<sup>18</sup> or any provision replacing it).*

### **1.3 Commission Regulation For Regional Investment Aid**

Does the aid fulfil the conditions set out in this Regulation?

yes  no

*If no, the aid does not fulfil the necessary conditions under this Regulation and cannot be declared compatible with the Common Market under point IV.B.2.(b) of the Guidelines.*

*If yes, the aid is exempted from the obligation to notify. Please state the reasons why your authorities still would like to submit a notification. In this case, please refer to the specific notification form.*

### **1.4 Commission Guidelines On National Regional Aid For 2007–2013**

Does the aid fulfil the conditions set out in these Guidelines?

yes  no

*If no, the aid does not fulfil the necessary conditions under these Guidelines and cannot be declared compatible with the Common Market under point IV.B.2.(c) of the Agricultural Guidelines.*

*If yes, note that the assessment of such aid is to be carried out on the basis of the Guidelines on National Regional aid. Please refer to the relevant part of the general notification form (Annex of Commission Regulation (EC) No 1627/2006<sup>19</sup>).*

### **1.5 Aid In Regions NOT Eligible For Regional Aid**

1.5.1 Are there beneficiaries, which are SMEs?

yes  no

*If yes, please refer to point 1.2. above [point IV.B.2 (a) of the Agricultural guidelines].*

1.5.2 Are there beneficiaries, which are **large** companies (i.e. 750 employees or more **and** EUR 200 million turnover or more)?

yes  no

*If yes, please note that the aid cannot be declared compatible with the Common Market under point IV.B.2(d) of the Agricultural guidelines.*

---

<sup>18</sup> Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty; OJ L 140, 30.4.2004, p. 1–134

<sup>19</sup> OJ L 302, 1.11.2006, p. 10.

1.5.3 Are there beneficiaries, which are intermediate companies (i.e. less than 750 employees and/or less than EUR 200 million turnover)?

yes       no

*If yes, please refer to the relevant part of the general notification form (Annex of Commission Regulation (EC) No 1627/2006) regarding the eligible expenses.*

## 2. AID INTENSITY

2.1 If the beneficiaries are **SMEs** (Commission Regulation (EC) No 70/2001 or any provision replacing it):

Please state the maximum aid intensity for eligible investments in:

2.1.1 outermost regions: .....

2.1.2 Smaller Aegean Islands<sup>20</sup>: .....

2.1.3 Regions eligible under Art. 87(3)(a): .....

2.1.4 Other regions: .....

*If the rate is higher than the above ceiling, please note that the measure would not be in line with Art. 4 of Commission Regulation (EC) No 70/2001.*

2.2 For aid falling under the Commission *Regulation* for regional investment aid **or** the Commission *guidelines* on national regional aid for 2007–2013 please specify the maximum aid intensity for:

2.2.1 *SMEs*:

2.2.1.1 regarding eligible investments in regions under Article 87(3)(a) of the Treaty: ..... (max.: 50% or maximum amount determined in the regional map approved for the Member State concerned for the period 2007-2013).

2.2.1.2 regarding eligible investments in *other* regions eligible for regional aid: ..... (max.: 40% or maximum amount determined in the regional map approved for the Member State concerned for the period 2007-2013).

2.2.2 *intermediate enterprises in the meaning of Article 28 (3) of Council Regulation No 1698/2005*<sup>21</sup> (not SME but with less than 750 employees or less than EUR 200 million turnover).

2.2.2.1 regarding eligible investments in regions eligible under Article 87(3)(a) of the Treaty: .....25%(max.:25% or maximum amount determined in the regional map approved for the Member State concerned for the period 2007-2013).

<sup>20</sup> Council Regulation (EEC) N. 2019/93, OJ L 184, 27.7.93, p.1.

<sup>21</sup> Council Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), OJ L 277, 21.10.2005, p. 1

2.2.2.2 regarding eligible investments in *other* regions eligible for regional aid: 20% ..... (max.: 20% or maximum amount determined in the regional map approved for the Member State concerned for the period 2007-2013).

*If aid rates are higher than the above ceilings, please note that the measure would not be in line with point IV.B.2.(c)(ii) of the Agricultural Guidelines.*

2.2.2.3 Do the beneficiaries fulfil all other conditions of Commission Recommendation 2003/361/EC<sup>22</sup>?

yes       no

*If no, the measure would not be in line with point IV.B.2.(c)(ii) of the Agricultural Guidelines.*

2.2.3 Are there beneficiaries that are larger than the intermediate enterprises mentioned under point 2.2.2. (i.e. large enterprises)?

yes       no

If yes, is the maximum aid intensity equal to or below the maximum amount determined in the regional aid map approved for the Member State concerned for the period 2007 – 2013?

yes       no

*If no, the aid cannot be declared compatible under point IV.B.2.(c) of the Agricultural Guidelines. If yes, please mention the maximum aid intensity in the aforementioned regional aid map. The relevant maximum aid intensity in the corresponding regional aid map is .....%*

2.3 For investment aid in favour of intermediate companies in regions **not** eligible for regional aid:

2.3.1 please specify the maximum aid intensity: ..... (max.: 20%)

*If aid rates are higher than the above ceilings, please note that the measure would not be in line with point IV.B.2.(d) of the Agricultural Guidelines.*

2.3.2 Do the beneficiaries fulfil all other conditions of Commission Recommendation 2003/361/EC?

yes       no

*If no, the measure would not be in line with point IV.B.2.(d) of the Agricultural Guidelines.*

---

<sup>22</sup> Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises; OJ L 124, 20.5.2003, p. 36–41

### 3. ELIGIBILITY CRITERIA AND EXPENSES

3.1 Does the aid concern the manufacture and marketing of products which imitate or substitute milk and milk products?

yes  no

*If you have answered yes, please note that the measure would not be in line with point IV.B. of the Agricultural Guidelines.*

3.2 Regarding *intermediate or large* companies, does the aid concern the purchase of second-hand equipment?

yes  no

*If you have answered yes, please note that the measure would not be in line with point IV.B. of the Agricultural Guidelines.*

3.3 For aid for investments in regions **not** eligible for regional aid:

Can you confirm that the eligible expenses for investments correspond fully to the eligible expenses listed in the Commission guidelines on national regional aid for 2007–2013?

yes  no

*If no, if the beneficiaries are not SME the measure would not be in line with point IV.B.2.(d) of the Agricultural Guidelines.*

If the beneficiaries are SME, are the eligible expenses in conformity with Articles 2 and 4 of Commission Regulation 70/2001?

yes  no

*If not, the measure would not be in line with point IV.B.2.(d) of the Agricultural Guidelines*

3.4 Could the aid support investments for which a common market organisation, including direct support schemes, financed by the EAGF places restrictions on production or limitations on Community support at the level of individual farmers, holdings or processing plants which would increase production beyond those restrictions or limitations?

yes  no

If yes, please note that point 47 of the agricultural guidelines does not allow aid for these investments.

### 4. Other Information

4.1. Is the notification accompanied by documentation showing that that support is targeted on clearly defined objectives reflecting identified structural and territorial needs and structural disadvantages?

yes       no

*If yes, please provide that documentation hereunder or in an annex to this supplementary information sheet*

.....

*If not, please note that this documentation is requested in conformity with point 46 of the agricultural guidelines.*

4.2. Is the notification accompanied by documentation demonstrating that the State aid measure fits into and is coherent with the relevant rural development programme(s) concerned?

yes       no

*If yes, please provide that documentation hereunder or in an annex to this supplementary information sheet*

.....

*If no, please note that this documentation must be provided under point 26 of the Guidelines.*

## **5. Individual Notifications**

Could the eligible investments exceed € 25million or the aid amount € 12 million?

yes       no

If yes, will an individual notification be done?

yes       no

*If you have answered no, please note that the measure would not be in line with point IV.B of the Agricultural Guidelines.*

# Supplementary Information Sheet For Regional Aid

## Part III.4

### Supplementary Information Sheet On Regional Aid

*This supplementary information sheet must be used for the notification of any aid scheme or individual aid covered by the guidelines on national regional aid.<sup>23</sup>*

*However, the present annex cannot be used for the particular purpose of notification of new regional aid maps. Of course, individual aid or schemes falling under the scope of the exemption regulations, both the SME and the employment regulation,<sup>24</sup> are exempted from notification. In this regard, Member States are invited to clarify the scope of their notification; in the particular case that their notification covers both aid to large firms and SMEs, then, they may request approval only concerning the first category.*

*As stated in the guidelines, regional aid is a specific form of aid since it is reserved for particular regions. It is designed to develop the less favoured regions by supporting investment and job creation in a sustainable context.*

*Derogation from the incompatibility principle established in the Treaty can only be granted in respect of regional aid if the equilibrium between the resulting distortions of competition and the advantages of aid in terms of development can be guaranteed.*

#### 1. Type Of Scheme Or Individual Aid

The scheme or the individual aid relates to

- 1.1  Initial investment.
- The aid is calculated as a percentage of the investment's value.
- The aid is calculated as a percentage of the wage costs of the persons hired.
- 1.2  Operating aid.
- 1.3  Both.
- 1.4 The aid is granted:
- Automatically, should the conditions of the scheme be fulfilled.

---

<sup>23</sup> Guidelines on National Regional Aid, OJ C 74, 10.3.1998, p. 9, as amended by the Community Guidelines on State aid for Rescuing and Restructuring Firms in Difficulty, OJ C 28, 9.10.1999, p. 2 and the subsequent Amendments to the Guidelines on National Regional Aid, OJ C 258, 9.9.2000, p. 5.

<sup>24</sup> Commission Regulation (EC) No. 70/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to small and medium-sized enterprises, OJ L 10, 13. 1.2001p. 33, and Commission Regulation (EC) No. 2204/2002 of 12 December 2002 on the application of Article 87 and 88 of the EC Treaty to State aid for employment, OJ L 337, 13.12.2002, p. 3, and OJ L 349 24.12.2002, p. 126.

- Discretionary, following a decision of the authorities.

Should the aid be granted on a case by case basis, please provide a short description of the criteria followed and attach a copy of the administrative provisions applicable for the awarding of aid:

Description of the criteria and the administrative provisions are attached to the information sheet.

1.5 Does the aid respect the regional ceilings of the regional aid map applicable at the time of awarding the aid -including those resulting from the appropriate measures to be adopted in the framework of the 2002 Multisectoral Framework?<sup>25</sup>

- yes  no

Does the scheme include a reference to the regional aid maps applicable?

- yes  no

If yes, please specify: .....

.....

## 2 Initial Investment Aid<sup>26</sup>

2.1 Does the scheme cover investment in fixed capital or job creation relating to:

- The setting-up of a new establishment?
- The extension of an existing establishment?
- The starting-up of a new activity involving a fundamental change in the product or production process of an existing establishment (through rationalisation, diversification or modernisation)?
- The purchase of an establishment which has closed or which would have closed had it not been purchased?

2.2 Does the aid include a clause stipulating that the recipient has made a minimum contribution of at least 25% of the total investment and that this contribution will be exempted of any aid?

---

<sup>25</sup> Commission letter to the Member States of 8.03.2002 on appropriate measures pursuant to Article 88(1) EC Treaty under the Multisectoral Framework SG(2002) D/228828, and Commission letter to the Member States of 8.03.2002 on appropriate measures pursuant to Article 88(1) EC Treaty as regards to the Code on aid to synthetic fibres industry and Community framework for State aid to the motor vehicle industry SG (2002) D/228829.

<sup>26</sup> This should be understood in the sense of point 4.1 of the Guidelines on National Regional Aid, OJ C 74, 10.3.1998, p. 9, according to which, "the object of regional aid is to secure either productive investment (initial investment) or job creation, which is linked to the investment. Thus this method favours neither the capital factor nor the labour factor."

yes       no

2.3 Does the aid provide that any application for aid must be submitted before work is started on the projects?

yes       no

If any of the points above are not fulfilled, please explain why and how the authorities intend to comply with these necessary conditions:

.....

2.4 Does the scheme define the aid in terms of intensity compared to standard reference cost?

yes       no

Is the aid subject to taxes?

yes       no

What are the intensities expressed in gross terms?

Maximum of 25% in convergence areas and 20% in non-convergence areas.

.....

What are the parameters enabling calculation of aid intensities?

**2.4.1  Grants:**

Depreciation arrangements in force?:

None – aid intensity is calculated against capital costs only.

.....

Tax rate reduction on benefits of the firm:

None .....

**2.4.2  Low-Interest Loans and Interest Rebate:**

Maximum amount of the rebate:

.....

Maximum period of the loan:



.....  
Maximum proportion<sup>27</sup> :

.....  
Maximum length of the grace period:

.....  
In the case of low-interest loans, please specify the minimum interest rate:

.....  
In case of a state-loan:

– Is it covered by ordinary securities?

.....  
– What is the expected default rate?

.....  
– Is the reference rate being increased in situations involving a particular risk?

.....  
**2.4.3  Guarantee Schemes:**

Please indicate the types of loans for which guarantees may be granted and specification of the fees (cf. previous point):

.....  
.....  
.....  
What is the expected default rate?

.....  
Please submit information allowing the aid intensity of guarantees to be calculated, including duration, proportion and amount:

.....  
<sup>27</sup> Amount of the loan as a percentage or proportion of the eligible investment.

.....  
2.5 Is replacement investment excluded from the scheme?<sup>28</sup> :

yes       no

In case it is not, the authorities are requested to fill in the part on operating aid.

2.6 Is assistance for firms in difficulty<sup>29</sup> and/or for the financial restructuring of firms in difficulty excluded from the scheme?

yes       no

Should this question be answered in the negative, will aid to investment granted to a large enterprise during the restructuring period, be notified individually?

yes       no

2.7 Does the eligible expenditure under the scheme relate to:

**2.7.1  Material Investment:**

The value of the investment is established as a percentage on the basis of<sup>30</sup>:

- Land.
- Buildings.
- Plant/machinery (equipment)?

Please provide a short description:<sup>31</sup>

The administrative require a schedule of expenditure at current open market value. Support will not be provided for firms in difficulty.

In the context of purchasing an establishment of the type, for which the investment aid is intended, are there any guarantees that the establishment concerned does not belong to a firm in difficulty?

yes       no

Are there enough guarantees that any aid awarded in the past for the acquisition of assets has been taken into account/deducted as provided for in point 4.5 of the RAG prior to the purchase?

---

<sup>28</sup> Replacing investment falls within the category of operating aid and thus it is excluded from initial investment.

<sup>29</sup> As defined in the Community guidelines on state aid for Rescuing and Restructuring firms in difficulty OJ C 288, 9.10.1999, p. 2.

<sup>30</sup> In the transport sector, expenditure on the purchase of transport equipment cannot be included in the uniform set of items of expenditure. Such expenditure is not eligible for initial investment.

<sup>31</sup> The description should reflect how the authorities intend to ensure consistency with point 4.4 and point 4.5 of the Guidelines on Regional Aid, OJ C 74, 10.3.1998, p. 9,.

yes       no

Are there enough guarantees that the transactions would take place under market conditions?

yes       no

Should one of the three previous questions be answered in the negative, please explain how the authorities intend to comply with the necessary conditions:

.....  
.....  
.....

**2.7.2  Intangible Investment:**

The value of the investment is established on the basis of expenditure entailed by the transfer of technology through the acquisition of:

- Patents.
- Operating or patented know-how licences.
- Unpatented know-how.

Please provide a short description<sup>32</sup>

.....  
.....  
.....

Does the scheme include a clause stipulating that the expenditure on eligible intangible investment must not exceed 25% of the standard base in the case of large firms?

yes       no

If not, explain why and how the authorities intend to respect this requirement:

.....  
.....  
.....

---

<sup>32</sup> This description should reflect how the authorities intend to ensure consistency with point 4.6 of the Guidelines of Regional Aid, OJ C 74, 10. 3.1998, p. 9,.

In the case of large firms, does the scheme provide for guarantees that eligible assets:

- 2.7.2.1  Will be used exclusively in the establishment receiving the aid?
- 2.7.2.2  Must be regarded as amortisable assets?
- 2.7.2.3  Are purchased from third parties under market conditions?

Should one of these conditions not be explicitly reflected in the scheme, please explain the reasons, as well as how the authorities intend to ensure that the eligible intangible assets will remain associated within the recipient region and will not be subject to a transfer benefiting other regions:

.....

.....

.....

What are the guarantees that aid for initial investment (both material and intangible investment) is made conditional on the maintenance of the investment for a minimum period of five years?:

.....

.....

.....

2.8 In case that aid to initial investment is linked to aid to employment, can the authorities provide guarantees that the cumulation rules would be respected?

.....

2.9 Aid to job creation linked to initial investment

**2.9.1 Does The Measure Provide For Guarantees That The Aid For Job Creation Is Linked To The Carrying-Out Of An Initial Investment Project?**

- yes
- no

Does the measure provide for guarantees that the jobs will be created within three years of the investment completion?

- yes
- no

Should one of the previous questions be answered in the negative, please explain how the authorities intend to comply with these requirements:

.....

.....  
.....  
In case that the investment does not relate to the setting up of a new establishment, please explain the reference period for calculating the number of jobs created:

.....  
.....  
.....  
**2.9.2 Does The Measure Provide For Guarantees That Job Creation Means A Net Increase In The Number Of Jobs In A Particular Establishment Compared With The Average Over A Period Of Time?**

yes       no

Does the measure provide for guarantees that the jobs lost during the period of reference are being deducted from the apparent number of jobs created during the same period?<sup>33</sup> :

yes       no

Should one of the above points be answered in the negative, please explain how the authorities intend to comply with these requirements:

.....  
.....  
.....  
**2.9.3 Is The Aid Calculated On The Basis Of:**

- A percentage of the wage cost per job created ?
- A flat-rate amount per job created ?
- Other (e.g. a progressive rate per job created). Please specify:

.....  
.....  
Please explain the parameters used in order to calculate the aid intensity:

.....  
.....  
<sup>33</sup> The number of jobs corresponds to the number of annual labour units (ALU), i.e. the number of persons employed full-time in one year, part-time and seasonal work being ALU fractions.

.....

**2.9.4 Does The Measure Provide For Guarantees That The Employment Created Will Be Maintained For A Minimum Period Of Five Years?:**

.....

**3. Operating Aid**

3.1 What is the direct link between the awarding of operating aid and the contribution to regional development?

.....

.....

.....

3.2 What are the structural handicaps that the operating aid is seeking to redress?

.....

.....

.....

3.3 Which are the guarantees that the nature and the level of the aid are proportional to the handicaps it seeks to alleviate?

.....

.....

.....

3.4 What arrangements have been made to ensure that the aid is progressively reduced and limited in time?:

.....

.....

.....

**4 Specific Questions Relating To The Ultrapheric Regions Or To Regions With Low Population Density**

4.1 Should aid not be progressively reduced and not be limited in time, please specify whether the following conditions are met:

**4.1.1 Does The Aid Benefit An Outermost Region Or A Region With Low Population Density?**

yes                       no

**4.1.2 Is This Aid Intended To Offset In Part Additional Transport Costs?**

yes                       no

Please provide proof of the existence of these additional costs and the method of calculation used to determine their amount<sup>34</sup>:

.....  
.....  
.....

Indicate what will be the maximum amount of aid (on the basis of an aid-per-kilometre ratio or on the basis of an aid-per-kilometre and aid-per-unit-weight ratio) and the percentage of the additional costs covered by the aid:

.....  
.....  
.....

**4.1.3 Is The Aid Intended To Offset The Additional Costs Arising In The Pursuit Of Economic Activity From The Factors Identified In Article 299(2) Of The EC Treaty?**

yes                       no

Please determine the amount of the additional cost and the method of calculation:

.....  
.....  
.....

How can the authorities establish the link between the additional costs and the factors identified in Article 299 (2) of the EC Treaty?

.....

<sup>34</sup> The description should reflect how the authorities intend to ensure that the aid is given only in respect of the extra cost of transport of goods inside national borders, is calculated on the basis of the most economical form of transport and the shortest route between the place of production or processing and commercial outlets, and cannot be given towards the transport of the products of businesses without an alternative location.

.....  
.....  
**5. Scope Of The Scheme**

5.1 Does the scheme apply to the production of the agricultural products listed in Annex I to the Treaty?:

yes       no

For investment aid, can the authorities confirm that the following criteria are met?

- Economic viability of beneficiaries guaranteed:  
 yes       no
- Compliance with minimum EU standards on environment, hygiene and animal welfare:  
 yes       no
- Availability of market outlets in compliance with applicable CMO (in accordance with point 4.2.5 of the agricultural guidelines)<sup>35</sup>:  
 yes       no

Please provide information about the fulfilment of these criteria?

.....  
.....  
.....

What is the nature of the eligible expenses?

.....  
.....  
.....

Can the authorities provide information regarding respect of maximum aid intensities?<sup>36</sup>

.....

<sup>35</sup> JOCE C 232/24 of 12.8.2000 in connexion with C 28/7 of 1.2.2000

<sup>36</sup> Maximum aid intensity of 40% (50% in LFA).



.....  
.....  
5.2 Does it apply to the processing and/or marketing of the agricultural products listed in Annex I to the EC Treaty?

yes       no

For investment aid, can the authorities confirm that the following criteria are met?

– Economic viability of beneficiaries guaranteed:

yes       no

– Compliance with minimum EU standards on environment, hygiene and animal welfare:

yes       no

– Availability of market outlets in compliance with applicable CMO (in accordance with point 4.2.5 of the agricultural guidelines)<sup>37</sup>:

yes       no

Can the authorities provide information about the fulfilment of these criteria?

This information is set out in the attached Annex.

.....  
.....  
.....

Does the measure include a clause stipulating that an annual report should be provided containing information on the fact that the scheme takes into account the restrictions referred to in point 4.2.5 of the Guidelines for State aid in the agricultural sector?

yes       no

Does the measure include a clause providing that any aid towards investment in that sector for which the eligible expenditure exceeds €25 million or the aid amount exceeds €12 million must be notified in accordance with Article 88(3) of the Treaty?

yes       no

---

<sup>37</sup> See footnote 13

Should one of the two questions be answered in the negative, please explain how the authorities intend to comply with the necessary conditions:

.....  
.....  
.....

Does the measure apply to the production, processing and/or marketing of the fisheries and/or aquaculture products listed in Annex I to the Treaty?

yes       no

Can the authorities provide information about compliance with the specific rules applicable?

.....  
.....  
.....

Does the scheme apply to the transport sector?

yes       no

Should this question be answered in the positive, is there a provision in the scheme stating that transport equipment (movable assets) are excluded from the eligible investment expenditure<sup>38</sup>?

yes       no

**6. Respect Of The Relevant Provisions Of Sectoral And Multisectoral Frameworks**

6.1 Does the scheme respect the specific provisions, such as the prohibition to grant aid to the steel sector<sup>39</sup> and/or synthetic fibres<sup>40</sup>?

yes       no

6.2 Concerning aid awarded after the 1 January 2003: Does the scheme provide for respect of individual notification obligations foreseen in points 24 of the 2002 Multisectoral Framework<sup>41</sup>.

<sup>38</sup> Excepting the railway rolling stock in the sense provided by Article 4(5) of the Commission Regulation (EC) n°70/2001, , OJ L 10; 13. 1.2001, p. 33.

<sup>39</sup> In the sense of the Annex B of the Communication from the Commission: "Multisectorial framework on regional aid for large investment projects", OJ C 70,19. 3.2002, p. 8.

<sup>40</sup> In the sense of Annex D of the C of the Communication from the Commission:"Multisectorial framework on regional aid for large investment projects", OJ C 70, 19. 3.2002, p. 8.

yes       no

6.3 Concerning aid awarded before 1 January 2004: Does the scheme include a provision stating that any aid for large investment projects will be notified individually?

yes       no

Should one of these questions be answered in the negative, please explain how the authorities intend to comply with the necessary conditions:

.....

## 7. Other Information

Please indicate here any other information you consider relevant to the assessment of the measure(s) concerned under the guidelines on national regional aid.

---

<sup>41</sup> According to this provision, "Member States are required to notify every case of regional investment aid if the aid proposed is more than the maximum allowable aid that an investment can obtain under the scale and the rules laid down in paragraph 21", OJ C 70, 19. 3.2002, p. 8.

### Criteria For Granting Of Aid On A Case By Case Basis – Point 1.4

#### Selection Recommendation (Extract From Administrative Procedures)

1.1 The initial selection recommendation should, with supporting evidence from the technical assessment, qualitative assessment and related scoring, confirm that:

- a. all the eligibility criteria have been satisfactorily met, including evidence of need for the activity and funding, viability to implement and sustainability of delivery and,
- b. that the project will deliver outputs and outcomes that contribute towards the aims and objectives of the relevant strategy and/or action plan for the particular sector.

1.2 To be selected a project must, as necessary, demonstrate:

#### Need For Activity

- The outputs are required and will deliver against the Measure outputs.
- It adds to and does not displace/unnecessarily duplicate existing activity.

#### Need For Funding

- It cannot proceed now without support.
- The costs are not excessive for the nature of the activity involved.
- There is a market failure and funding gap, where applicable.

#### Ability To Deliver

- Viability of organisation as a delivery agent.
- Legal compliance.
- Financial viability of project and sustainability, including exit strategy.
- Support and commitment of key stakeholders.
- Project management, monitoring and evaluation arrangements.

1.3 The greater the importance and contribution of the project to the achievement of the RDP, in particular the relevant Measure objectives and targets, the more likely it is to be recommended for selection. The importance and contribution will be demonstrated through:

- Fit with objectives of the RDP and Welsh Assembly Government strategic aims.
- Integration and synergy with other projects.
- Achievement of Measure specific outputs.
- Addressing and targeting of cross-cutting themes.
- Potential to deliver broader economic and social outcomes.

**PROCESSING AND MARKETING GRANT SCHEME  
SUPPLY CHAIN EFFICIENCIES SCHEME**

**SCORING SHEET**

<b>Company Name</b>	
<b>Project File No</b>	
<b>Date Application Received</b>	
<b>Eligible Expenditure</b>	
<b>Grant Sought</b>	

	<b>Question</b>	<b>Score</b>	<b>Weighting</b>	<b>Supporting Comments</b>
1.	Outcomes		5	
2.	Outputs		3	
3.	Finance available		3	
4.	Capacity to deliver		3	
5.	Constraints		3	
6.	Contribution to Cross Cutting Themes		4	
	<b>Final Score</b>			

Other

Analysis completed by	Date	Contact no

## **Criteria For Scoring Of Project**

### **1. Outcomes**

Projects that will deliver outcomes that contribute towards the aims and objectives of the relevant strategy and/or action plan for the particular sector. Examples of project objectives are:

- Development of the linkages between the production and processing sectors which shorten food and other supply chains.
- Improvements to processing procedures, packaging and/or branding, product quality.
- Development of new/added value products, new markets.
- Increased productivity.
- Improved energy efficiency.
- Improved environmental performance.
- Reduced wastage.

Score 5 There is clear evidence that the project will have a significant and/or long term impact on the overall aims and objectives of the strategy or action plan.

Score 3 There is evidence that the project can deliver some of the overall aims and objectives of the strategy or action plan.

Score 1 There is evidence that the project fits with a limited range of aims and objectives.

### **Weighting x 5.**

### **2. Outputs**

Projects that aim to deliver target outputs against any low achievements for the Measure will be a priority. These relate to jobs created and/or safeguarded; added value benefits to primary producers.

Score 5 There is evidence of direct jobs created and/or safeguarded and direct links to the primary producers.

Score 3 There is evidence of indirect jobs created and/or safeguarded and an indirect link to the primary producers.

Score 1 There is evidence that the project will lead to increased potential job creation and added value to primary producers.

### **Weighting x3.**

### **3. Finance Available**

Projects that can demonstrate the financial viability and sustainability of the project, including exit strategy.

- Score 5 There is clear evidence in the form of accounts, balance sheets and forecasts.
- Score 3 There is good evidence in the form of accounts, balance sheets and forecasts.
- Score 1 There is little evidence in the form of accounts, balance sheets and forecasts.

**Weighting x3.**

#### **4. Capacity To Deliver**

Applicants that can demonstrate the viability of the project, that they have the ability to deliver the activity in terms of project management skills, staff in post, other resources being available.

- Score 5 There is evidence that the company has the management skills, staff in post and relevant resources available.
- Score 3 There is evidence that the company has set in place arrangements to obtain the management skills, staff and resources required.
- Score 1 There is very little evidence to show that the company has considered what resources are required.

**Weighting x3.**

#### **5. Constraints**

Projects that can demonstrate that they have finalised and overcome any technical, legal or ownership constraints and have in place all statutory licences and consents.

- Score 5 There is evidence by means of documents obtained, planning permission granted, where required or consents approved.
- Score 3 There is evidence that the company has contacted the relevant authorities in order to obtain any permissions/licences etc.
- Score 1 There is very little evidence to show that the company has considered what permissions or licences are required.

**Weighting x3.**

## **6. Contribution to Cross-Cutting Themes**

Projects that can demonstrate that they have addressed and targeted the measures under the cross-cutting themes.

Score 5 There is evidence of equal opportunity; environmental sustainability; ICT and that Welsh Language related issues are reflected and costed into the project and that the appropriate company policies are in place and being used.

Score 3 There is evidence that the company is working towards the implementation of equal opportunity; environmental sustainability; ICT and that Welsh Language related issues are reflected in the project and that the appropriate company policies are in place.

Score 1 There is very little evidence that the company is working towards the implementation of equal opportunity; environmental sustainability; ICT and that Welsh Language issues are considered and that the company will adopt appropriate policies during the project.

**Weighting x4.**



### Part III.6.a

## Supplementary Information Sheet For Research And Development And Innovation Aid: Aid Schemes

*This supplementary information sheet must be used for the notification of any aid scheme<sup>42</sup> covered by the Community framework for State aid for research and development and innovation (thereinafter 'the R&D&I Framework')<sup>43</sup>. It must also be used for aid schemes for Research and Development to SMEs, which do not fall under a Block Exemption Regulation<sup>44</sup> as well as for aid intended for the production, processing and marketing of agricultural products.*

1.	BASIC CHARACTERISTICS OF THE NOTIFIED MEASURE .....	120
2.	RESEARCH ORGANISATIONS AND INNOVATION INTERMEDIARIES AS RECIPIENTS OF STATE AID .....	122
2.1	Public funding of non-economic activities .....	122
2.2	Public funding of economic activities .....	122
3.	INDIRECT STATE AID TO UNDERTAKINGS THROUGH PUBLICLY FUNDED RESEARCH ORGANISATIONS .....	123
3.1	Research on behalf of undertakings .....	123
3.2	Collaboration of undertakings and research organisations .....	124
4.	COMPATIBILITY OF AID UNDER ARTICLE 87 (3) (C) OF THE EC TREATY .....	125
4.1	Aid for R&D projects .....	125
4.2	Aid for technical feasibility studies .....	130
4.3	Aid for industrial property right costs for SMEs .....	130
4.4	Aid for young innovative enterprises (for small enterprises) .....	131

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<sup>42</sup> As regards the aid for promotion of execution of important projects of common European interest, the Commission may also consider a group of projects as together constituting a project. For details see Section 4 of Supplementary Information Sheet for research and development and innovation aid: individual aid (part III.6.b of Annex 1 to Commission Regulation (EC) No 794/2004).

<sup>43</sup> Community framework for state aid for research and development and innovation, OJ C 323, 30.12.2006, p. 1.

<sup>44</sup> Currently Commission Regulation (EC) No 70/2001 of 12 January 2001 on the application of Articles 87 and 88 of the EC Treaty to State aid to small and medium-sized enterprises, OJ L 10, 13.1.2001, p. 33 as amended by Commission Regulation (EC) No 364/2004 of 25 February 2004 amending Regulation (EC) No 70/2001 as regards the extension of its scope to include aid for research and development, OJ L 63, 28.2.2004, p. 22; or any subsequent regulation replacing it.

4.5	Aid for process and organisational innovation in services .....	132
4.6	Aid for innovation advisory services and for innovation support services (for SMEs) .....	134
4.7	Aid for the loan of highly qualified personnel (for SMEs) .....	136
4.8	Aid for innovation clusters .....	137
5.	INCENTIVE EFFECT AND NECESSITY OF AID .....	141
6.	CUMULATION .....	141
7.	SPECIFIC QUESTIONS RELATING TO AGRICULTURE AND FISHERIES .....	142
8.	REPORTING AND MONITORING .....	144
8.1	Annual reports .....	144
8.2	Access to full text of schemes .....	145
8.3	Information sheets, monitoring .....	145
9.	OTHER INFORMATION .....	145

## 1. BASIC CHARACTERISTICS OF THE NOTIFIED MEASURE

Please fill in the relevant parts of the notification form corresponding to the character of the notified scheme. Please find below a basic guidance.

**A)** Please specify the type of aid and fill in the appropriate subsections of **Section 4** ("Compatibility of aid under article 87 (3) (c) of the EC Treaty") of this supplementary information sheet:

- Aid for R&D projects, *fill in Section 4.1.*
- Aid for technical feasibility studies, *fill in Section 4.2.*
- Aid for industrial property right costs for SMEs, *fill in Section 4.3.*
- Aid for young innovative enterprises, *fill in Section 4.4.*
- Aid for process and organisational innovation in services, *fill in Section 4.5.*
- Aid for innovations advisory services and for innovation support services, *fill in Section 4.6.*
- Aid for the loan of highly qualified personnel, *fill in Section 4.7.*
- Aid for innovation clusters, *fill in Section 4.8.*

Furthermore, please fill in also **Section 5** ("Incentive effect and necessity of aid") and **Section 8** ("Reporting and monitoring") in order to provide the requested confirmations.

**B)** Does the aid scheme involve research organisations<sup>45</sup>/innovation intermediaries?

- yes       no

If yes, please fill in **Section 2 and/or 3** ("Research organisations and innovation intermediaries" and "Indirect State aid to undertakings through publicly funded research organisations") of this supplementary information sheet.

**C)** Can the aid be combined with other aid?

- yes       no

If yes, fill in **Section 6** ("Cumulation") of this supplementary information sheet.

---

<sup>45</sup> For definition see Section 2.2. (d) of the R&D&I Framework.

**D)** Does the R&D aid concern products listed in Annex I to the EC Treaty?

yes       no

*If yes, fill in **Section 7** ("Specific questions related to agriculture and fisheries") of this supplementary information sheet.*

**E)** Please confirm that if the SME specific aid<sup>46</sup>/bonus is granted, the beneficiaries comply with the SME definition as defined by the Community legislation<sup>47</sup>:

yes

**F)** If the scheme involves commissioning/purchasing of R&D activities/results from undertakings by the public authorities, are the providers selected in an open tender procedure<sup>48</sup>?

yes       no

*If no, please note that such payments from the public authorities to undertakings would normally involve State aid.*

**G)** If applicable, please provide an exchange rate which has been used for the purposes of the notification:

.....

**H)** Please confirm that any aid granted under the notified scheme will be notified individually to the Commission if it reaches the thresholds for a detailed assessment laid down in Section 7.1 of the R&D&I Framework.

yes

**I)** All documents provided by the Member States as annexes to the notification form shall be numbered and document numbers shall be indicated in the relevant parts of this supplementary information sheet.

---

<sup>46</sup> I.e. measures under Sections 4.3, 4.4, 4.6 and 4.7 of this supplementary information sheet. Please note that the measure under Section 4.4 is limited to small enterprises.

<sup>47</sup> See footnote 3.

<sup>48</sup> Cf. R&D&I Framework, Section 2.1.

**2. RESEARCH ORGANISATIONS AND INNOVATION INTERMEDIARIES AS RECIPIENTS OF STATE AID<sup>49</sup>**

**2.1 Public funding of non-economic activities**

**A)** Do the research organisations or non-for-profit innovation intermediaries carry out an economic activity<sup>50</sup> (an activity consisting in offering goods and/or services on a given market)?

yes                       no

If yes, please provide description of these activities:

.....  
.....

**B)** If the same entity carries out activities of both economic and non-economic<sup>51</sup> nature, can the two kinds of activities and their costs and funding be clearly separated?

yes                       no

If yes, provide details:

.....  
.....

*If yes, please note that public funding of non-economic activities does not fall under Article 87 (1) of the EC Treaty. If not, public funding of economic activities generally entails State aid.*

**2.2 Public funding of economic activities**

**C)** Can the Member State prove that:

- the totality of the State funding is passed on from the research organisations or not-for-profit innovation intermediaries (carrying out economic activities) to the final recipients;

AND

- there is no advantage granted to the intermediaries?

yes                       no

<sup>49</sup> Cf. R&D&I Framework, Section 3.1.  
<sup>50</sup> For details see Section 3.1.1 of R&D&I Framework (footnote 24).  
<sup>51</sup> For details see Section 3.1.1 (2<sup>nd</sup> and 3<sup>rd</sup> paragraph) of R&D&I Framework.

Please provide details and evidence:

.....

.....

*If yes, please note that the intermediary organisations may not be recipient of State aid. As regards the aid to final recipients, normal State aid rules apply.*

### **3. INDIRECT STATE AID TO UNDERTAKINGS THROUGH PUBLICLY FUNDED RESEARCH ORGANISATIONS<sup>52</sup>**

#### **3.1 Research On Behalf Of Undertakings**

**A)** Are the projects supported under the notified scheme carried out by research organisations on behalf of undertakings?

yes       no

**B)** If yes, do the research organisations (acting as agent) render services to the undertakings (acting as principals) in situations, where:

- the agents receive payment of an adequate remuneration for their services,

yes       no

AND

- do the principals specify the terms and conditions of these services?

yes       no

Please provide details:

.....

.....

**C)** Do the research organisations provide their services at market price?

yes       no

If there is no market price, do the research organisations provide their services at a price which reflects full costs plus a reasonable margin?

yes       no

Please provide details:

.....

---

<sup>52</sup> Cf. R&D&I Framework, Section 3.2.

.....  
*If a research organisation renders services and if the answer to one of the questions in Section C is yes, there will be normally no State aid passed to the undertakings through the research organisation.*

### **3.2 Collaboration Of Undertakings And Research Organisations**

**A)** Is the collaboration project carried out jointly by undertakings and research organisations?

yes                       no

If yes, provide details on the partnerships.

.....  
.....

**B)** If yes, do the participating undertakings bear the full cost of the projects supported under the notified scheme?

yes                       no

Are the results which do not give rise to intellectual property rights widely disseminated AND are any intellectual property rights which result from the activity of the research organisations fully allocated<sup>53</sup> to the research organisations?

yes                       no

Do the research organisations receive from the participating undertakings compensation equivalent to the market price for the intellectual property rights<sup>54</sup> which result from the activity of the research organisations carried out in the project and which are transferred to the participating undertakings?

yes                       no

Please provide details (please note that any contribution of the participating undertakings to the costs of the research organisations shall be deducted from the compensation):

.....  
.....

**C)** If none of the answers to questions of Section B is yes, the Member State may rely on individual assessment of the collaboration projects<sup>55</sup>.

<sup>53</sup> For details see Section 3.2.2 (footnote 28) of the R&D&I Framework.

<sup>54</sup> For details see Section 3.2.2 (footnote 29) of the R&D&I Framework.

<sup>55</sup> There also may be no State aid where the assessment of the contractual agreement between the partners leads to the conclusion that any intellectual property rights to the R&D&I results as well as

Please provide an individual assessment of the collaboration projects, taking into account the above mentioned elements. Please attach also the contractual agreements to the notification.

*If none of the answers to questions of Section B is yes and if the individual assessment of the collaboration projects does not lead to the conclusion that there is no State aid, the Commission will consider the full value of the contribution of the research organisation to the project as aid to undertakings.*

**4. COMPATIBILITY OF AID UNDER ARTICLE 87 (3) (C) OF THE EC TREATY**

**4.1 Aid for R&D Projects.<sup>56</sup>**

**4.1.1 Research Category.<sup>57</sup>**

**A)** Please indicate which R&D stages<sup>58</sup> are supported under the notified scheme:

- Fundamental research.
- Industrial research.
- Experimental development.

Give examples of major projects to be covered by the notified scheme:

.....

.....

**B)** If individual R&D projects encompass different research categories, please explain how this will be taken into account in determining the maximum aid intensity of a given project (the maximum aid intensity applicable must reflect the stages of research involved).

.....

.....

**4.1.2 Eligible Costs**

*All eligible costs must be allocated to a specific category of R&D<sup>59</sup>. Please specify (or tick) below.*

---

access rights to the results are allocated to the different partners of the collaboration and adequately reflect their respective interests, work packages, and financial and other contributions to the project.

<sup>56</sup> Cf. R&D&I Framework, Section 5.1.

<sup>57</sup> To classify the activities, you may refer to the Commission practice or the specific examples and explanations provided in the Frascati Manual on the Measurement of Scientific and technological Activities, proposed Standard Practice for Surveys on Research and Experimental Development (Organisation for Economic Co-operation and Development, 2002).

<sup>58</sup> For definitions see Section 2.2 (e), (f), (g) of the R&D&I Framework.

<sup>59</sup> Cf. Section 5.1.4 of the R&D&I Framework.



	Fundamental research	Industrial research	Experimental development
Personnel costs			
Costs of instruments and equipment			
Costs for building and land			
Cost of contractual research, technical knowledge and patents bought or licensed from outside sources at market prices			
Additional overheads incurred directly as a result of the research project			
Other operating expenses			

#### 4.1.3 Aid Intensities and Bonuses

*The aid intensity is calculated on the basis of the eligible costs of the project. It must be established for each beneficiary of aid, including in a collaboration project<sup>60</sup>.*

##### A) Basic intensities (without bonuses)<sup>61</sup>:

	Fundamental research	Industrial research	Experimental development
Maximum aid intensity			

##### B) Bonuses:

Do the supported projects benefit from a bonus?

yes       no

*If yes, please specify below.*

- Is an SME bonus applied under the notified scheme?

yes       no

Specify the level of bonus applicable<sup>62</sup>: .....

<sup>60</sup> In the case of State aid for an R&D project being carried out in collaboration between research organisations and undertakings, the combined aid deriving from direct government support for a specific research project and, where they constitute aid, contributions from research organisations to that project may not exceed the applicable aid intensities for each benefiting undertaking.

<sup>61</sup> The aid intensity may not exceed 100% for fundamental research, 50% for industrial research and 25% for experimental development.

- Is a bonus for effective collaboration between undertakings (i) or collaboration of an undertaking with a research organisation (ii) or (only for projects of industrial research) dissemination of results (iii) applied under the notified scheme?

yes       no

(i) If a bonus for an effective collaboration between at least two undertakings, which are independent of each other, is applied, please confirm that the following conditions are fulfilled:

No single undertaking bears more than 70% of the eligible costs of the collaboration project.

AND

The project involves collaboration with at least one SME or the collaboration has a cross-border character, i.e. research and development activities are carried out in at least two different Member States.

Specify the level of bonus applicable:<sup>63</sup> .....

(ii) If a bonus for an effective collaboration between an undertaking and a research organisation, particularly in the context of co-ordination of national R&D policies, is applied, please confirm that the following conditions are fulfilled:

The research organisation bears at least 10% of the eligible costs.

AND

The research organisation has the right to publish the result of the research projects insofar as they stem from research implemented by that organisation.

Specify the level of bonus applicable<sup>64</sup>: .....

(iii) If in the case of industrial research a bonus for wide dissemination of the results of the project is applied, please specify at least one of the following methods of **wide dissemination**:

Technical and scientific conferences.

Publication in scientific or technical journals.

---

<sup>62</sup> The aid intensity may be increased by 10 percentage points for medium-sized enterprises and by 20 percentage points for small enterprises.

<sup>63</sup> The aid intensity may be increased by 15 percentage points, but up to a maximum of 80%.

<sup>64</sup> The aid intensity may be increased by 15 percentage points, but up to a maximum of 80%. This bonus does not apply to the research organisation.

- Availability in open access repositories (databases where raw research data can be accessed by anyone).
- Availability through free or open source software.

Specify the level of bonus applicable<sup>65</sup>: .....

**C)** Specify the total aid intensity of the projects supported under the notified scheme (taking into account the bonuses) (%): .....

**4.1.4 Special Conditions For Repayable Advance<sup>66</sup>**

**A)** Is the aid to the R&D projects granted in the form of a repayable advance?

- yes
- no

**B)** If yes, is the aid granted in the form of a repayable advance under the notified scheme expressed as gross grant equivalent<sup>67</sup>?

- yes
- no

If yes, what is the aid intensity of repayable advance expressed as gross grant equivalent<sup>68</sup> applicable under the notified scheme: .....

Furthermore, please provide the complete methodology applied AND the underlining verifiable data on which the above mentioned methodology has been based:

.....  
 .....

**C)** If the aid cannot be expressed in gross grant equivalent, what is the level of the repayable advance expressed as a percentage of the eligible costs: .....

In case the rates of repayable advance granted to the R&D project are higher than the rates indicated in Sections 5.1.2 and 5.1.3 (up to the maximum rates indicated in Section 5.1.5) of the R&D&I Framework, please:

- Notify to the Commission the detailed information on the repayment in the case of success and define clearly what will be considered as a successful outcome of the research activities.

AND

<sup>65</sup> The aid intensity may be increased by 15 percentages points, but up to a maximum of 80%.

<sup>66</sup> Cf. R&D&I Framework, Section 5.1.5.

<sup>67</sup> Gross grant equivalent of a repayable advance reflects the probability that the advance will be repaid by the beneficiaries.

<sup>68</sup> The gross grant equivalent must fulfil the conditions on maximum aid intensities laid down in Sections 5.1.2 and 5.1.3 of the R&D&I Framework.

- Confirm the following:

- The measure provides that in case of successful outcome the advance is repaid with an interest rate at least equal to the applicable rate resulting from the application of the Commission notice on the method of setting the reference and discount rates.<sup>69</sup>
- In case of a success exceeding the outcome defined as successful, the Member State is entitled to request payments beyond payments of the advance amount including interest according to the reference rate foreseen by the Commission.
- In case of partial success, the Member State requires that the repayment secured is in proportion to the degree of success achieved.

#### **4.1.5 Special Conditions For Fiscal Measures<sup>70</sup>**

**A)** Is the aid to the R&D projects supported under the notified scheme granted in the form of a fiscal measure?

- yes                       no

If the aid for the R&D project is granted in the form of a fiscal measure, please provide evaluation studies in order to enable the Commission to assess the incentive effect of the R&D fiscal aid.

**B)** If yes, please specify how the aid intensities are calculated:

- On the basis of individual R&D project.
- As the ratio between the overall tax relief and the sum of all eligible R&D costs incurred in a period not exceeding three consecutive fiscal years.
- Other: .....

Please provide details on the calculation method applied:

.....  
.....

## **4.2 Aid For Technical Feasibility Studies<sup>71</sup>**

### **4.2.1 General Conditions**

The studies are preparatory to:<sup>72</sup>

<sup>69</sup> OJ C 273, 9.9.1997, p. 3. Also published under:  
[http://ec.europa.eu/comm/competition/state\\_aid/legislation/reference.html](http://ec.europa.eu/comm/competition/state_aid/legislation/reference.html).

<sup>70</sup> Cf. R&D&I Framework, Section 5.1.6.

<sup>71</sup> Cf. R&D&I Framework, Section 5.2.

- Industrial research.
- Experimental development.

#### **4.2.2 Aid Intensities**

Specify the maximum aid intensity<sup>73</sup> (%) for SMEs: .....

Specify the maximum aid intensity<sup>74</sup> (%) for large companies:.....

*The aid intensity is calculated on the basis of cost of feasibility studies of the project.*

### **4.3 Aid For Industrial Property Right Costs for SMEs<sup>75</sup>**

#### **4.3.1 Conditions**

Which stage of research<sup>76</sup> is concerned?

- Fundamental research.
- Industrial research.
- Experimental development.

#### **4.3.2 Eligible Costs And Aid Intensities**

**A)** Specify the eligible costs:<sup>77</sup>

- Costs preceding the grant of the right in the first legal jurisdiction:  
.....
- Translation and other costs incurred in order to obtain the granting or validation of the right in other legal jurisdiction: .....
- Costs incurred in defending the validity of the right during the official prosecution of the application and possible opposition proceedings:  
.....

---

<sup>72</sup> To classify the activities, you may refer to the Commission practice or the specific examples and explanations provided in the Frascati Manual on the Measurement of Scientific and technological Activities, proposed Standard Practice for Surveys on Research and Experimental Development (Organisation for Economic Co-operation and Development, 2002); for definitions see Section 2.2 (e), (f), (g) of the R&D&I Framework.

<sup>73</sup> For SMEs, the aid intensity may not exceed 75% for studies preparatory to industrial research activities and 50% for studies preparatory to experimental development activities.

<sup>74</sup> For large companies, the aid intensity may not exceed 65% for studies preparatory to industrial research activities and 40% for studies preparatory to experimental development activities.

<sup>75</sup> Cf. R&D&I Framework, Section 5.3.

<sup>76</sup> For definitions see Section 2.2 (e), (f), (g) of the R&D&I Framework.

<sup>77</sup> For details see Section 5.3 (2<sup>nd</sup> paragraph) of the R&D&I Framework.

**B)** Specify the maximum aid intensity (%)<sup>78</sup>: .....

#### **4.4 Aid For Young Innovative Enterprises<sup>79</sup> (For Small Enterprises)**

Please confirm that:

**A)**  The beneficiaries are exclusively small enterprises as defined by Community legislation<sup>80</sup>, in existence for less than 6 years at the time when the aid is granted.

**B)**  The beneficiaries are innovative enterprises.

Please confirm that the compliance with this condition is ensured through:

An evaluation carried out by an external expert demonstrating that the beneficiary will in the foreseeable future develop products, services or processes which are technologically new or substantially improved compared to the state of the art in its industry in the Community, and which carry a risk of technological or industrial failure;

OR

The evidence that the R&D expenses of the beneficiary represent at least 15% of its total operating expenses in at least one of the three years preceding the granting of the aid or in the case of a start-up enterprise without any financial history, in the audit of its current fiscal period, as certified by an external auditor.

Please provide details on how this is implemented:

.....  
.....

**C)** Specify the maximum aid amount applicable under the notified scheme:

.....

Please confirm that the aid for young innovative enterprises will not exceed:

EUR 1 million in non-assisted areas.

EUR 1.5 million in regions eligible for the derogation in Article 87 (3) (a) of the EC Treaty.

---

<sup>78</sup> Maximum aid levels correspond to the same levels of aid as would have qualified as R&D aid in respect of the research activities which first led to the industrial property rights concerned.

<sup>79</sup> Cf. R&D&I Framework, Section 5.4.

<sup>80</sup> See footnote 3.

- EUR 1.25 million in regions eligible for the derogation in Article 87 (3) (c) of the EC Treaty.

**D)** Please confirm that:

- The beneficiaries didn't receive aid for young innovative enterprises before and will receive this type of aid only once during the period in which they qualify as a young innovative enterprise.

**E)** Do the enterprises benefit from a cumulation of aid?

- yes                       no

If yes, please indicate how the specific cumulation rules for young innovative enterprise aid (Section 5.4 of the R&D&I Framework) will be complied with.

.....

.....

#### **4.5 Aid For Process And Organisational Innovation In Services<sup>81</sup>**

##### **4.5.1 General Conditions**

**A)** To which type of innovation in service activities<sup>82</sup> does the notified scheme refer to?

- Process innovation in service activities.
- Organisational innovation in service activities.

Please provide a detailed description of the innovation in service activities<sup>83</sup> (process and/or organisational):

.....

.....

.....

.....

**B)** Please confirm that:

<sup>81</sup> Cf. R&D&I Framework, Section 5.5.

<sup>82</sup> For definitions see Section 2.2 (i), (j) of the R&D&I Framework.

<sup>83</sup> In order to classify the activities, you may refer to the Commission practice or the specific definitions provided in the OSLO Manual, Guidelines for Collecting and Interpreting Innovation Data, 3<sup>rd</sup> Edition (Organisation For Economic Co-operation and Development, 2005).

- The organisational innovation is related to the use and exploitation of Information and Communication Technologies (ICT) to change the organisation.
- The innovation is formulated as a project with an identified and qualified project manager, as well as identified project costs.
- The result of the aided project is the development of a standard, of a business model, methodology of concept, which can be systematically reproduced, possibly certified, and possibly patented.
- The process or organisational innovation is new or substantially improved compared to the state of the art in its industry in the Community.
- The process or organisational innovation projects entail a clear degree of risk.
- The aid is granted to large enterprises only if they collaborate with SMEs in the aided activity and that the collaborating SMEs incur at least 30% of the total eligible costs.

Please provide details/evidence concerning all these elements:

.....  
 .....

#### **4.5.2 Eligible Costs And Aid Intensities**

**A)** Please specify the eligible costs<sup>84</sup>:

personnel costs costs of instruments and equipment costs for building and land cost of contractual research, technical knowledge and patents bought or licensed from outside sources at market prices additional overheads incurred directly as a result of the research project other operating expenses	Eligible costs
---	----------------

**B)** Specify the maximum aid intensity<sup>85</sup> for large enterprises (%): .....

Specify the maximum aid intensity<sup>86</sup> for medium enterprises<sup>87</sup> (%): .....

<sup>84</sup> For details see Section 5.1.4. Please note that in the case of organisational innovation, the costs of instruments and equipment cover costs of ICT instruments and equipment only.

<sup>85</sup> The maximum aid intensity is 15% of the eligible costs.

<sup>86</sup> The maximum aid intensity is 25% of the eligible costs.

<sup>87</sup> See footnote No 3.



Specify the maximum aid intensity<sup>88</sup> for small enterprises<sup>89</sup> (%): .....

*The aid intensity is calculated on the basis of the eligible costs of the projects.*

#### **4.6 Aid For Innovation Advisory Services And For Innovation Support Services<sup>90</sup> (For SMEs)**

##### **4.6.1 General Conditions**

**A)** Specify the maximum aid amount (not exceeding EUR 200 000 per beneficiary within any three year period):

.....

**B)** Please confirm that:

- If the service provider does not benefit from a national or European certification the aid will not cover more than 75% of the eligible costs.
- The beneficiaries use the State aid to buy the services at market price (or if the service provider is a non-for-profit entity, at a price which reflects its full costs plus a reasonable margin).

Please provide details on how this will be ensured.

.....

.....

##### **4.6.2 Eligible Costs**

**A)** What type of aid is granted?

- Aid for innovation advisory services.
- Aid for innovation support services.

**B)** If it is an aid for innovation advisory services, specify the eligible costs:

- Management consulting: .....
- Technological assistance: .....
- Technology transfer services: .....
- Training: .....

<sup>88</sup> The maximum aid intensity is 35% of the eligible costs.

<sup>89</sup> Idem footnote No 46.

<sup>90</sup> Cf. R&D&I Framework, Section 5.6.

Consultancy for acquisition, protection and trade in Intellectual Property Rights and for licensing agreements: .....

Consultancy on the use of standards: .....

**C)** If it is an aid for innovation support services, specify the eligible costs:

Office space: .....

Data banks: .....

Technical libraries services: .....

Market research: .....

Use of laboratory: .....

Quality labelling: .....

Testing and certification: .....

#### **4.6.3 Special Conditions For A Non-For-Profit Entity**

*If the service providers are non-for-profit entities, the aid may be given in the form of a reduced price, as the difference between the price paid and the market price (or a price which reflects full costs plus a reasonable margin).*

**A)** Is the aid given in the form of a reduced price?

yes                       no

If yes, provide evidence of the existence of a system ensuring transparency about the full costs of the innovation advisory and innovation support services provided, as well as about the price paid by the beneficiaries, so that the aid received can be measured and monitored.

.....  
.....

#### **4.7 Aid For The Loan Of Highly Qualified Personnel<sup>91</sup> (For SMEs)**

##### **4.7.1 General Conditions**

**A)** Where do the highly qualified personnel<sup>92</sup> come from?

Research organisations.

Large enterprises.

<sup>91</sup> Cf. R&D&I Framework, Section 5.7.

<sup>92</sup> For definition see Section 2.2. (k) of the R&D&I Framework.

Provide details (if possible) on research organisations and on large enterprises.

.....  
.....

**B)** Please confirm that:

- The seconded personnel are not replacing other personnel.
- The seconded personnel are employed in a newly created function within the beneficiary undertaking.

Specify please this newly created function:

.....  
.....

- The seconded personnel have been employed for at least two years in the research organisations or the large enterprises which are sending the personnel on secondment.
- The seconded personnel work on R&D&I activities within the SME receiving aid.

**4.7.2 Eligible Costs And Aid Intensities**

**A)** Specify the eligible costs:

- Costs for borrowing and employing highly qualified personnel.

.....  
 Mobility allowance for the seconded personnel: .....

**B)**  Please confirm that consultancy costs (payment of the service rendered by the expert without employing the expert in the undertaking) are excluded from eligible costs of the aid for the loan of highly qualified personnel.

**C)** Specify the maximum aid intensity<sup>93</sup> (%): .....

**4.8 Aid For Innovation Clusters<sup>94</sup>**

**4.8.1 General Conditions**

**A)** What type of aid is granted to the beneficiaries?

<sup>93</sup> The maximum aid intensity is 50% of the eligible costs, for a maximum of 3 years per undertaking and per person borrowed.

<sup>94</sup> Cf. R&D&I Framework, Section 5.8.

- Investment aid.
- Operating aid for cluster animation.

**B)** Please confirm that:

- The aid is exclusively granted to the legal entities operating the innovation clusters.
- The beneficiaries are in charge of managing the participation and access to the clusters' premises, facilities and activities.

Please provide details:

.....

.....

- Access to the clusters' premises, facilities and activities is not restricted.

**C)** Do the fees charged for using the cluster's facilities and for participating in the cluster's activities reflect their costs?

- yes       no

If yes, please demonstrate how this is ensured:

.....

.....

If not, please provide details (especially with respect to the existence of aid within the meaning of Article 87 (1) of the EC Treaty, see Section 3.1 of the R&D&I Framework):

.....

.....

**D)** Please attach an analysis of the technological specialisation of the innovation cluster, existing regional potential, existing research capacity, presence of clusters in the Community with similar purposes and potential market volumes of the activities in the cluster:

.....

.....

**4.8.2 Specific Conditions Concerning Investment Aid For Cluster Animation**

**A)** What type of investment is carried out?

- Setting up of innovation clusters.
- Expansion of innovation clusters.
- Animation of innovation clusters.

**B)** For which facilities is the aid granted?

- Facilities for training and research centre.
- Open-access research infrastructures, laboratory, testing facility.
- Broadband network infrastructures.

**C)** Specify the eligible costs:

- Costs relating to investment in land: .....
- Buildings: .....
- Machinery: .....
- Equipment: .....

**D)** What is the basic aid intensity (%)<sup>95</sup>: .....

If applicable, what is the basic aid intensity for regions falling under Article 87 (3) (a) of the EC Treaty:

- With less than 75% of average EU-25 GDP per capita, outermost regions with higher GDP per capita and statistical effect regions (until 1 January 2011) (%)<sup>96</sup>: .....
- With less than 60% of average EU-25 GDP per capita (%)<sup>97</sup> .....
- With less than 45% of average EU-25 per capita (%)<sup>98</sup> .....

If applicable, what is the basic aid intensity for statistical effect regions falling under Article 87 (3) (c) of the EC Treaty from 1 January 2011 (%)<sup>99</sup> .....

**E)** Is any bonus granted to beneficiaries?

- yes                       no

<sup>95</sup> The maximum aid intensity is 15% of the eligible costs.

<sup>96</sup> The maximum aid intensity is 30% of the eligible costs.

<sup>97</sup> The maximum aid intensity is 40% of the eligible costs.

<sup>98</sup> The maximum aid intensity is 50% of the eligible costs.

<sup>99</sup> The maximum aid intensity is 20% of the eligible costs.

If yes, specify below:

- Do you apply an SME bonus?

yes                       no

Specify the level of bonus applicable to small enterprises<sup>100</sup>: .....

Specify the level of bonus applicable to medium-sized enterprises<sup>101</sup>: .....

- Do you apply a bonus for undertakings located in outermost regions?

yes                       no

If yes, specify the level of bonus applicable to undertakings located in outermost regions:

- Where their GDP per capita falls below 75% of EU-25 average (%):<sup>102</sup>

.....

- Other outermost regions (%):<sup>103</sup> .....

#### **4.8.3 Specific Conditions Concerning Operating Aid For Cluster Animation**

**A)** For how long is such aid granted: ..... years.

If the aid is granted for a longer period than 5 years, please provide convincing evidence in order to justify such longer period.<sup>104</sup>

.....

.....

**B)** Is the aid degressive?

yes                       no

**C)** Specify the eligible costs:

Marketing of the cluster to recruit new companies to take part in the cluster: .....

Management of the cluster's open-access facilities: .....

---

<sup>100</sup> The aid intensity may be increased by maximum 20 percentage points for small enterprises.

<sup>101</sup> The aid intensity may be increased by maximum 10 percentage points for medium-sized enterprises.

<sup>102</sup> The aid intensity may be increased by maximum 20 percentage points.

<sup>103</sup> The aid intensity may be increased by maximum 10 percentage points.

<sup>104</sup> In any case, the period may never exceed 10 years.

Organisation of training programmes, workshops and conferences to support knowledge sharing and networking between the members of the cluster: .....

**D) Aid Intensity:**

- degressive aid (please specify degressive rates for each year)<sup>105</sup>:  
.....
- non-degressive aid (%)<sup>106</sup>: .....

---

<sup>105</sup> The intensity may amount 100% for the eligible costs the first year but must have fallen in a linear fashion to zero by the end of the fifth year.

<sup>106</sup> The maximum aid intensity is 50% of the eligible costs.

**5. INCENTIVE EFFECT AND NECESSITY OF AID<sup>107</sup>**

**General Condition**

**Please confirm that when granting the aid under the notified measure, it will be ensured that the R&D&I activities of individual beneficiaries will not commence prior to their aid application.**

yes

Please provide details on how the compliance with this condition will be ensured.

.....  
.....

In case the aid is granted for projects of large enterprises, to SMEs if it exceeds EUR 7.5 million, for process and organisational innovation in services and for innovation clusters, please confirm that the incentive effect will be evaluated on the basis of at least one of the following indicators:

- Increase in project size.
- Increase in scope.
- Increase in speed.
- Increase in total amount spent on R&D&I.
- Other: .....

Please provide details on how this evaluation will be carried out:

.....  
.....

**6. CUMULATION<sup>108</sup>**

**A) Is the aid granted under the notified scheme combined with other aid<sup>109</sup>?**

yes                       no

<sup>107</sup> Cf. R&D&I Framework, Chapter 6.

<sup>108</sup> Cf. R&D&I Framework, Chapter 8.

<sup>109</sup> Please note that the aid for R&D&I shall not be cumulated with de minimis support in respect of the same eligible expenses in order to circumvent the maximum aid intensities laid down in the R&D&I Framework.



**B)** If yes, please describe the cumulation rules applicable to the notified aid scheme:

.....  
.....  
.....  
.....

**C)** Please specify how the respect of cumulation rules will be verified in the notified aid scheme:

.....  
.....  
.....  
.....

**7. SPECIFIC QUESTIONS RELATING TO AGRICULTURE AND FISHERIES<sup>110</sup>**

**A)** Does the R&D aid concern products listed in Annex I to the EC Treaty?

yes       no

If yes, specify the type of products:

.....  
.....

**B)** If yes, please provide the answers to the following questions:

- Is the aid of general interest to the particular sector or sub-sector concerned?

yes       no

If yes, provide evidence:

.....  
.....

<sup>110</sup> Cf. R&D&I Framework, Chapter 9.

- Is the information that research will be carried out, and with which goal published on internet prior to the commencement of the research AND does the information published include an approximate date of the expected results and their place of publication on the internet, as well as a mention that the result will be available at no cost?

yes                       no

If yes, provide evidence and specify the internet address:

.....  
.....

- Are the results of the research made available on internet, for a period of at least 5 years AND can it be confirmed that the information on the internet will be published no later than any which may be given to members of any particular organisation?

yes                       no

If yes, provide evidence:

.....  
.....

- Is the aid granted directly to the researching institution or body AND does it exclude the direct granting of non-research related aid to a company producing, processing or marketing agricultural products, as well as the provision of price support to producers of such products?

yes                       no

If yes, provide evidence:

.....  
.....

*If the answers to all four conditions of Section B above are yes, the aid intensity up to 100% can be allowed. If not, cases of R&D aid for products listed in Annex I to the EC Treaty are to be examined under the normal rules of the R&D&I Framework.*

**C)** Specify the total aid intensity (%): .....

- D)** Co-operation pursuant to Regulation No 1698/2005 on support for rural development by the EAFRD.<sup>111</sup>

Has the co-operation been approved for Community co-financing under Article 29 of Regulation No 1698/2005 AND/OR is the State aid granted as additional financing pursuant to Article 89 of this Regulation under the same conditions and at the same intensity as the co-financing<sup>112</sup>?

yes       no

*If not, cases of R&D aid for products listed in Annex I to the EC Treaty are to be examined under the normal rules of the R&D&I Framework.*

## **8. REPORTING AND MONITORING**<sup>113</sup>

### **8.1 Annual Reports**

*Please note that this reporting obligation is without prejudice to the reporting obligation pursuant to Commission Regulation (EC) No 794/2004 implementing Council Regulation (EC) No 659/1999.*<sup>114</sup>

- A)** Please undertake to submit annual reports on the implementation of the notified scheme to the Commission, containing all the elements listed below .<sup>115</sup>

- Name of the beneficiary.
- Aid amount per beneficiary.
- Aid intensity.
- Sectors of activity where the aided projects are undertaken.

yes

- B)** Please undertake to explain in the annual report for all aid granted under an approved scheme to large undertakings how the incentive effect has been respected for aid given to such undertakings<sup>116</sup>.

yes

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<sup>111</sup> Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), OJ L 277, 21.10.2005, p.1 as amended by Regulation (EC) no 1463/2006, OJ L 277 9.10. 2006, p.1.

<sup>112</sup> Commission will allow State aid for cooperation pursuant to Article 29 of Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) if such cooperation has been approved for Community co-financing under that Article and/or the State aid is granted as additional financing pursuant to Article 89 of Regulation (EC) No 1698/2005 under the same conditions and at the same intensity as the co-financing.

<sup>113</sup> Cf. R&D&I Framework, Section 10.1.

<sup>114</sup> Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty, OJ L 140, 30.4.2004, p.1.

<sup>115</sup> As regards the specific reporting requirements for fiscal aid and clusters, please see Section 10.1.1 (3rd and 4th paragraph) of the R&D&I Framework.

<sup>116</sup> Notably using the criteria specified in section 6 of the R&D&I Framework.

## 8.2 Access To Full Text Of Schemes

**A)** Please undertake to publish the full text of the final aid schemes on the internet.

yes

**Please provide the internet address:** .....

**B)** Please confirm that the scheme will not be applied before the information is published on the internet (as required under Section A above).

yes

## 8.3 Information Sheets, Monitoring

**A)** Please undertake, whenever aid for R&D&I is granted on the basis of aid schemes without falling under the duty for individual notification, and exceeds EUR 3 million<sup>117</sup>, to provide the Commission within 20 working days starting from the granting of the aid by the competent authority with the information requested in the standard form laid down in the Annex to the R&D&I Framework.

yes

**B)** Please undertake to maintain detailed records regarding the granting of aid, with all information necessary to establish that the eligible costs and maximum allowable aid intensity have been observed.

yes

**C)** Please undertake to ensure that detailed records referred to in Section B above are maintained for 10 years from the date on which the aid was granted.

yes

**D)** Please undertake to submit the records referred to in Section B above on request of the Commission.

yes

## 9. OTHER INFORMATION

Please give any other information you consider necessary to assess the measure(s) in question under the Community Framework for state aid for research, development and innovation. "

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<sup>117</sup> If applicable, please provide an exchange rate used when answering this question.

### Part III.12. D Supplementary Information Sheet On Aid To Compensate For Handicaps In Certain Areas

*This form must be used for the notification of aid aiming to compensate for natural handicaps in certain areas, which is dealt with in point IV.D. of the Community Guidelines for State aid in the agriculture and forestry sector 2007-2013<sup>118</sup>.*

#### 1. Questions Relevant For All Notifications Of Aid To Compensate For Handicaps In Certain Areas.

1. Describe the handicap in question:

*Natural based on topography, climate and soil conditions*

*LFA designation in Wales first took place in 1975, based on criteria set by the Commission – depopulation, poor agricultural production conditions, low incomes and workforce dependent on agriculture. Designation applies to 80% of the agricultural area of Wales.*

2. Provide proof that the amount of compensation to be paid avoids any overcompensation to farmers of the effect of the handicaps:

*Proposed funding and payment rates from 2007 are based on the LFA support arrangements introduced in 2001 and as agreed with the Commission as part of the then approval process to the RDP Wales 2000-2006. The rates reflect the pressures on securing viable incomes from farming in the more marginal land areas of Wales due to topography, climate and soil conditions. It is also relevant that payment maintains farm-based livestock production – the mainstay of Welsh agriculture – to avoid land abandonment and adverse environmental impact if no such animals were present.*

*From 2007, LFA funding has been reduced in comparison to the average over 2000-2006 to avoid the possibility of over-compensation, taking account of net farm income data showing LFA incomes higher than those for lowland farmers together with criticisms on the level support emerging from the mid-term evaluation of the previous RDP. The last full scheme payment will be in 2012 to assist in the transition to Glastir.*

3. If there are areas of handicaps where the average impact of handicaps per hectare of comparable farms differs, demonstrate that the level of compensatory payments is proportionate to the economic impact of the handicaps in the different areas:

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<sup>118</sup> OJ ...

*Within the LFA, land has been designated as Severely Disadvantaged (SDA) and Disadvantaged (DA) with an area payment differential in favour of the SDA. Details are set out in measure fiche 212.*

4. Is it within human control to reverse the economic impact of the permanent handicap?

yes       no

If yes, please note that only the economic impact of permanent handicaps that lie outside of human control may be taken into account for calculating the amount of compensatory payments. Structural disadvantages open to improvement through modernisation of farms or factors like taxes, subsidies or the implementation of the CAP reform may not be taken into account.

If no, explain why it is outside human control to reverse the economic impact of the permanent handicap:

*It has been the position in Wales for centuries that the rural areas have relied on agriculture as a key industry to support socio-economic, environmental and cultural cohesion. Outward migration remains a critical issue, reflecting difficulties, particularly within the younger age group, in terms of sustainable employment opportunity that have not responded to a variety of Government intervention tools over many years.*

Could you specify the size of the farms that will benefit from these payments?

*Within the designated LFA, cattle and sheep producers farming 6 hectares or more.*

5. Is the amount of compensation established by comparing the average income per hectare of farms in areas with handicaps with the income of same-sized farms producing the same products in areas without handicaps situated in the same Member state, or when a whole Member State is considered as consisting of areas with handicaps, with the income of same-sized farms in similar areas in other Member States in which the production conditions can be meaningfully compared to those in the first Member state? The income to be taken into account in this respect shall be direct income from farming and notably leave aside taxes paid or subsidies received.

yes       no

Describe how the comparison was made.

*Taking farm income data for cattle/sheep producers in the SDA and DA, such producers in the lowland as well as for the dairy and arable sectors.*

6. Is the aid measure combined with support under Articles 13, 14 and 15 of the Council Regulation (EC) No 1257/1999<sup>119</sup>?

yes       no

7. Can you confirm that the total support granted to the farmer will not exceed the amount determined in accordance with Article 15 of Regulation No 1257/1999?

yes       no

Specify the amount.

*SDA: £28/hectare; DA £19/hectare*.....

*If no, please note that, according to point 72 of the Agricultural Guidelines, the maximum aid that can be granted in the form of compensatory allowance cannot exceed the above amount.*

8. Does the measure provide that the following eligibility criteria must be fulfilled?

Farmers are required to farm a minimum area of land (please specify the minimum area.

*6 hectares.*

Farmers must undertake to pursue their farming activity in a less-favoured area for at least five years from the first payment of a compensatory allowance.

Farmers must apply the relevant mandatory standards established pursuant to Articles 4 and 5 of, and Annexes III and IV to, Regulation (EC) No 1782/2003<sup>120</sup> as well as minimum requirements for fertiliser and plant protection product use and other mandatory requirements established by national legislation and identified in the rural development programme.

yes       no

yes       no

9. Does the measure provide that, in the event of obstruction on the part of the owner or holder of the animals when inspections are being carried out and the necessary samples are being taken in application of national residue-monitoring plans, or when the investigations and checks provided for under

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<sup>119</sup> Council Regulation (EC) No 1257/1999 of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations; OJ L 160, 26.6.1999, p. 80–102

<sup>120</sup> Council Regulation No 1782/2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support scheme for farmers (OJ L 270, 21.10.2003, p. 1).

Directive 96/23/EC are being carried out, the penalties provided for under question 4 shall apply?

yes       no

10. In case of aid schemes still in force at the date of the entry into force of Articles 37 and 88(3) of Council Regulation (EC) No 1698/2005<sup>121</sup>, will the aid scheme be amended to comply with the provisions of those articles as from that date?

yes       no

If no, please note that from the entry into force of Articles 37 and 88 (3) of the above mentioned regulation new rules will be applied to measures aiming to compensate for natural handicaps in certain areas and that aid measures that do not fulfil all the criteria of these Articles and any implementing rules adopted by the Council or the Commission will have to be put to an end.

## 2. Other Information

Is documentation demonstrating that the State aid fits into and is coherent with the relevant Rural Development plan attached to the notification?

yes       no

*If yes, please provide that documentation hereunder or in an annex to this supplementary information sheet.*

.....

*If no, please note that this documentation is requested in conformity with point 26 of the agricultural guidelines.*

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<sup>121</sup> Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD); *OJ L 277*, 21.10.2005, p. 1–40.



## **SECTION 10: Information on the Complementarity with the Measures Financed by the other CAP Instruments, through Cohesion Policy as well as by the European Fisheries Fund**

10.1 In line with EC regulatory requirements, strict demarcation criteria and mechanisms for co-ordination between the EAFRD, ERDF and ESF Funds and the European Fisheries Fund (EFF) are set out below. Also set out are details on the appraisal mechanism to be used within the Welsh Assembly Government to ensure that these criteria and mechanisms are applied, to avoid double funding, and to ensure maximum synergy and value for money.

### **General Principles**

10.2 As a general principle, RDP funding will be focussed on supporting diversification of rural economies and improving the quality of life at the local level. This includes interventions in agriculture including supporting innovative farm diversification and woodland enterprises. More widely, it will also include enabling growth of existing micro-enterprises and encouraging start-ups, and improving skills and employment opportunities for those individuals in the rural workforce on low pay where this support cannot be provided elsewhere. The definition of "local level" relates to activity funded at sub-local authority boundary level (i.e. below NUTS3), to meet a very specific need identified in a particular area. It also does not usually cross over unitary local authority boundaries.

10.3 The ERDF and ESF Funds will primarily address rural issues as part of wider regional, sub-regional or national activity contributing to improved economic performance or as part of integrated employment and skills programmes. This will include interventions that help to develop the knowledge based economy at a strategic level, enable small and medium sized enterprises to become more competitive and more efficient in their use of natural resources, building sustainable communities, and increasing employment by breaking down barriers to work and increasing skill levels for all.

10.4 With specific regard to ESF activities which will be funded under Axis 3 must be identified by the relevant local Partnership and there must be no equivalent activity already being funded centrally or via ESF. Where such programmes for skills, academic learning or training already exist, individuals identified via RDP will be referred into such programmes, and no equivalent will be provided under the RDP. For example, in a small rural farming community, if a need is identified for adult numeracy skills, but there is a lack of mobility, RDP funds would facilitate provision of training in the immediate area, at an accessible site, provided there is no equivalent ESF or centrally funded programme already covering that community.

10.5 The European Fisheries Fund will provide the support to develop and manage viable and sustainable marine and inland fisheries, including aquaculture, as an integral part of coherent policies for safeguarding the environment. The overarching aims are:

- Sustainable exploitation of fishery resources.

- Sustainable development and competitiveness of aquaculture and the aquatic environment, the processing and marketing of fisheries products and of inland fishing.
- Carrying out the objectives of the Common Fisheries Policy and developing enterprises in the fisheries sector.
- Sustainable development and the improvement of the quality of life of fisheries areas.

## **Demarcation**

### *Axis 1*

10.6 Support under the schemes to be implemented under Articles 21, 24 and 26 of Regulation 1698/2005 will focus on sector related issues and will only be available to farming/forestry enterprises so there are no demarcation issues. With regard to schemes implemented under Articles 27, 28, 29, 30, 32 and 33 as the ERDF and ESF Funds cannot support primary processing of agricultural and/or forestry products, there are no demarcation issues. These points apply equally to EFF.

### *Axis 2*

10.7 In accordance with the requirements of Articles 36 to 51 of Regulation 1698/2005 all beneficiaries will be either registered agricultural and/or forestry businesses. The ERDF and ESF Funds will realise the economic potential of the natural environment and support environmental enhancement where it is undertaken for a clear economic outcome, for example the use of innovative technologies to address the challenges of clean energy generation. The EFF will focus on marine protection issues.

### *Axes 3 & 4*

10.8 Although the RDP sets the principles and key areas for action, the exact activities to be undertaken these Axes will be determined through local development strategies making it impossible to provide full details at this point in time. Essentially RDP activities will be focused primarily on diversification of the rural economic base and improving the quality of life in rural areas. The ERDF and ESF Funds 'Building Sustainable Communities' priority will focus on supporting integrated regeneration to achieve a clear economic outcome.

10.9 For the RDP activity will occur within a single local authority area or through similar projects taking place in adjacent local authorities using co-operative working. In order to enhance complementarity, the RDP local development plans will be agreed in conjunction with the Spatial Plan area group, and vice versa. For the ERDF and ESF Funds specific priorities will be at the wider strategic and spatial level. They will be agreed by the Spatial Plan Area Group and will be detailed in the Integrated Regeneration Strategic Framework for that area.

10.10 With regard to the EFF, it has been agreed that actions specific to that sector or the sectoral interests of the beneficiaries and their families will be funded

through the EFF with Axes 3 and 4 activities providing support for their wider personal and community needs and on developments outside their sector e.g. craft development, tourism etc.

## **Complementarity**

### *Axis 1*

10.11 Given the specific targeting of the support available under Axis 1 there are limited opportunities for the programmes to complement each other however the greatest scope for complementarity exists in how specific business support and financing instruments for rural development fit together. This will be referenced in the relevant Strategic Frameworks. The potential for the development of fish and shellfish products will be supported through EFF although innovative developments may facilitate co-operative working between funds.

### *Axis 2*

10.12 There is potential for synergy between the activities of different landowners on adjacent areas and links with community focused environmental and biodiversity improvements. Also, there are opportunities for joint working on the achievement of wider environmental targets including climate change, water quality/quantity, air pollution, waste management etc. Synergy with EFF is most likely in coastal areas where activities supported under Axis 2 could enhance marine focused activities.

### *Axes 3 and 4*

10.13 It has been agreed that there is considerable scope for adding value to ERDF and ESF Funds and EFF activity through the smaller scale RDP 2007-2013 projects, including helping on the non-vocational skills agenda, wider community needs, developing alternative sources of income, developing opportunities for family members, and addressing general social and cultural needs. There is also considerable scope for adding value to RDP activity through the ERDF and ESF Funds, including by providing physical infrastructure as part of integrated regeneration programme that is not possible under the RDP itself.

10.14 The detailed Co-ordination Table at the end of this section has been prepared jointly with WEFO and the EFF team and sets out clearly which fund will support which activities and at which spatial level.

## **Appraisal Mechanism**

10.15 The Welsh Assembly Government recognises the need to take account of the demarcation and complementarity set out above in the implementation of the RDP and has put in place three key measures to ensure that this is done. These are:

- Cross membership of the respective Programme Monitoring Committees for the RDP, the ERDF and ESF Funds and the EFF.
- A specific statement in the ERDF and ESF Funds' eligibility rules that farmers and those engaged in primary processing of agricultural, fisheries or forestry products are not eligible for support from the ERDF or ESF for these activities.
- External guidance for potential ERDF and ESF Fund project applicants, developed jointly with staff working on the RDP and the EFF programme for Wales.

10.16 To eliminate the potential for double funding and to maximise complementarity at a project level, further communication will be made between the respective teams at application stage. As part of the process, applicants will need to show how their project fits with the relevant strategies and programme including the ERDF and ESF Funds and the EFF. Appraisal officers will ensure that where any project has the potential to fit into the demarcation or complementarity areas as outlined above, the relevant officers will be consulted and rigorous appraisal will be carried out. Post approval, projects will be subject to strict monitoring to ensure that the terms of the approval are adhered to and any subsequent request to amend a project will be given equally careful consideration.

#### *Specific Measures for Axes 3 and 4*

10.17 The Welsh Assembly Government recognises the potential for double funding and confusion arising from the decision to implement Axes 3 and 4 in the manner chosen and the difficulty this presents when demarcating between the programmes. However, research by the Wales Rural Observatory, other academic institutions and the Commission itself has proved that this is the only way to deliver a synergistic, integrated, coherent development programme. Further, this scaled approach has been proven through the Leader programmes and it is one of the key strengths of this approach that it can access a range of support measures and deliver them in a single package rather than being limited to a set of designated target groups and/or activities. We believe that the approach adopted is relevant to the needs of rural Wales.

10.18 To eliminate the potential for double funding and projects working against each other, it has been decided that all applications for support under Axes 3 and 4 will be subject to rigorous, cross Departmental appraisal in addition to the consideration of compatibility/demarcation with the ERDF and ESF Funds and the EFF.

10.19 Briefly, on receipt of an application a series of basic checks will be undertaken to ensure that all the requested information has been provided. Applications will then be copied to all interested internal and external officials with a request that they undertake a detailed assessment of the robustness of the proposals, their fit with other European programmes and their fit with Welsh Assembly Government programmes. At the same time, a detailed technical assessment will be commissioned to ensure that the project is achievable, properly costed and deliverable in the timescale indicated. Only if a project satisfies all of these stages will it receive approval. Post approval it will be subject to strict

monitoring to ensure that the terms of the approval are adhered to and any subsequent request to amend a project will be given equally careful consideration.

### **Links With The Wales Spatial Plan**

10.20 The Wales Spatial Plan provides a transparent framework on the way a whole range of activities and investments occur across Wales. It aims to ensure the Welsh Assembly Government's policies and programmes come together effectively with the workings of local government, business and other partners across Wales to enable a truly sustainable future. This principle must also extend to the RDP, ERDF and ESF Funds and EFF programmes and is particularly important to the delivery of Axes 3 and 4 where a considerable degree of local determination is being introduced.

10.21 To ensure that the proposals put forward under these Axes are commensurate with the proposals for each of the Spatial Plan regions of Wales it has been agreed that the combined Local Development Strategies will require the endorsement of the relevant Spatial Plan Area Action Groups prior to submission to the Welsh Assembly Government for assessment.

## Co-ordination between ERDF/ESF/EAFRD and EFF

Operational Programme Priority	ERDF Interventions	ESF will support	EAFRD will support	EFF will support
1. Building the Knowledge Based Economy	<p><b>Research and Development, innovation and technology</b></p> <p>Embedding a culture of innovation and improvement in firms and demonstrating the benefits of innovation and science.</p> <p>Helping businesses to invest in R&amp;D and develop new market led processes, products, technologies and services, particularly those with high growth potential.</p> <p>Developing management capacity to better equip firms to develop product and process improvements.</p>	<p>Preparing young people and others, including disadvantaged groups, to access Higher Education (but not higher education provision itself), and STEM subjects – Science, Technology, Engineering and Mathematics.</p> <p>Developing skills such as leadership, management, enterprise and technical skills needed to support business development and growth.</p> <p>Action to raise the supply of individuals with higher level specific skills, including research.</p>	<p>Provision of training and knowledge transfer support for the farming and forestry sectors.</p> <p>Support for research and development in the agriculture, forestry and agri-food sectors.</p> <p>Support for the development of innovative approaches and new products/processes in the agriculture, forestry and agri-food sectors.</p> <p>Support for the take-up of technology in the agriculture, forestry and agri-food sectors.</p>	<p>Investment in innovation and technology in fishing and aquaculture sectors.</p>

	<p>Strengthening and maximising the capabilities of HE and, where appropriate, FE institutions to support businesses through knowledge transfer and commercialisation of research, and encouraging the development of innovative technologies.</p>	<p>Training of research personnel from HE/FE institutions in business processes to support technology transfer to businesses or creation of spin out companies.</p>	<p>Working at the local level i.e. below regional level:</p> <ul style="list-style-type: none"> <li>▪ Support for the application of the Leader approach to the piloting and development of innovative approaches/ products and processes across a wide range of sectors.</li> </ul>	
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	<p><b>ICT Infrastructure and Information Society for All</b></p> <p>The Welsh Assembly Government has previously received funding via the Objective 1 programme (ERDF) for extending broadband coverage to unserved broadband notspot areas. (Regional Innovative Broadband Support (RIBS) project as compatible aid in June 2005 (EC decision N57/2005)</p> <p>Separate ERDF funding for broadband infrastructure in Wales is covered by the State aid scheme N692/2007 where funding was used for the "Fibrespeed broadband" project. This project intervened in North Wales to provide high speed open access fibre backhaul infrastructure to specific geographic locations.</p>	<p>Supporting the acquisition of ICT, generic and occupational skills in the workforce and support progression to Level 2, with demand led progression to Level 3.</p> <p>Training linked to the successful exploitation of ICTs by SMEs and community organisations.</p>	<p>Support for the take-up of ICTs by the agriculture and forestry sectors.</p> <p>Encouraging agri-food businesses to embed and fully utilise ICTs.</p> <p>Working at the local level i.e. below regional level:</p> <ul style="list-style-type: none"> <li>• Encouraging communities and individuals to utilise ICTs.</li> <li>• Support for rural micro-enterprises to engage with and fully utilise ICTs.</li> <li>▪ Investment in local and community projects e.g. village halls, community centres etc. to encourage linkages to ICTs. Including broadband</li> </ul> <p>EAFRD funds provided under the EERP will be used under de minimis grant support and provide a complementary grant scheme to extend the reach of the ERDF activity</p>	<p>Encouraging computerised management of fishing activities.</p>
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<p>2. Improving Business Competitive-ness</p>	<p><b>Entrepreneurship</b></p> <p>Supporting the start-up of new enterprises.</p> <p>Supporting the growth of existing enterprises, particularly those with capacity to grow.</p> <p>Promoting opportunities to grow the sectors in which West Wales and the Valleys is strong, or those which it is seeking to develop.</p> <p>Building the sustainability of community and social enterprises by increasing their economic contribution.</p>	<p>Enabling individuals acquire the skills for sustainable self-employment, including in social enterprises.</p> <p>Raising levels of basic literacy and numeracy skills amongst existing workforce, supporting systems to enable employers identify and address skills needs, and helping workers and enterprises prepare for and adapt to new forms of work organisation and new technologies. Lifelong learning and training for managers and workers to develop skills in leadership, management, enterprise and technical skills needed for business development, growth, innovation and productivity.</p> <p>Improving research into skills needs and matching learning</p>	<p>Investment in rural businesses where they are involved in the agri-food sector including adding value and primary processing, purchasing inputs from local producers, meeting new retailing opportunities (market development), new manufacturing techniques; supply chain efficiencies etc.</p> <p>Working at the local level i.e. below regional level:</p> <ul style="list-style-type: none"> <li>• Support for diversification into non-agricultural activities by farming families.</li> <li>• Provision of support to rural micro enterprises across a range of sectors, including activities focusing on the use of local products; new retailing, manufacturing or service industries meeting local needs;</li> </ul>	<p>Improving the efficiency of capture, production and supply chains to maximise value and profitability in existing markets and also targeting new markets.</p> <p>Developing strong links between fishing and aquaculture sectors and subsequent processing.</p> <p>Cross membership of the respective Programme Monitoring Committees will eliminate the potential for double funding at project level.</p>
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		<p>provision to meet labour market needs, reducing skills gaps and shortages. Training up to and including level 3 where there is market failure, e.g. where there are skills shortages, and amongst women, BME groups and other disadvantaged groups which are under-represented.</p> <p>Advice, support and training provision to enable individuals acquire the skills for sustainable self employment. Including social enterprises.</p>	<p>the development of the rural tourism product; development of the creative industries; delivery of essential services to the local community.</p> <ul style="list-style-type: none"> <li>▪ Support for enterprises that contribute to the development of new environmental technologies, are involved in renewable energy supply chains in producing, processing or end uses, new forestry enterprises, new products and markets, leading to more sustainable use of woodlands and the use of woodlands to deliver recreational and social benefits, provide the traditional trades required to maintain and enhance the landscape or co-operative ventures between rural businesses and/or with rural communities.</li> </ul>	
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			<ul style="list-style-type: none"> <li>• Support for developing bespoke rural skills not provided by mainstream programmes.</li> <li>• Support developing generic 'life skills' and business skills where not provided by mainstream programmes.</li> </ul>	
	<p><b>Business Finance</b></p> <p>Providing debt finance and venture capital to address market failures in financial support mechanisms required to create new SMEs and develop existing ones.</p> <p>Providing discretionary, focused grant support packages for businesses, including, but not linked to, high growth sectors.</p> <p>Supporting and accelerating Welsh export.</p>	Not applicable.	<p>Supporting, developing the product and increasing the market for Welsh food and drink.</p> <p>Working at the local level i.e. below regional level:</p> <ul style="list-style-type: none"> <li>▪ Providing discretionary focused grant support packages for small local businesses meeting a clearly determined local need.</li> </ul>	Not applicable.

<p>3. Developing Strategic Infrastructure for a Modern Economy</p>	<p><b>Sustainable Transport</b></p> <p>Supporting key rail and road enhancements, particularly those on or closely linked to the TEN-T network, which improve accessibility to European markets.</p> <p>Reducing the level of car usage, particularly single occupancy commuting.</p> <p>Increasing public transport usage and enhancing accessibility to employment opportunities and key services.</p> <p>Reducing congestion and carbon emission levels.</p> <p>Reducing road haulage of goods and encouraging rail and sea freight.</p> <p>Improving accessibility for people in the Programme to open up access to jobs, employment opportunities and key facilities.</p>	<p>Not applicable.</p>	<p>Working at the local level i.e. below regional level:</p> <ul style="list-style-type: none"> <li>• Provision of support for local community transport provision e.g. filling gaps in existing provision, adding value to services, relevant training, developing local co-operation etc.</li> <li>• Support for development of sustainable transport options for community purposes and local tourism initiatives.</li> </ul>	<p>Limited support for port and infrastructure developments <b>directly</b> related to the fishing industry</p> <p>Exploration of opportunities for shared distribution infrastructure for fishery products, thus reducing transportation usage and costs.</p>
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	<p><b>Strategic Infrastructure</b></p> <p>Supporting the implementation of site infrastructure for the development of high quality business accommodation.</p> <p>Developing high quality business accommodation to support the creation and growth of modern businesses, the development of clusters, and attract inward investors.</p> <p>Supporting a small number of high impact learning infrastructure projects aimed at increasing the quality and effectiveness of the education and training system.</p>	<p>Not applicable.</p>	<p>Not applicable.</p>	<p>Improvements to fishing ports, landing facilities, processing facilities, and aquaculture production units.</p>
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<p>4. Attractive Sustainable Business Environment in Which to Invest and Work</p>	<p><b>Energy</b></p> <p>Supporting clean energy developments and energy infrastructure to increase supply.</p> <p>Strengthening the energy R&amp;D base and links between businesses and academia including the demonstration of future technologies.</p> <p>Encouraging the adoption of micro-generation and use of renewable.</p> <p>Energy conservation and energy efficiency measures to reduce demand.</p>	<p>Training for employers and workforce to support take-up and utilisation of innovations in the energy and resource efficiency fields by SMEs.</p> <p>Provision of training to support employers and employees in energy and resource efficiency.</p>	<p>Working at the local level i.e. below regional level:</p> <ul style="list-style-type: none"> <li>• Support for the forestry sector for development of renewable products and technology e.g. biomass, short rotation coppice.</li> <li>• Supporting local clean energy schemes including support for the agriculture sector for on-farm projects.</li> <li>• Encouraging the use of renewable energy sources and local recycling schemes.</li> <li>• Support for local initiatives to conserve energy and improve energy efficiency.</li> </ul> <p>Support for innovative pilot projects exploring new opportunities/products;</p>	<p>Promotion of adoption of fuel efficient methods of fishing.</p>
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	<p><b>Tackling Environmental Opportunities and Risks for Sustainable Economic Growth</b></p> <p>Improving inland and coastal flood defence infrastructure.</p> <p>Encouraging the efficient use, re-use and recovery of natural resources across all sectors of the economy.</p> <p>Measures to reduce green house gas emissions.</p> <p>Removing sources of contamination.</p> <p><b>Environment for Growth</b></p> <p>Promoting the enhancement and protection of the natural, built and heritage environment.</p> <p>Increasing the economic potential of the environment.</p>	<p>Not applicable.</p> <p>Not applicable.</p>	<p>Support for the agriculture and forestry sectors for the sustainable use, protection and management of land.</p> <p>Support for the agriculture sector for the protection of biodiversity and habitat.</p> <p>Support for contributions towards combating climate change.</p> <p>Support for a Catchment Sensitive Farming.</p> <p>See above.</p>	<p>Promotion of investment in new technology and processes to mitigate/minimise environmental impacts.</p> <p>Exploration of opportunities for diversifying into more sustainable fishing practices.</p> <p>Protecting marine and aquatic environment to maintain its attractiveness, and protecting and capitalising on the natural and architectural heritage.</p>
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<p>5. Building Sustainable Communities</p>	<p><b>Physical regeneration (including town centre renewal)</b></p> <p>Supporting the integrated regeneration of the most deprived towns and villages by physical improvements to the urban fabric and the wider natural and built heritage. The activity will be carried out within the context of the relevant Spatial Plan strategy and in ways that involve local communities and organisations.</p> <p>Developing and delivering effective ways of engaging local communities and developing local networks with the aim of finding local solutions for regeneration activity.</p>		<p>Working at the local level i.e. below regional level:</p> <ul style="list-style-type: none"> <li>• Supporting the regeneration of rural towns and villages by physical improvements to the built fabric and the wider natural and built heritage.</li> <li>• Developing and delivering effective ways of engaging local communities and developing local networks with the aim of finding local solutions for regeneration activity through the Leader approach.</li> </ul>	<p>Limited scope for Regeneration and development of coastal fisheries areas directly relating to the fishing industry.</p> <p>However in order to enhance complementarity and identify demarcation RDP local development plans will be agreed in conjunction with the Spatial Plan area group, and vice versa. For the ERDF and ESF specific priorities will be at the wider strategic and spatial level. They will be agreed by the Spatial Plan.</p>
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	<p><b>Community economic developing</b></p> <p>Encouraging access to, providing or improving services for local communities, where gaps in provision can be clearly evidenced.</p> <p>Increasing the economic contribution of the 'third sector'.</p>		<p>Working at the local level i.e. below regional level:</p> <ul style="list-style-type: none"> <li>• Support for local solutions to issues of access to, provision of/improvement of services for rural communities.</li> <li>• Increasing the contribution of the 'third sector'.</li> </ul>	<p>Area Group and will be detailed in the Integrated Regeneration Strategic Framework for that area.</p> <p>Examine models for stronger community partnership in traditional fisheries areas and their promotion.</p>
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## **SECTION 11: Designation Of Competent Authorities And Bodies Responsible**

11.1 The Welsh Assembly Government will be the Managing Authority for the RDP in accordance with Article 74 of Regulation 1698/2005 and will also be the single Paying Agency for Wales. The Certifying Body will be the Wales Audit Office.

### *Axis 1 Delivery*

11.2 The Welsh Assembly Government will undertake all functions in relation to Axis 1, with exception of the administrative elements of the Farming Connect Skills Development Programme which will be delivered by Lantra - the Sector Skills Council for the Environment and Land Based Sector (excluding making payments which will still be made by WAG). These functions will cover:

- Selecting the project.
- Contracting the aid with the beneficiary.
- Controlling its implementation.
- Paying the public aid from their RDP budget.

### *Axis 2 Delivery*

11.3 The Welsh Assembly Government will undertake all functions in relation to Axis 2, as set out above, with the exception of the Forestry schemes where the Forestry Commission have been delegated as an Intermediary Body (*subject to further discussion at expert level*) at least until October 2007. This has been provided for under an Arrangement under Section 41 of the Government of Wales Act 1998.

11.4 The Forestry Commission will be responsible for processing applications and authorising claims under Forestry schemes. In EAFRD year 2007, the FC will continue to make payments of public expenditure to beneficiaries on behalf of the Welsh Assembly Government and will ask the Rural Payments Agency to reimburse the Community contribution element of the public aid paid. After the relevant controls, the Rural Payments Agency will reimburse that amount, and the Welsh Assembly Government will declare the public expenditure to the Commission. For 2007, the FC will hold all the detailed underlying transactional data, but will make it available to the Welsh Assembly Government as required.

11.5 As soon as is practicably possible, forestry claims will be authorised by the FC but will be directed through a system interface to the Welsh Assembly Government who will then execute the payment to beneficiaries. Once this interface has been built it will allow the Welsh Assembly Government to physically hold all the detailed underlying transactional data relating to rural development forestry payments.

### *Axes 3 and 4 Delivery*

- 11.6 As set out in Section 5.3, Axis 3 and Axis 4 are to be delivered through combined local Partnerships and combined Local Development Strategies with the Axis 4 Local Action Group (LAG) being part of the joint Partnerships and implementing Axis 4 activities. Unitary Authorities (UA) [also known as Local Authorities] will act as Lead Bodies for the joint Partnerships and will be Intermediary Bodies for the delivery of the two Axes. The Welsh Assembly Government will draw up separate, formal Service Level Agreements with those UAs to which functions have been formally delegated in accordance with the requirements of Annex 1, section 1 (C) of Regulation 885/2006. These Service Level Agreements will clearly define the roles, responsibilities and obligations of the UAs, with particular focus on the control and verification of compliance with Community rules.
- 11.7 The UAs will process, authorise and pay claims received from Axis 3 final beneficiaries and LAGs using public sector funds – in some cases the UAs themselves may undertake Axis 3 activities. The UAs will then ask the Welsh Assembly Government to reimburse the Community contribution element of the public aid paid with the information being provided at final beneficiary detail level. The Welsh Assembly Government will ensure the relevant controls are applied in accordance with the SLA (see 11.6), reimburse the EU element of public aid paid to UAs, declare the public expenditure to the Commission and seek reimbursement in accordance with the milestones laid down in Article 16 of Regulation 883/2006.
- 11.8 The Welsh Assembly Government will receive a summary of transactional level information underpinning rural development payments and ensure that it is captured and held in the required format. The UAs will be required to hold detailed transaction level information for control and audit purposes.
- 11.9 In fulfilling the requirements from Annex 1 1(C) of Regulation 885/2006, the Welsh Assembly Government will ensure that UAs maintain effective systems for ensuring that they fulfil their responsibilities in a satisfactory manner; and will regularly review the basis upon which its functions are delegated to UAs to confirm that the work performed is in compliance with Community rules.

### **Accounting, X Tables and Annual Certification of Accounts**

- 11.10. The Welsh Assembly Government as the Paying Agency will retain responsibility for the underlying transactions, the production of the accounts and the production of the X Tables. Where appropriate they will draw data from those bodies responsible for effecting the payment e.g. FC, UAs.

### **Management and Controls**

11.11. As the Managing Authority, the Welsh Assembly Government will be responsible for the operational implementation and management of the programme in an efficient, effective and correct way.

## **SECTION 12: A Description Of The Monitoring And Evaluation Systems, As Well As The Composition Of The Monitoring Committee**

- 12.1 The Welsh Assembly Government is placing significant emphasis on the monitoring and evaluation of this Programme and on delivering high quality and robust evaluations whilst ensuring that it is fully compliant with the Commission's CMEF (Common Monitoring & Evaluation Framework) guidelines.
- 12.2 At the strategic level, the Department for Sustainability and Rural Development of the Welsh Assembly Government has drawn up a research and evaluation plan. One approach used in bridging evidence gaps has been to invest in large research programmes to help develop policy and provide baseline data. One example of this was the establishment of the Wales Rural Observatory in 2003 which provides evidence on socio-economic trends and changes within Wales.
- 12.3 Action is being taken to refresh and revise current arrangements in order to ensure effective monitoring and evaluation, so that progress can be measured and implementation adapted to meet changing needs. Monitoring and evaluation will involve the organisation and co-ordination of the data relating to the Common Monitoring and Evaluation Framework indicators. A limited number of additional indicators specific to the programme will also be specified. Details of indicators can be found in Appendix 1.
- 12.4 A system of ongoing evaluation will be used to examine the progress of the measures and activities against objectives and outcomes; to improve the quality of the programme and overall implementation; and to prepare for the mid-term and ex-post evaluations. The Programme Monitoring Committee will receive a report on the ongoing evaluation activities each year. A summary of the activities will be included in the annual progress report provided for in Article 82 of Regulation 1698/2005.
- 12.5 Further details of the on-going monitoring and evaluation arrangements are included in the Monitoring and Evaluation Strategy for the programme, which can be found at Annex F, however as an outline this will include a periodic review of progress as follows:
- Scheme level monitoring and evaluation for Axis 1 & 2.
  - Local Action Group (LAG) level, followed by project level, monitoring and evaluation for Axis 3 & 4.
- 12.6 The Strategic Environmental Assessment (SEA) monitoring of significant effects will be integrated, as far as possible, into the monitoring of the implementation of the RDP and the environmental monitoring will be incorporated into the reporting mechanisms required on the RDP. Further details on this can be found in the Monitoring and Evaluation Strategy which features as an Annex F to this document.

12.7 A High Level Advisory Group has been established to ensure that the qualitative aspect of monitoring and evaluation is covered. This group will also be signing off the Monitoring and Evaluation Strategy. A sub-group of the above has also been established from internal Welsh Assembly Government experts to advise on the technical aspects.

#### *Ex-ante evaluation*

12.8 Article 85 of Regulation 1698/2005 requires that an ex-ante evaluation should form part of drawing up the programme. The evaluation is being prepared by independent consultants appointed by the Welsh Assembly Government. It will identify and appraise:

- Medium and long- term needs.
- Goals to be achieved.
- Results expected.
- Quantified targets particularly in terms of impact in relation to the baseline situation.
- Community value-added.
- Extent to which the Community's priorities have been taken into account.
- Lessons drawn from previous programming.
- Quality of the procedures for implementation, monitoring, evaluation and financial management.

The ex-ante evaluation will form an integral part of the final version of the RDP submitted to the Commission.

#### *Annual Progress Reports*

12.9 The annual progress reports required under Article 82 of Regulation 1698/2005 will be submitted to the Commission by the Welsh Assembly Government not later than 30 June each year. The reports will include information relating to:

- Major socio-economic trends and any changes.
- Progress with priorities and measures.
- Action taken to ensure effective implementation.
- A summary of the ongoing evaluation activities.
- Measures taken to ensure compatibility with Community policies.

#### *Mid-Term Evaluation*

12.10 In accordance with Article 86 of Regulation 1698/2005 the Welsh Assembly Government, in co-operation with the Commission, will arrange for an independent mid-term evaluation of programme progress to be completed in 2010.

12.11 This evaluation will measure the initial achievements of the programme. It will measure the extent to which the objectives pursued and the targets are being attained. This will include an examination of the socio-economic impact of the programme and its impact on Community priorities. It will identify the factors which contributed to the success or failure of the programme's implementation and will highlight examples of best practice. It will also express a view about the extent of progress.

#### *Ex-Post Evaluation*

12.12 The ex-post evaluation, to be completed in 2015, will be arranged by the Welsh Assembly Government, in co-operation with the Commission, in accordance with Article 84 of Regulation 1698/2005. It will comply fully with the requirements of Article 86 (6) of the Regulation. It will examine in particular the use of resources and the effectiveness and efficiency of the assistance provided and its impacts. It will highlight lessons learned and examples of best practice.

#### *Setting up of new RDP Programme Monitoring Committee*

12.13 A Shadow Programme Monitoring Committee (PMC) has been established for the RDP, in accordance with the provisions of Regulation 1698/2005. It has been established according to the Monitoring and Evaluation requirements contained within the above Regulation (Articles 77 to 81). The Committee will meet in Shadow form until the RDP is formally approved and thereafter as a formally constituted PMC.

12.14 The Committee is chaired by a representative of the Managing Authority. The composition of the Shadow PMC was decided upon by the Managing Authority in accordance with Regulation 1698/2005. A list of core membership (19) and specialist advisers (4) was compiled from a cross section of organisations in the voluntary, public and private sectors. To ensure synergy with the Structural and Cohesion Funds the Chief Executive of the Welsh European Funding Office (the organisation administering the Structural and Cohesion Funds) will be invited to attend each meeting in an advisory capacity. Commission representatives will be invited to attend PMC meetings, in an advisory capacity. A similar arrangement will be put in place for EFF.

12.15 Article 78 of Regulation 1698/2005 states that the duties of the PMC will be as follows:

- To co-ordinate the implementation of programmes, in relation to the national strategy and the uptake of financial resources.
- To monitor the effectiveness of the implementation of the rural development programme, by means of financial, output and result indicators.
- To review progress made towards achieving the specific targets of the programme, particularly for each axis.

- To consider and propose both the annual progress report and the final progress report, prior to submission to the Commission.
- To consider and approve any adjustment, review or proposal to amend the contribution from the EAFRD, in order to achieve its objectives. This may include areas of management, such as financial management.

12.16 The Terms of Reference of the PMC were ratified at the first meeting of the Shadow Committee on 14 June 2007.



## **SECTION 13: Provisions To Ensure That The Rural Development Plan For Wales 2007- 2013 Is Publicised – The Communications Plan**

### **Background**

13.1 The purpose of this plan is to set out the overarching communications objectives and the roles and responsibilities of the bodies involved helping ensure that communications across the RDP in Wales are co-ordinated, and that messages are consistent and accurate.

13.2 Each scheme funded by the RDP will be required to devise a Communications plan to ensure compliance with this overarching Communications plan. These schemes are:

- Farming Connect
- Processing and Marketing Grant Scheme
- Supply Chain Efficiency Scheme
- Better Woodlands for Wales
- Glastir
- Axes 3 and 4

In addition to the above scheme the Wales Rural Network will need to devise a Communications plan to clearly set out its communication activities for sharing best practice; network events etc.

### **Communications Objective**

13.3 The overarching communications objective is to publicise widely and effectively information about the Rural Development Programme for Wales.

### **Aims and objectives**

13.4 The plan has three aims:

- To highlight and promote the role played by the European Union European Agricultural Fund for Rural Development and the Welsh Assembly Government in supporting the development of rural areas in Wales.
- To inform applicants, general public and potential beneficiaries of the availability of EAFRD funding.
- As Managing Authority the Welsh Assembly Government has a duty to informing the public of the distribution of this significant amount of funding.

13.5 To achieve this, publicity measures will have to be delivered at programme level; measure/scheme specific level and project level in

accordance with Article 76 of Regulation 1698/2005. Details of these requirements are covered within the RDP Branding Guidelines.

## **Issues and challenges**

### **13.6 Budget/Resources**

An indicative budget of £150,000 has been provided for communications activities available through Technical Assistance.

## **Scheme delivery**

13.7 Regular meetings and communication with scheme managers and the RDP Communications team will ensure that any problems arising can be identified and rectified quickly.

## **Target audiences**

13.8 There are essentially two audiences with whom the Programme communicates: customers/potential customers; and wider stakeholders including the general public.

- Customers - It is important that potential customers understand the opportunities that are available under the Programme, and how they can apply for support. This area of work will be the responsibility of Scheme managers.
- General public – It is important that information is made available to the public about the programme and its objectives, due to the level of public funds which have been committed to the Programme.

## **Communications Responsibilities**

13.9 As outlined at Appendix 1.

13.10 The Welsh Assembly Government, Department for Agriculture and Rural Development in Northern Ireland, Scottish Government and DEFRA will regularly exchange information and where appropriate co-ordinate key messages. A working group has been established to enable this. The RDP Communications team take the lead on representing Wales at meetings and groups.

### **13.11 Key Messages (RDP General)**

The Rural Development plan is an important mechanism for developing rural communities in Wales.

Between 2007 and 2013 it will bring an impressive £795m of funding to rural Wales.

The Rural Development plan for Wales 2007-2013 is funded by the Welsh Assembly Government and the European Agricultural Fund for Rural Development.

Each scheme will have individual key messages as contained in individual communications plans

## **Communication activities**

### **13.12 The Annual Publicity Campaign**

This campaign takes place on the 9<sup>th</sup> May annually which coincides with Europe Day.

Each scheme will need to ensure that they are able to contribute to this campaign. This could be in the form of exemplar projects and case studies.

Specific Scheme activity to promote the opportunities available should be considered

As the RDP Communications team is based in Aberystwyth, Y Bont (coffee shop open to the public) will be used to showcase programme literature/exhibition stands etc the week leading up to Europe Day.

A press release by the Minister for Rural Affairs will be issued to promote the achievements

Discussions with the European and External affairs Division and the Welsh European Office of WAG should take place to identify what actions they will take to celebrate Europe day and whether a "joined up" approach can be adopted.

Links with other devolved administrations should be made to determine whether a co-ordinated approach can be taken

### **13.13 Events**

An RDP presence should be maximised at existing events taking place.

A mid term event will need to be organised to mark the achievements of the plan to date. This will take place in 2010/2011. All officials involved in delivering RDP communications will need to be involved to ensure this is a success.

An event in 2013 to mark the end of the 2007 – 2013 Programme will need to be organised. This will highlight the achievements of the Programme since 2007. All officials involved in delivering RDP communications will need to be involved to ensure this is a success.

### **13.14 Media**

Media opportunities –at scheme and project delivery level. Opportunities to utilise the media should be explored at regular points including as part of the Annual Publicity Campaign.

### **13.15 Advertising/Exhibitions/Literature**

The RDP Communications team will be responsible for the following:

- Making the latest copy of the RDP available in hard copy
- Producing and updating the Executive Summary
- Producing promotional material i.e. stationery/A5 leaflet (updated as schemes change)
- Co-ordinating and producing a case study booklet - one per year
- Ensure relevant and appropriate stories/articles are included within the Welsh Assembly Government's GWLAD magazine through liaison with Scheme managers

Each scheme will be responsible for producing literature in relation to their schemes in accordance with the RDP style guide, branding guidelines and EC Regulations.

### **13.16 Ministerial announcements/visits/plenary/committee business**

A press release by the Minister for Rural Affairs with a project visit will be organised to mark the anniversary of the approval of the plan by the European Commission in February 2008. The Communication officers for each scheme will be required to liaise with the RDP Communications team and the Communications Directorate to help identify suitable projects.

### **13.17 Working with third parties**

All offer letters/contracts/agreements inform project sponsors/recipients of funding that they must contact the Welsh Assembly Government before they enter into any Press or media activities. This approach will ensure a more coherent approach and enable the EU/Welsh Assembly Government and Ministers to gain the recognition for the achievements of the plan in Wales.

Scheme level Communication plans should include stock quotes from the Minister which can be included in Press releases where time restrictions are an issue and a quote from the Minister can't be obtained.

### **13.18 The Brand**

Branding guidelines have been produced and disseminated and will be reviewed as necessary. All RDP activity must comply with the guidelines

### **13.19 The Internet**

The RDP has a designated webpage with scheme information. A review of the RDP webpage will need to take place in 2010 which must be reviewed as part of this plan on an annual basis

Schemes will need to maximise the use of this function and ensure that their respective pages are maintained and updated regularly

### **13.20 Newsletters/e-bulletin**

An E bulletin is distributed every quarter to interested stakeholders which are both internal and external to WAG. The intention is for this bulletin to be replaced by a Wales Rural Network Bulletin which will cover all aspects of the RDP.

### **13.21 Timing**

A Communications plan will need to be in place for the duration of the Programme, up until 2013. However the plan will need to be reviewed and formally updated annually.

Activities should be reviewed every quarter to ensure the most effective and appropriate publicity measures are undertaken. The RDP Communications team will organise quarterly meetings to discuss and plan communications activities. These meetings will include representation from the Rural Affairs Communications Directorate, the Communication Officers for each of the Schemes and representation from the Wales Rural Network team.

Communications plans at a scheme level will need to be in place by April 2010 and reviewed every 6 months thereafter.

## **Evaluation**

13.22 Each scheme plan will need to include the criteria to be used to evaluate the impact of the information and publicity measures in terms of transparency, awareness of the rural development programme and the role played by the community (EC).

### **13.23 Methodology/ Criteria**

It is important to monitor and evaluate our communication activities to gauge performance against communications objectives.

### **13.24 Effectiveness of targeting**

This will include the coverage and frequency of any paid-for advertising, level of PR coverage, website hits, number of stakeholders engaged and evaluation of events.

The Communications Plan requires us to undertake the following:

- Issue a quarterly E Bulletin
- Maintain a dedicated page to Rural Development
- Issue press releases at key stages
- Produce scheme literature
- Annual Publicity Campaign
- Articles within GWLAD
- Promotion of the RDP at key events and shows
- RDP Mailbox

For each communication activity above the following will be recorded;

### **13.25 Objectives and Budget**

What do we want to happen? How much will it cost?

### **13.26 Communication activity**

What will be done to make it happen? What is the actual cost?

### **13.27 Measurement**

Outputs – Is the activity being conducted as planned?

For example:

- No's of e-bulletins
- No's of press releases
- Publishing of web content
- Distribution of literature
- No's of articles in GWLAD
- No's of events and representation at shows

### **13.28 Outtakes**

What are our audiences taking from it?

For Example:

- Awareness of the RDP and its programmes
- Knowledge of how to access the RDP

### **13.29 Outcomes**

What is happening as a result?

For example:

- Responses and queries to the RDP mailbox
- Coverage and frequency of paid for advertising
- Website hits
- PR coverage
- Post event survey / evaluation

13.30 To further measure the, level of transparency, awareness of the RDP and the role played by the EC primary research will be commissioned. This research will be targeted at partners, beneficiaries and communities. A baseline study will be conducted in 2010 / 11 with the results being used to refine the communications plan and approach. A further survey conducted in 2012/13 to measure improvement.

## Appendix 1 – roles and responsibilities

Body responsible	Communication Role
Managing Authority (RDP Management Unit and Communications Directorate)	<ul style="list-style-type: none"> <li>- Dissemination of communication guidance</li> <li>- Co-ordinate monitoring information on RDP-related publicity actions to inform the Programme Monitoring Committee and the European Commission</li> <li>- Maintain the RDP webpage</li> <li>- Manage the production of plaques and distribution to beneficiaries</li> <li>- Issue press releases at key stages</li> <li>- Take lead on co-ordinating activities for an Annual Publicity Campaign</li> <li>- Co-ordinate the Rural Affairs Forward look grid for all RDP related activity</li> <li>- Use of official logos on all appropriate literature</li> </ul>
Scheme Managers	<ul style="list-style-type: none"> <li>- Production and dissemination of Scheme literature in accordance with EU Regulations               <ul style="list-style-type: none"> <li>- First point of contact for Local Action Groups (LAGs)/Partnerships/Project delivery bodies/Contractors</li> <li>- Delivery of publicity actions and provision of information for their relevant measures (including any scheme/measure launches). This should focus on encouraging applicants and celebrating the success of successful projects/awards.</li> <li>- Ensure webpage is maintained to ensure latest scheme literature is available and “good news” stories can be publicised.</li> <li>- Distribution of RDP Branding Guidelines to ensure compliance with publicity requirements as set out in the Letter of Offer and the EU regulations on publicity.</li> <li>- Use of official EU logos and statements on publicity materials and written communications e.g. Letters of Offer</li> <li>- Provide quarterly updates to the RDP Management Unit on publicity actions in order to update the Programme Monitoring Committee</li> <li>- Inform the RDP Management Unit of beneficiaries requiring a plaque</li> </ul> </li> </ul>
Local Actions Groups (LAGs), local	<ul style="list-style-type: none"> <li>- Consideration of web presence for each LAG/Partnerships/Project delivery bodies (with links to WAG RDP website)</li> <li>- Delivery of publicity actions and provision of information for their</li> </ul>



partnerships and project delivery bodies	<p>relevant measures (including any plan/scheme/measure launch). This should focus on encouraging applicants and celebrating the success of successful projects/awards.</p> <ul style="list-style-type: none"> <li>- Provision of information as required under EU regulations regarding EAFRD contributions to any award e.g. in letter of offer or erection of a plaque/billboard where relevant.</li> <li>- Use of official EU logos and statements on publicity materials</li> <li>- Provision of information relating to publicity actions to Measure owner</li> </ul>
Wales Rural Network team	<ul style="list-style-type: none"> <li>- To develop and maintain a dedicated website</li> <li>- Publicising best practice</li> <li>- Promotion and facilitation of co-operation projects?</li> <li>- Networking events and publicity.</li> <li>- Links to other EU Rural Networks</li> </ul>

## **SECTION 14: The Designation Of The Partners Consulted And The Results Of The Consultation**

14.1 In preparing the RDP the Welsh Assembly Government has carried out extensive consultation.

14.2 In total four separate consultations were completed:

- Wales National Strategy Plan.
- Strategic Environmental Assessment scoping report.
- Rural Development Plan.
- Environmental Report for the Strategic Environmental Assessment.

14.3 Over 200 organisations were asked to take part in these consultations that also included dedicated stakeholder conferences. These organisations cover a broad range of areas including those with environmental, enterprise, forestry and tourism remits, academic institutions and organisations representing

farmers and sub-groups such as women, young people and ethnic minorities. In addition to those invited to comment, the consultation documents were made available online for any other individual/organisation to contribute their thoughts. This demonstrates that the consultation exercise was widespread, covered a range of organisations active in the economic, environmental and social domains and that a reasonable number of comments were received. Where appropriate these were taken into account in subsequent drafts of the documents consulted on and in relation to the financial balance between Axes in the RDP.

- 14.4 The organisations invited to provide a response to all four consultations are set out in the Annexes to the RDP. In addition to these invited organisations, individuals and other bodies were able to contribute to the consultation through the Countryside Policy Division website.

## **Results of the Consultations**

### **Consultation on the Wales National Strategy**

- 14.5 77 responses were received to this consultation. A summary of the results and the list of those responding is set out in Annex B.
- 14.6 Responses were in broad agreement with the proposals set out in the National Strategy Plan. The key areas where this was not the case were:
- The balance of funding between Axes. It was felt that allocations for Axis 2 were too high and that there should be some movement of funds to Axis 3.
  - Links to the Lisbon Agenda required strengthening.
- 14.7 A large number of detailed suggestions were submitted in response to the consultation questions which required further analysis by the Assembly in terms of both the National Strategy Plan and also in terms of the draft RDP and its implementation. These were considered as part of the continued process of the drafting of the RDP and subsequent scheme design.
- 14.8 A large number of general comments outside of the questions posed were also received. These covered not only the National Strategy Plan, but also rural development in general in Wales and RDP itself. The points raised were considered further as part of the development of the RDP and subsequent schemes and implementation.
- 14.9 The main amendment made following the consultation on the Wales National Strategy Plan was to the balance of funding between Axes that resulted in redirecting funding from Axis 2 to Axis 3.

### **Consultation on the Strategic Environmental Assessment Scoping Report**

- 14.10 Some 18 responses to this consultation were received and the list of those responding and a summary of responses is set out in the Appendices to the SEA report which is at Appendix 3 of the RDP.

14.11 Modifications made in the light of the consultation are summarised as follows:

- A number of additional plans, programmes, policy documents, etc. were suggested by consultees as being relevant to the RDP and, where it was agreed that these were relevant, these were incorporated.
- Some additional key environmental issues/problems were suggested by consultees and many of these were added to the scoping report. These included:
  - Diffuse and point source water pollution.
  - Issues relating explicitly to forestry.
  - Waste issues.
  - Ozone.
  - Issues arising from tourism.
  - Climate change.
- Some respondents felt that the proposed list of indicators was excessive and these were streamlined in the final version. A number of other respondents suggested further or alternative indicators and these were incorporated where appropriate.
- There was broad, general agreement with the approach to considering alternatives set out.
- Again there was broad agreement with the causal chain approach, although a small number of consultees pointed out that there would be complications which the methodology may be incapable of dealing with. That said, one respondent noted that the use of causal chain analysis is a recognised methodology for tracing links at a strategic level.

### **Consultation On The Rural Development Plan For Wales 2007 - 2013**

14.12 80 responses were received to this consultation. The summary of results and the list of those responding is set out in Annex C.

14.13 The majority of responses supported the proposals set out in the consultation document. However, a number of suggestions were submitted which following extensive consideration, the Welsh Assembly Government has incorporated into the RDP Wales. These are set out below discussed under appropriate headings.

#### ○ Situational Analysis

A review of the Situational Analysis was undertaken. The main additions to this as a result of this review comprised strengths relating to Axis 2. However, not all suggestions were included. This was because:

- In some cases there was insufficient evidence to support them in the “Analysis of the Current Situation” section of the draft 2007-13 RDP.
  - Some suggestions were felt to be covered by existing statements in the Analysis.
  - Some fell outside of the remit of the Regulation 1698/2005 and were therefore inappropriate.
- Proposed Measures

**Axis One:** Additional text has been included under Axis 1 to provide more detail on the proposed schemes that will be implemented.

In addition, the text for “Vocational Training and Information Actions” and “Use of Farm and Forestry Advisory Services” has been redrafted to reflect the differences between the Farm Advisory Service (covered by the latter) and the wider Farming Connect Service which will be used to deliver the vocational training measure.

**Axis 2:** An amendment to the text was made in relation to the measure “Payments to Farmers in Areas with Handicaps other than Mountain Areas” to reflect the latest position regarding the Less Favoured Area scheme (Tir Mynydd) in Wales.

**Axes 3 and 4:** The text on Axis 3 and 4 was revised to provide greater detail. In particular, additional text has been included on the implementation of these Axes.

- Communication Strategy

Whilst no amendments were made to the text in this section, a number of the recommendations received will be taken forward by the Assembly. These include:

- A project to review the existing web pages on rural development and design new pages for the launch of the RDP.
  - Agreement to limit the use of jargon and include a page on acronyms.
  - Agreement that all scheme literature will be bilingual. The RDP itself will be scored in accordance with the requirements of the Welsh Language Scheme.
- Technical Assistance

Although, no amendments have been made to the text of this section, the recommendations made in relation to the Wales Rural Observatory will be further considered by the Assembly.

- The Rural Network

No amendments were made to the text in this section. However, the recommendations made will be considered by the team responsible for setting up and running the Rural Network.

- Cross-Axis Working

The Assembly noted the comment that more detail is required on cross-axis working and agreed that the final approach to this will be contained in the final draft of the RDP.

- Monitoring and Evaluation – Indicators

The Assembly acknowledged that, at the time of consultation, only limited information was available on this section. Comments received were considered as part of the work in developing this aspect of the RDP.

- Complementarity and Demarcation

The Assembly noted that further work is required on the detail relating to this topic and this was duly taken forward by the Countryside Policy Division and the Welsh European Funding Office.

- Analysis of the Current Situation

Following review of the “Analysis of the Current Situation” text, the following changes were made:

- Post Offices: revised text and revised version of Table 19.
- Community Focused Schools: additional text on Community Focused schools has been included.
- Physical activity: sport and exercise, active and recreation/travel: additional text has been included.

## **Environmental Report For The Strategic Environmental Assessment (SEA) Consultation**

14.14 Eight responses to this consultation were received and a summary of the responses (with consultant and Welsh Assembly Government comments) is set out in the Appendix 3 to the RDP.

14.15 It should be noted that the consultation process on the SEA is not intended to feed into a redraft of the Environmental Report (ER), although minor amendments and correction to detail were made as necessary. The purpose of the consultation is that responses were considered by the Welsh Assembly Government in drawing up the final RDP and the associated SEA Statement.

14.16 The influence the SEA has had on the RDP is set out in Section 3.3 of this document.

## **SECTION 15: Equality Between Men And Women And Non Discrimination**

- 15.1 In accordance with Article 8 of Regulation 1698/2005, the RDP will promote equality between men and women and prevent discrimination on sex, racial or ethnic origin, religion or beliefs, disability, age or sexual orientation grounds. Wales, as a truly bilingual country, places considerable importance on the use of language as a matter of choice whether this is Welsh or English.
- 15.2 The Welsh Assembly is committed to promoting equality of opportunity in all aspects of life including race, language, religion, disability, age, gender and sexual orientation. This commitment has been and will continue to be taken forward in the design, implementation and monitoring & evaluation of the RDP.

### *Design and Implementation of the RDP*

- 15.3 Under Section 77 of the Government of Wales Act 2006 (Part 2), the Assembly Government has a legal duty to ensure that its functions are exercised with due regard to the principle that there should be equality of opportunity for all people. This is supported by requirements set out in the UK legislation relating to sex discrimination and race relations.
- 15.4 In designing the RDP, the Welsh Assembly Government has consulted a number of organisations including: the Equal Opportunities Commission, the Commission for Racial Equality and the Disability Rights Commission to ensure the RDP does not discriminate against any social groups. Advice has also been sought from the Assembly's Strategic Equality and Diversity Team.
- 15.5 The Welsh Assembly Government also carried out a Racial Equality Impact Assessment (REIA) on the RDP. The first stage of this assessment was the completion of a screening exercise on the RDP. The need to carry out a full REIA was dependent on the results of the screening exercise. The results can be found at Annex D.
- 15.6 In summary, the results of the screening exercise showed that the RDP did not require a full REIA to be carried out as it was deemed to have a low relevance on race equality.
- 15.7 Throughout the programme period, the Welsh Assembly Government's Strategic Equality and Diversity Team will continue to provide guidance to Scheme Managers on implementation and monitoring of equality policy. For example, the Race Equality Scheme and responsibilities in relation to the new statutory duties of disability and/or gender, development of departmental action plans and policy developments by the Welsh Assembly Government.
- 15.8 Farming Connect (Measure 111) will also include a bespoke range of services specifically targeted at women. These services aim to empower women within agricultural and forestry businesses and help drive messages to facilitate the adoption of new technologies and best practices within the farming and forestry businesses. Activities under Axes 3 & 4 will not be known until Business Plans have been submitted and projects approved. Detail on specific actions designed for women will be reported as part of 2007 AIR.

*Monitoring & Evaluation within RDP*

- 15.9 A common set of baseline, output, result and impact indicators for the RDP will, where relevant, be disaggregated into gender and age of beneficiaries. Progress shall be reported to the Commission as part of the annual progress report.
- 15.10 The Welsh Assembly Government Statistics and Research Divisions have compendium reports on race equality and various statistical data relating to information by area of the ethnic population of Wales.

## **SECTION 16: Technical Assistance Operations**

16.1 In accordance with Article 66(2) and Article 68 of Regulation 1698/2005, a proportion of the resources available for the RDP will be ring-fenced to support:

- a) Core activities relating to the management, monitoring, evaluation, information and control of the RDP.
- b) Evaluation activities relating to individual schemes implemented through the RDP.
- c) The Wales Rural Network.

### **a) Core activities**

16.2 The activities to be undertaken will enable the Managing Authority (and its agents as appropriate) to manage the RDP in accordance with European Commission and domestic requirements; to implement and sustain comprehensive monitoring procedures and processes; to undertake mandatory RDP level evaluations; to support the Programme Monitoring Committee; to take forward the communication strategy set out in Section 13; and maintain adequate controls. They consist of 6 separate but interlinked strands:

- o *The Wales Rural Observatory*

The Wales Rural Observatory was originally established in September 2003 following a European-wide open procurement exercise. Bids were sought from a range of potential delivery bodies, from which a consortium of Cardiff and Aberystwyth Universities was selected. Since securing the contract it has compiled and produced a considerable body of new data and analyses on rural Wales covering five broad themes: Rural Economy and Employment; Environment, Sustainability and Land-use Planning; Social Inclusion and Exclusion; Housing and Service Provision; Society and Community. Its reports are published on the Observatory's dedicated website: <http://www.walesruralobservatory.org.uk>. It is well placed to support the Welsh Assembly Government, the Programme Monitoring Committee and the Rural Network in the delivery of their respective roles and will be a new, impartial and cost-effective way of evaluating the impact of the RDP, fully meeting the requirements of the European Commission.

Its key roles will be the provision of impartial and objective evidence-based support to underpin the understanding and analysis of the operation of the RDP and how it is performing against objectives, and to identify good practice. This will require it to cover the full range of environmental, economic and social issues covered under the RDP plus other areas that may be highlighted as the RDP progresses (most likely to be linked to the delivery/development of Axis 3 and Axis 4). A grant steering group will determine its priorities for data collation, analysis and research based on the requirements of 1698/2005.



It will collect and/or collate data on a range of specific issues and analyse these, both as separate data sets and through cross-linking different data sets to situate rural in its proper all-Wales context. Further, it may be required to re-assess the impact of existing policies and programmes on the economy, communities and the environment. Opportunities will arise for co-operation with other bodies such as the LEADER Observatory, the European Centre 2020, the Economic and Social Research Council and partner organisations to explore and extend the evidence base on economic and social issues and changing land use and the planning framework. It may need the capacity to deploy scenario building techniques and model changes in key factors such as the demographic profiles of areas and their implications.

Another aspect will be the dissemination of new evidence and trends through a variety of specific events and policy seminars to provide the opportunity to explore these approaches with, and promote good practice to, a wide range of policy makers, local action groups, practitioners and other partner bodies. In addition, it will be required to regularly review and up-date relevant survey work and data collected to provide a sequence of longitudinal data comparisons. This will be especially important in relation to the establishment and tracking of base data for the RDP.

Key thematic areas for investigation are likely to include:

- Integrating land use and land management and economy into a wider policy framework and tracking change in these.
- The environment and environmental goods and services.
- Lifestyles and conditions in rural Wales.
- The impact of changing populations and migration on rural areas.
- Business needs, SMEs and micro-businesses, self-employment and the social economy.
- Other sectors offering potential for economic development and diversification.
- Jobs and employment issues (including the analysis of areas where a spiral of decline in Welsh rural labour markets might be indicated), women and young people in the labour market, tackling economic inactivity through intermediate labour markets and other economic issues.
- Linking urban and rural, the regional perspective, development of the spatial plan approach and the role of market towns.
- ICT, broadband and access to information.
- Countryside tourism.
- Culture and language, heritage and cultural industries.

- Access to services, including transport, housing, health and retail services.
- Poverty, social exclusion and deprivation.
- Planning and development issues in the rural context.
- Health and well-being, including mental health and well being.
- Partnership working with local government and other governance issues, good practice and implementation methodologies, civic society and community capacity building.
- Rural aspects of the Index of Multiple Deprivation and other measures.
- Rural proofing advice.

The Observatory will be required to liaise with the Welsh Assembly Government's Economic and Social Research Units, its Statistics Directorate and other bodies such as the Local Government Data Unit and the Broadband, Entrepreneurial and Health Observatories, to ensure co-ordination of activities and eliminate possible duplication. It will be expected to take account of and build on existing data sets including those published by the National Assembly for Wales Statistical Directorate, the Local Government Data Unit and the Office for National Statistics. It must also make links to Welsh Assembly Government strategies and priorities such as '*Wales: A Better Country*', the '*State of the Environment Report for Wales*', '*Wales: A Vibrant Economy*' and other relevant reports and documents as they are issued.

○ *Evaluations*

This strand will provide support for the mandatory evaluations of the RDP, namely the Mid Term Evaluation, the Mid Term Evaluation Update (should this be required) and the Ex Post Evaluation. It will also include provision for the Ex Ante Evaluation of the 2014 – 2020 RDP. In addition, it may be decided to draw upon Technical Assistance resources to fund the Ex Post Evaluation of the 2000-2006 RDP although this will be subject to further consideration once the exact scope of that evaluation is clear.

○ *The Programme Monitoring Committee (PMC)*

This strand will provide support for the training of PMC members to enable them to fully understand and discharge their responsibilities. It will also provide resources to meet travel and subsistence costs for private sector members and for the payment of consultancy fees should such services be deemed as appropriate. In addition, the strand will have a provision to meet the costs of PMC meetings (e.g. venue hire, equipment if required, catering, etc.) and for the provision of simultaneous translation facilities to enable Welsh speaking members to use their preferred language.

○ *Communications Strategy*

This strand will support the delivery of the Communications Strategy for the RDP including a Communications Manager and Officer. The Communications Manager and Officer will provide a central source of advice for scheme managers, beneficiaries, local groups constituted under Axis 3 and/or 4 and the general public on publicity and the Communications Strategy.

○ *Controls*

This strand will be targeted at the initial training of the Local Action Groups and Partnerships delivering schemes under the RDP. It will provide a range of support, advice and training services to meet the needs of these groups. From experience of the current programmes it is likely to include financial training, advice on eligibility issues and project management. This list is not exhaustive and other needs may be addressed during the training events. This initial training will be funded by domestic sources only.

In the longer term the Wales Rural Network team will review and organise any future training needs of the local action groups, partnerships and other organisations involved in the delivery of the RDP.

**b) Evaluation activities relating to individual schemes**

16.3 The activities undertaken will enable scheme managers to meet the requirements for formal evaluations of their schemes to ensure that they are delivering against objectives and targets and that the operational performance is meeting required standards. A programme of scheme specific evaluations will be prepared in conjunction with the scheme manager and agreed with the PMC shortly after approval of the RDP. This will then be rolled out over the RDP period and will feed into the annual reports and mandatory evaluations.

**c) The National Rural Network**

16.4 The United Kingdom will establish a UK National Rural Network in accordance with Article 66(3) of Regulation 1698/2005. Within the UK four regional Rural Networks are to be established and therefore the UK Network will link these together. It will establish and maintain a website that will provide information on the UK's Rural Development Programmes. The UK Network will host regular meetings for representatives from the four regions. The UK Network will also act as the single point of contact with the European Rural Development Network.

16.5 The National Rural Network will be established within the National Rural Development Programme and not as a separate programme as provided for in Article 66(3) of Regulation 1698/2005.

**The Wales Rural Network**

16.6 As outlined above each of the 4 regions in the UK is establishing a regional Rural Network. The main activities of the Wales Rural Network will be to ensure that there is an exchange of expertise between all parties involved in the plan; to support implementation and evaluation of rural development

policy; and to secure and co-ordinate the information flow between the local, national and European level.

- 16.7 The Welsh Assembly Government as the Managing Authority will draw up an outline Action Plan for the types of activities that the Wales Rural Network will perform.

*Organisations and administrations involved*

- 16.8 Given the number of groups/organisations in Wales involved either directly or indirectly in the RDP, the intention is to establish a core group of individuals each representing a key sector/interest. These individuals will form a Steering Group for the Network that will meet twice a year. They will be required to disseminate papers and provide information to their respective interests. This activity will be supplemented by the operation of a virtual network through the web-site and electronic transmissions.
- 16.9 In addition there will be one main event each year to which all parties will be invited to consider progress to date on the RDP and the Network Action Plan in order to discuss/receive presentations on specific topics and/or issues relevant to either Plan or the role of the Network. A provisional list of those to be included in the Network is being developed but this is not exhaustive and will develop as the RDP is implemented and more groups/organisations become involved.

*Procedure and Timetable for establishing the Network*

- 16.10 The Welsh Assembly Government will recruit a team of 4 staff to manage and operate the Network. The team will be in post by January 2008. The team's role will include:
- a) Finalisation and implementation of the Action Plan.
  - b) Development of operational protocols and processes.
  - c) Reporting to the Programme Monitoring Committee on the progress of the UK Rural Network and the Wales Rural Network.
  - d) Provision of secretariat support for the Network.
  - e) Provision of technical support for the operation of the virtual Network including the website.
  - f) Provision of training for Network Steering Group members and members of the wider Network as necessary.
  - g) Identification and analysis of good transferable practices in Wales, the UK and elsewhere.
  - h) Organisation of exchanges of experience and know-how.

- i) Preparation and, as appropriate, delivery of training to developing Axis 3 and Axis 4 local action groups.
- j) Development of a strategy to support the development of inter-territorial and trans-national co-operation which could include conferences, events, fact finding missions, partner searches, provision of translation/interpretation facilities if required, training, advice and virtual networking.
- k) Co-operation and participation in the UK and European Networks.

16.11 It is anticipated that the Network Steering Group will be in place by early 2008.

16.12 The impact of this timetable has been considered carefully and it has been agreed that the key activity that might be missing during this period is the provision of support/training for developing local action groups. The likely risk to the RDP from this has been assessed in the light of existing provision in the LEADER+ Programme and other domestic sources and it has been determined that there is sufficient capacity to meet the needs of any such group.

#### *Amount Reserved*

16.13 Based on experience of existing Structural Funds programmes, LEADER+ and EQUAL, there will be a budget in accordance with Regulation 1974/2006 the total budget for the Network will be €2,118,000 of which €530,000 will be for core costs and €1,588,000 will be for the implementation of the Action Plan.

#### *Links with the Programme Monitoring Committee*

16.14 Although the PMC and the Network have different and clearly delineated roles, there is merit in bringing these together to better assess progress with the RDP and its impact on rural Wales. For this reason it is intended that the Network Steering Group be chaired by a member of the PMC, this person to be nominated by the PMC and accepted by the Network Steering Group. Further, it is intended that PMC members be invited to the annual Network event and that minutes of the meetings of the PMC and the Network Steering Group be shared between them.

#### **d) Glastir Implementation**

16.15 This strand will support key elements of the preparation and management of Glastir the new Land Management Scheme. As a result of the CAP Health Check and a review of the Rural Development Plan for Wales 2007/13, the Welsh Assembly Government announced the introduction of an all Wales land management scheme comprising of two elements: an All Wales element and a Targeted element designed to address the new EU challenges and the Welsh Assembly Government's broader strategic objectives and replacing all existing Axis 2 schemes by 2013/14. The new scheme will introduce efficiency and add value for money.

16.16 This is in line with Annex 3 to the UK National Strategy Plan (the section specific to Wales) which states that the current Rural Development Plan commits the Welsh Assembly Government to review support provided under Axis 2 of the Programme. The first land management contracts under Glastir will run for five years from 1<sup>st</sup> January 2012. This scheme will replace Tir Gofal, Tir Cynnal, the Organic Farming Schemes, Tir Mynydd and the Catchment Sensitive Farming Scheme.

16.17 The Technical Assistance will cover:

1. Information System development for the administration of the Glastir Scheme. The functionality designed to deliver the scheme with maximum efficiency.
2. Development of the Geographical Information System which is critical to the overall scheme and in particular to the Targeted element.
3. Staff resources for time limited project duties relating to the development and implementation of the Glastir Information system and the application verification procedures.
4. Procurement of expert advice to ensure detailed land management contracts deliver the high level of environment benefits required of the scheme.
5. Management and coordination of advisers, quality assurance and policy development to support implementation of Glastir and ACRES delivery.
6. Technical Assessments of submitted ACRES applications.

#### **e) Commons Associations**

16.18 As part of the implementation arrangements for Glastir, it has been decided to establish a Commons Development Officer programme to advise and support the development of Commons Associations and ensure that they are properly constituted and meet the scheme eligibility requirements. Common Land Development Officers (CDO) will also be able to facilitate entry into Glastir for all applicants. These officers will work closely with the Local Authority and the Local Action Group, applying the engagement principles set out in the Leader approach.

#### **f) Glastir Monitoring and Evaluation Contract**

16.19 Monitoring and evaluation is an integral part of the RDP cycle. It considers the progress, efficiency and effectiveness of actions in relation to programme objectives, as well as fulfilling a range of additional internal and external reporting needs (reporting against Habitats Directive, Water Framework Directive, Kyoto Protocol and the forthcoming Natural Environment Framework). The Welsh Government is tendering for a new contract specifically relating to the new Glastir Agri Environment Scheme.

**g) Finance, Technical Advice, Monitoring and Evaluation**

16.20 Staff resources for time limited duties relating to the financial management, technical assessments and Monitoring and Evaluation of the Rural Development Plan. These temporary posts will strengthen the forecasting, appraisal and Evaluation processes

Further copies of this document can be obtained from:

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[www.cymru.gov.uk/datblygugwledig](http://www.cymru.gov.uk/datblygugwledig)

This publication can be made available in different formats on request.

## **DISCLAIMER**

The Rural Development Plan is published in English only following an assessment against the prioritisation system which forms part of the Welsh Assembly Government's Welsh Language Scheme, prepared under the Welsh Language Act 1993.

Cyhoeddir Y Cynllun Datblygu Gwledig yn Saesneg yn unig yn dilyn asesiad yn unol â'r system ar gyfer blaenoriaethu sy'n rhan o Gynllun Iaith Gymraeg Llywodraeth Cynulliad Cymru, a baratowyd o dan Ddeddf yr Iaith Gymraeg 1993.