

THE RURAL DEVELOPMENT PROGRAMME 2007-2013 – A SUMMARY

Background

1. The full details of the Rural Development Programme for England 2007-2013, as formally approved on 7 December 2007, are set out in a lengthy document. The full final approved Programme Document is available here: <http://www.defra.gov.uk/rural/rdpe/progdoc.htm>
2. This document summarises the content of the 16 Chapters that make up the full version. For full details of any element of the Programme, please refer to the complete document.
3. The Programme Document for the next Rural Development Programme for England (RDPE) follows the structure set out in the Implementing Regulation (1974/2006), which is available at: http://eurlex.europa.eu/LexUriServ/site/en/oj/2006/l_368/l_36820061223en00150073.pdf

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Chapters 1 and 2

4. These very short chapters provide the name of the Programme, and explain that the Rural Development Programme for England is one of four such programmes prepared for the four constituent regions of the United Kingdom. Chapter Two also summarises the arrangements for local and regional Government in England, and briefly describes the role of the key delivery partners for the Rural Development Programme.

Chapter 3 – Evidence Base and Strategy

5. This Chapter is a core element of the Programme Document. The Regulation requires us to provide an “Analysis of the situation in terms of strengths and weaknesses, the strategy chosen to meet them and the ex ante evaluation”.

3.1 – Analysis of the situation in terms of strengths and weaknesses

6. Section 3.1 provides the “Analysis of the situation in terms of strengths and weaknesses” under 5 headings: general socio-economic context; performance of the agricultural, forestry and food sectors; environment and land management; rural economy and quality of life; and, Leader.

The general socio-economic context

7. This Section begins by explaining why there is a specific rural definition for England, and how it is used. It then provides information about rural England, covering topics such as age and gender, migration, economic drivers, employment and land use and ownership.

8. The key points from the evidence presented are:

- rural areas are experiencing a net in-migration from urban areas which has resulted in a higher proportion of older people in rural compared to urban areas. This presents both challenges and opportunities.
- the majority of England’s rural areas are easily accessible to urban areas and, as a result, there is a close relationship in the economic activity found in both types of area. There are, however, some rural areas which do not have easy access to urban areas and have inherent characteristics which lead to low levels of economic performance and growth.
- the drivers of productivity are the same for all areas: skills, investment, innovation, enterprise and competition. In general, rural areas perform as

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well as urban areas in terms of skills, innovation and enterprise but less well in terms of competition and investment. The other key driver of economic performance, employment, is also high in England's rural areas, with even the lowest performing rural areas experiencing higher levels of employment than urban areas.

Performance of the agricultural, forestry and food sectors

9. This Section provides evidence about: the competitiveness of the agri-food sector; the disadvantages faced; restructuring and modernisation needs; human capital and potential for innovation and knowledge transfer; and, compliance with EU standards:

10. The key points from the evidence presented are:

- overall, England's agricultural productivity is relatively high by comparison with other member states. There are strengthening trends which can be built upon as opportunities for improving the competitiveness of the agricultural, forestry and food sectors.
- however, agricultural incomes are vulnerable to external influences and specific events, such as animal disease outbreak or poor weather, can shift incomes from the underlying trend in individual years. Whilst it is impossible to offset completely the impact of such events, much can be done to minimise the risk.
- training and dissemination of knowledge can make the agricultural, forestry and food sectors more innovative and resilient to external pressures and better able to adapt to a more market driven and competitive business environment.
- the efficient use of natural resources, driven in part by market price movements and in part by technological development, is a key element in improving the economic performance of the agricultural and food sector and can help reduce environmental impacts
- the forestry sector in England could become more competitive by increasing workforce skills and thereby improving productivity, and by better utilising woodland and forestry resources so as to stimulate and meet market demand for, in particular, woodfuel.
- woodlands often have significant local importance and active management can make a positive contribution to the wider rural economy by creating an attractive environment for other businesses

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Environment and Land Management

11. This Section considers a range of issues, including biodiversity, water, air pollution and climate change, bioenergy, soil and organic farming.

12. The key points from the evidence presented are:

- there is relatively little risk of land abandonment in England, even in Severely Disadvantaged Areas. However, economic pressures are leading to farming systems being changed in ways that could have adverse environmental impacts. This implies a need for intervention, but one that is able to influence farming systems.
- biodiversity emerges as an area where, despite the achievements to date, there is still a need for large scale action at all levels, to secure the management necessary to maintain and restore the condition of protected areas.
- there are major issues relating to water resources and flooding, but solutions often lie outside the Rural Development Programme. The main role for the Programme is at the interface with land management, in areas not otherwise covered by regulation.
- there is a major need to reduce the level of water and air pollution resulting from agriculture, driven in part by the requirements of the Nitrates and Water Framework Directives. Meeting these challenges will require a range of instruments including advice, regulation and cross-compliance. Incentives will, however, also need to play a part.
- there is a need to control gaseous emissions contributing to climate change, but the response to climate change will need to go well beyond this and will need to encompass both mitigation and adaptation.
- organic farming offers some real environmental benefits, and the scale of these would be increased if the area managed organically could be increased. Organic farming is not, however, an environmental panacea, and there is a need to encourage organic as well as conventional farmers to undertake additional environmental management beyond the baseline standard.
- conservation of landscape is a complex challenge that depends on the sum of all the interventions made in the rural environment. A key challenge is safeguarding irreplaceable historic landscape features.
- access to land is a major factor in attracting visits to rural areas and an important health resource. The network of access can be further improved.

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Rural Economy and Quality of Life

13. This section considers: the structure of the rural economy; employment opportunities; micro-business formation and tourism; the provision of services in rural areas; cultural heritage; and, human potential and local capacity for governance.

14. The key points from the evidence presented are:

- in general, rural areas are performing well. They are often on a par with or better than, urban areas for a range of social and economic indicators. This includes employment and unemployment rates, although rates are not indicators of the quality of jobs or how well vacancies and skills are matched.
- there are many more similarities between rural and urban areas, taken as a whole, than might be expected. For example, there is no such thing as a distinctive 'rural economy' – the structure of the economy in rural and urban areas is similar in terms of the mix of businesses and employment.
- there is no reliable evidence of any systemic failure in either service delivery or public policy outcomes in rural when compared to other areas. Investment that is needed is generally provided by mainstream government interventions. However, in some cases there are some distinctive rural aspects to the delivery of policy outcomes.
- rural England is not a single, homogeneous entity. It takes many forms and the challenges that different areas face require intelligent, regionally targeted delivery responses.
- the areas where economic performance is poor tend to be distant from economic mass, with sparse populations and associated low densities of businesses and thin labour markets. Here, market failures related to sparsity exist and the case for specific intervention is stronger.
- diversification can help to broaden the business base of farmers, and will continue to be important in the context of continuing CAP reforms and world trade liberalisation. Opportunities to diversify vary.
- in relation to social disadvantage, the available evidence suggests that rural areas fare better than the national averages for virtually all dimensions of deprivation. However, there are still significant absolute numbers of disadvantaged individuals living in rural areas – as there are in all areas.

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Leader

15. The analysis provided in Section 3.1 ends with a summary of how Leader was used in England over the 2000-2006 Programming period.

16. Key points noted about Leader were that:

- the area-based approach and local partnerships were clear strengths. An area-based bottom-up approach created a sense of identity and confidence in communities to influence the future development of their areas. The area based approach helped to deliver leads broad representation on partnerships
- although a wide range of projects were supported across the country, support tended to be weighted towards a small number of sectors, suggesting that most LAGs are successfully targeting resources towards localised issues specific to their areas
- there appeared to be a lack of knowledge or awareness of the wider rural development context, with a considerable inward focus and lack of strategic complementarity
- there is a need for greater linkages between sub-regional partnerships and more local ones which include LAG

3.2 The strategy chosen to meet the strengths and weaknesses

17. In this section we set out the strategy we have chosen for rural development in England, in the light of the evidence presented in section 3.1, covering the choice and hierarchy of Rural Development Regulation (RDR, EC Reg 1698/2005) measures to be used and the weight given to the different axes.

18. This section begins by setting out the background against the strategy has been chosen, explaining that it is one in which policy is well established and set out in a number of documents including, for example:

- the Strategy for Sustainable Farming and Food;
- the Rural Strategy 2004;
- the Vision for the Common Agricultural Policy published by Defra and HM Treasury in December 2005

19. This section then goes on to summarise the evidence presented in 3.1, and explores what mechanisms already exist to address the issues identified. It then draws conclusions about what the strategic focus for the Programme should be, and which of the RDR measures will be used most in England.

20. For the agricultural, food and forestry sectors, the analysis of the evidence concluded that in each of the areas identified as essential to restructuring and

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modernisation, training and knowledge transfer can play a significant role. Support for training and knowledge transfer and increased innovation, value-add, collaboration and entrepreneurship will therefore form a substantial part of the budget for expenditure under Axis 1 of the programme. This will complement the wide range of existing activities under the umbrella of the Sustainable Farming and Food Strategy. Within this, there will be a specific package of support aimed at the livestock sector, in recognition of the particular challenges that sector faces.

21. Given the important contribution agriculture can play in tackling climate change, Axis 1 funding will also support establishment grants for perennial energy crops, under the Energy Crops Scheme. This Scheme will contribute to both the EU Biomass Action Plan and the Government's Biomass Strategy.

22. In the light of the issues identified in the evidence base, the Rural Development Programme's strategic focus for Axis 1 will be on helping to build profitable, innovative and competitive businesses that meet the needs of consumers and make a net positive contribution to the environment.

23. The section explains that we expect the most commonly used Axis 1 measures across all regions in England to be as follows, though the balance of measures is likely to vary between the English regions to reflect different needs and priorities:

- 121 – 20.b.i (modernisation)
- 111 - 20.a.i (vocational training);
- 123 - 20.b.iii (adding value to products);
- 124 - 20.b.iv (cooperation)

24. For environment and land management, the analysis of the evidence showed that there are specific environmental problems in England in relation to biodiversity, resource protection, landscape (including historic features), and smaller scale, but still significant problems, in relation to land marginalisation and provision of access. Section 3.1 explained that it has been demonstrated that expenditure under the previous Programme has helped to slow, and in some cases reverse, environmental decline. However, it was also clear that significant expenditure is required in the future to safeguard investments already made and to continue to protect and enhance the environment; as well as address new environmental issues. There is also a range of secondary and indirect benefits from the conservation of the natural and cultural environment.

25. This section explains that market mechanisms alone are not effective in meeting the environmental needs identified in the analysis of the strengths and weaknesses. In addition, there are few alternative sources of funding in England for aspects of this activity. The Rural Development Programme is the only source of funding for addressing and enhancing the environmental impacts of

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land management that is of sufficient scale to begin to address the level of need identified.

26. This section explains that over 70% of the land in England is in agricultural use. The agri-environment measure (214 – 36.a.iv) is therefore the one that is able to make the biggest difference to the way land in England is managed to produce environmental benefits. This measure, delivered through Environmental Stewardship, will therefore receive the majority of expenditure under Axis 2 of the England Programme, and complemented by other measures, particularly:

- 216 – 36.a.vi (non-productive investments)
- 212 - 36.a.ii (natural handicaps other than mountain areas)
- 221, 223, 225, 227 (36.b.i, 36.b.iii, 36.b.v, 36.b.vii) (sustainable use of forestry land)

27. For the rural economy and quality of life, the analysis of the evidence demonstrated that the economy in rural and urban areas in England operate in very similar ways. In addition, there is no reliable evidence of any systemic failure in either service delivery or public policy outcomes in rural when compared to other areas. In relation to social disadvantage, the available evidence suggests that rural areas fare better than the national averages for virtually all dimensions of deprivation. In short, rural and urban areas face many of the same challenges. In general, therefore, effectively delivered mainstream policies and programmes will be more successful than stand-alone rural interventions. However, some rural areas have characteristics that do present specific challenges, but regional differences mean that identifying at a national level precisely what rural development programme funding and mainstream funding should cover can be difficult, so regional and local levels are appropriate to ensure the best fit from the available mechanisms.

28. Axis 3 provides support for the conservation of the rural heritage, and the England Programme will use this measure to enhance the landscape benefits delivered through Environmental Stewardship. The Higher Level of the scheme will support the renovation and maintenance of historic farm buildings that form an integral part of the landscape and cultural heritage of farmed land, and thus of the wider rural landscape and rural cultural heritage. The RDAs may also make use of this measure to undertake other projects, which buildings help to maintain the attractiveness of rural areas as a place to visit and live.

29. In the light of the issues identified in the evidence base, the Rural Development Programme's strategic focus for Axis 3 will be on enhancing opportunity in rural areas in a way that harnesses and builds upon environmental quality.

30. The section explains that we expect the most commonly used Axis 3 measures across all regions in England to be as follows, though the balance of

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measures is likely to vary between the English regions to reflect different needs and priorities:

- 311 – 52.a.i (diversification into non-agricultural activities)
- 312 – 52.a.ii (creation and development of micro-enterprises)
- 313 – 52.a.iii (encouragement for tourism)
- 323 – 52.b.iii (conservation and upgrading of the rural heritage)

31. Whilst the strategic focus for Axis 3 of the Programme is broadly economic, we have not excluded any of the measures aimed at enhancing quality of life. In some cases, these measures will make an important contribution to our overall goal of enhancing opportunity. In addition, the objectives of the community-focused measures may be ones which LAGs want to focus on as part of their Local Development Strategies under the Leader delivery approach.

32. In conclusion, section 3.2 highlights the fact that the existing strategic documents, and the analysis of the evidence from section 3.1, demonstrate the importance of land managers to wider rural development, as providers of environmental, and other, public goods that underpin sustainable economic development and quality of life. Healthy functioning of the environment allows economies to grow and many of the benefits do not carry a price in the market which would enable them to be realised without some form of government intervention. Agri-environment schemes under the England Rural Development Programme 2000-2006 have delivered positive developments. However, the environment in England faces further pressures. Whilst not the only issue, there is an increasing focus, at the domestic and international level, on climate change.

33. The needs to be addressed in respect of the environment and the countryside are very significant, and exceed the resources available to address them, apart from those provided through the Rural Development Programme. This section concludes that this is therefore the area where the maximum European Community value added can be obtained from the programme, and accordingly the strategy focuses the maximum possible level of resources – around 80% of the EAFRD¹ budget – on Axis 2. This means that EAFRD funding will be around the minimum level permitted by the Regulations for the other Axes: around 10% for Axis 1 and Axis 3 respectively. This is consistent with the position that there are other programmes which seek to meet these needs, which are often better addressed through mainstream funding.

3.3 Ex Ante

34. We are required to annex the ex ante evaluation to the Programme Document. The ex-ante evaluation of the Programme is designed to help to: identify and appraise the long-term needs, the goals to be achieved, the results

¹ European Agricultural Fund for Rural Development

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expected, the quantified targets particularly in terms of impact in relation to the baseline situation, the European Community added value, the extent to which the Community's priorities have been taken into account, the lessons drawn from previous programming and the quality of the procedures for implementation, monitoring, evaluation and financial management. The evaluation also addresses the requirements of the environmental assessment provided for by Directive 2001/42/EC of the European Parliament and of the Council, the 'Strategic Environmental Assessment Directive'. The evaluation was commissioned by Defra and carried out by Fraser Associates and the Rural Development Company. The evaluation is summarised in Chapter 4.2.

3.4 Impact of the previous Programme

35. This section identifies the schemes that ran under the England Rural Development Programme 2000-2006, and the budgets for the schemes. It explains that over the programming period, a total of £1.6 billion (€2.34billion) was allocated to the ERDP, which was made up of 12 main schemes under the ERDP.

36. This section also summarises the results of relevant evaluations of the Programme. For example, evaluations of agri-environment schemes had found that they provided environmental benefits and were valued by the public. However, there were weaknesses and Environmental Stewardship was introduced in 2005 to address these. In line with the findings of the evaluations of the ERDP Project Based Schemes, support available in the 2007-2013 Programme will be more focused on achieving tangible outcomes and simpler to access, with delivery of the economic and social elements of the Programme the responsibility of the RDAs, as recommended in the Review of Rural Delivery.

Chapter 4 Justification of the Priorities

4.1 Justification of the priorities chosen having regard to the Community Strategic Guidelines and the National Strategy Plan

37. This section explains how our approach supports the Community's own aims for Rural Development, as set out in the Community Strategic Guidelines. Summary tables showing the links between the Community Strategic Guidelines, the UK Strategy for Rural Development, the England Strategy for Rural Development, the priorities for the RDPE and the measures we expect to use most are provided, as follows:

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AXIS 1			
COMMUNITY STRATEGIC GUIDELINES	UK STRATEGIC POTENTIAL FOR RURAL DEVELOPMENT PROGRAMMES	ENGLAND STRATEGIC PRIORITIES FOR THE NEXT RURAL DEVELOPMENT PROGRAMME	RURAL DEVELOPMENT REGULATION MEASURES TO BE USED IN ENGLAND
<p>Improving the competitiveness of the agricultural and forestry sectors.....</p> <p>Great potential to further develop high-quality and value-added products that meet the diverse and growing demand of consumers.....</p> <p>Focus on priorities of knowledge transfer, modernisation and innovation and quality in the food chain and priority sectors for investment in physical and human capital....</p> <p>Focus on key actions such as: a proactive approach to training, improving integration in the agri-food chain, facilitating innovation and access to R&D, encouraging the take up and diffusion of ICT, developing new outlets for products and improving environmental performance.</p>	<ul style="list-style-type: none"> • Recognising that sustainable and competitive agriculture and forestry sectors are a prerequisite for improving the environmental quality of the countryside. • Improving resource protection skills and management to address climate change mitigation and adaptation, and contribute to better soil, air and water quality. • Improving the ability of farmers to meet increasing demand for quality food products. 	<p>To build profitable, innovative and competitive farming, food and forestry sectors, that meet the needs of consumers and make a net positive contribution to the environment by</p> <ul style="list-style-type: none"> • developing a greater awareness of market opportunities, and a greater ability to exploit these opportunities, particularly in relation to renewable energy and added-value products • promoting and encouraging greater collaboration and co-operation between producers, and between producers and the rest of the supply chain • improving agricultural and forestry industry uptake of technology and entrepreneurial skills • increasing opportunities for knowledge transfer and skills enhancement, by <ul style="list-style-type: none"> • enabling better access to mainstream business training; • filling gaps in existing training and advice provision, where this does not meet the needs of farming, food and forestry sectors. • promoting the adoption and dissemination of innovative business processes and practices 	<p>In line with the priorities identified in the UK Strategy, adapted for the specific England national situation, the measures we expect to make greatest use of under this axis are:</p> <p>20.b.i (modernisation) 20.a.i (vocational training) 20.b.iii (adding value to products) 20.b.iv (cooperation)</p> <p>We also expect to use:</p> <p>20.a.iv (Using advisory services) 20.a.v (setting up advisory services) 20.b.ii (ec value of forests) 20.b.v (infrastructure)</p>

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AXIS 2			
COMMUNITY STRATEGIC GUIDELINES	UK STRATEGIC POTENTIAL FOR RURAL DEVELOPMENT PROGRAMMES	ENGLAND STRATEGIC PRIORITIES FOR THE NEXT RURAL DEVELOPMENT PROGRAMME	RURAL DEVELOPMENT REGULATION MEASURES TO BE USED IN ENGLAND
<p>Improving the environment and countryside.....</p> <p>Protect and enhance the EU's natural resources and landscapes in rural areas.....</p> <p>Contribute to three EU level priority areas: biodiversity and preservation of high nature value farming and forestry systems, water and climate change.</p> <p>The measures should be used to integrate these environmental objectives.</p> <p>Focus on key actions such as: promoting environmental services and animal friendly farming practices, preserving the farmed landscape, combating climate change, consolidating the contribution of organic farming, encouraging environmental/economic win-win initiatives, promoting territorial balance.</p>	<ul style="list-style-type: none"> • Strengthening the positive and reducing the negative environmental impacts of agriculture through agri-environment support. • Improving coverage and/or penetration of agri-environment and forestry schemes to increase habitat networks, combat diffuse pollution e.g. of water and air, and address climate change. • Promoting of sustainable management of agricultural land in the uplands • Maintaining and where appropriate enhancing rural landscape features and traditional crafts • Encouraging energy crops and wood fuel as part of an increasing use of renewable energy 	<p>To improve the environment and countryside by :</p> <ul style="list-style-type: none"> • Conserving natural wildlife • Protecting natural resources • Adapting farming methods around features on farmed land, to enhance biodiversity and resource protection • Maintaining and enhancing landscape quality and character • Promoting sustainable forest management • Avoiding marginalisation • Contributing to climate change mitigation 	<p>In line with the priorities identified in the UK Strategy, adapted for the specific England national situation, the measures we expect to make greatest use of under this axis are: 36.a.iv (agri-environment payments)</p> <p>We also expect to use, as appropriate: 36.a.i (natural handicaps) 36.a.vi (non-productive investments) 36.b.i (first afforestation of agricultural land) 36.b.iii (first afforestation of non-agricultural land) 36.b.v (forest environment payments) 36.b.vi (restoring forestry potential) 36.b.vii (non-productive investments)</p>

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AXIS 3			
COMMUNITY STRATEGIC GUIDELINES	UK STRATEGIC POTENTIAL FOR RURAL DEVELOPMENT PROGRAMMES	ENGLAND STRATEGIC PRIORITIES FOR THE NEXT RURAL DEVELOPMENT PROGRAMME	RURAL DEVELOPMENT REGULATION MEASURES TO BE USED IN ENGLAND
<p>Improving the quality of life in rural areas and encouraging diversification of the rural economy</p> <p>Contribute to the overarching priority of the creation of employment opportunities and conditions for growth . . .</p> <p>Promote capacity building, skills acquisition and organisation, to help ensure that rural areas remain attractive for future generations</p> <p>Focus on key actions such as: raising economic activity and employment rates, encouraging the entry of women into the labour market, putting the heart back into villages, developing micro-business, training young people in skills for diversification, encouraging the take up and diffusion of ICT, developing the provision and innovative use of renewable energy sources, encouraging the development of tourism, upgrading of local infrastructure, particularly in new Member States.</p>	<ul style="list-style-type: none"> • Where appropriate, using agricultural/forestry skills and physical assets for diversification activities • Encouraging access to and enjoyment of the countryside, with spin-offs for tourism, health and social inclusion • Maintaining “traditional” land management, craft and construction skills for enhancement of the rural landscape. • Improving skills potential for a diversified rural economy with high quality employment opportunities. 	<p>To enhance opportunity in rural areas, in a way that harnesses and builds upon environmental quality, by:</p> <ul style="list-style-type: none"> • supporting innovative rurally based business development and enterprise, including diversification out of agriculture and encouraging sustainable tourism • improving skills in the rural workforce through providing learning opportunities that are not offered by other programmes and mainstream services and facilitating access to mainstream learning and development opportunities • tackling social disadvantage through steps to support fair access to services where this will ensure the continued viability of rural communities • supporting areas of economic underperformance and individuals experiencing disadvantage. • promoting public access to, and understanding of, the countryside, and conserving and enhancing rural heritage, including the traditional farmed landscape 	<p>In line with the priorities identified in the UK Strategy, adapted for the specific England national situation, the measures we expect to make greatest use of under this axis are:</p> <p>52.a.i (diversification) 52.a.ii (micro-enterprises) 52.a.iii (tourism) 52.b.iii (conservation)</p> <p>We also expect to use: 52.c (training and information) 52.b.i (basic services) 52.b.ii (village renewal) 52.d (skills)</p>

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4.2 Expected impacts from the ex ante evaluation

38. This section provides the independent evaluators' executive summary of ex-ante evaluation of the Rural Development Programme for England. The full report is included in an Annex. Key points from the summary include:

- it is well grounded in the relevant EU and UK policy contexts, although this could be more effectively demonstrated.
- it contains a clear and bold strategy involving a primary focus on the generation of environmental public goods.
- a plausible rationale is advanced for the radical distribution of resources across the Programme which takes account of other domestic funding streams, although the justification of this could be strengthened further.
- although not identified explicitly in the Programme Document, in the judgement of the evaluators, the Programme offers considerable Community Added Value.
- there has been a good level of partnership with key stakeholders and regional interests that has influenced the form of the Programme Document, although wider consultation is presently underway.
- there has been a substantive and participative SEA process.

39. This section also summarises Defra's response to the points made in the evaluation, noting that the process helped to improve the content of the Programme and the clarity and consistency of the Programme Document.

Chapter 5 – Information about the measures proposed

40. This Chapter describes the RDR measures we propose to use in England, and includes information about why we are not planning to use some of the RDR measures that are available. For each measure we set out the rationale for intervention, the objectives for the measure, the activities and beneficiaries eligible for funding, and the targets for the measures (relating to the EU's own indicators). For some measures we also have to provide additional information, such as the fit with cross-compliance requirements. The measures we plan to use, and how we plan to use them, are summarised below, though for the full details it is necessary to look at the full Programme Document. Particularly for the Axes 1 and 3 measures, where possible we have tried to frame our description as widely as possible whilst respecting the regulatory framework, in order to allow regions as much flexibility as possible in implementing the measure concerned in a way that best meets their regional objectives and priorities.

Axis 1

41. The English Regional Development Agencies (RDAs) will deliver Axis 1 of the Programme. The exception is the small amount of funding that will be delivered by Natural England: a small amount of Axis 1 funding will support the Energy Crops Scheme.

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42. Targeting of activity under Axis 1 will be undertaken at a regional level, within the framework of national priorities. It will therefore vary between regions, reflecting identified regional priorities. It may include:

- Geographical targeting, for example on areas of economic underperformance;
- Sectoral targeting on certain types of activity, for example bio-energy/renewable energy;
- Thematic targeting - requiring projects to demonstrate characteristics such as collaboration and innovation.

43. The following measures available under Axis 1 of the Rural Development Regulation will not be implemented in England: 112 - Setting up young farmers; 113 - Early Retirement; 131 Adapting to Community Standards; 132 and 133 Participation in food quality schemes; and, 126 Restoring agricultural production

	Vocational training and information actions
Article	Article 20(a)(i) and 21 of Regulation (EC) No 1689/2005
Measure Code	111

44. This measure will be used in England to raise the overall level of skills in the farming, food² and forestry sectors as a means of improving the competitiveness of these industries and the contribution they can make to a better environment and healthy and prosperous communities. The objective will be to broaden the scope of training, advice, information, facilitation and diffusion of knowledge activities to all adults dealing with agricultural, food and forestry matters, to enhance the competitiveness and sustainability of their enterprises and to ensure high environmental and quality standards.

45. The measure will support both individual trainees and providers of training and information services. However, trainees can only be final beneficiaries of the service and cannot receive funds directly.

45. The type of training to be supported will vary, but will only be provided where a gap in provision exists (so it cannot, for example, support courses or training which form part of normal programmes or systems of agricultural and forestry education at secondary level). It could cover, for example, the following areas:

- management skills, including (though not limited to) those needed to run collaborative ventures effectively and to take forward new product development effectively;
- business skills, for land-based businesses including forestry businesses, including (though not limited to) those aimed at introducing innovation;
- practical and technical livestock, crop and non-food crop husbandry skills;
- ICT and the use of other new technology specific to agriculture/forestry;
- animal health and welfare;
- benchmarking;
- supply chain efficiency;

² "food" throughout this document shall be taken to cover the food and drink sector.

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- climate change adaptation and mitigation;
- resource use, including waste reduction, waste management, water use (including diffuse water pollution), energy efficiency;
- bio-energy, information on production and utilisation, including training;
- environmental land management topics, including environmentally sensitive methods of harvesting bioenergy and avoiding disturbance to protected species;
- training to support primary processing in the agricultural and forestry sectors.

46. Knowledge transfer is also an important element in achieving a more competitive and sustainable agricultural, food and forestry sector. In particular, increasing the ability to disseminate knowledge and information about innovative techniques and products is central to the main thrust of support under Axis 1 of the programme: that is, to focus on projects which stimulate transferable outputs rather than long term structures. It is expected, therefore, that this measure will cover a wider range of activities other than formal training course, including:

- seminars;
- business clubs;
- workshops and farm demonstrations;
- support and mentoring;
- technical and management information;
- support for knowledge and technology transfer networks.

	Use of advisory services by farmers and forest holders
Article	Article 20 (a) (iv) and 24 of Regulation (EC) No 1698/2005.
Measure Code	114

45. Support may be granted under this measure in order to help farmers and forest holders to meet costs arising from the use of advisory services. However, in the case of farmers, there are constraints on the conditions under which support is available: “As a minimum the advisory service to farmers shall cover:

- the statutory management requirements and the good agricultural and environmental conditions provided for in Articles 4 and 5 of and in Annexes III and IV to Regulation (EC) No 1782/2003;
- occupational safety standards based on Community legislation”.

46. In England, these requirements are being funded separately. The Farm Advisory System is delivered through an advice contract currently fulfilled by Momenta and from material and support from Defra and the Rural Payments Agency. Advisory services for farmers will not therefore be supported under this measure, though the vocational training and information services measure will be used extensively. The measure will however be used for providing advisory services to woodland owners.

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47. The objective of the measure will be to improve the sustainable management of neglected woodlands. Advice would cover, as a minimum, compliance with legislation that is directly relevant to the woodland. The provision of advice may also be geographically targeted to those areas deemed to be of greatest public interest. Examples of such geographic targeting might include: woods near to centres of population, woods in designated landscapes and protected sites.

48. The rate of support will be in the range of 50 - 80% of the costs of the advice, depending on local need and demand, up to a maximum of 1500 Euro per advisory service

	Setting up of farm management, farm relief and farm advisory services, as well as of forestry advisory services
Article	Articles 20(a)(v) and 25 of Regulation (EC) No 1698/2005.
Measure Code	115

49. The objective of this measure is to help farmers and forest holders to adapt to changing circumstances (including market changes, environmental changes and regulatory changes), to improve and facilitate management, and to improve overall performance by further enhancing human potential.

50. This measure will be used in a way that recognises that collaborative farm management ventures, such as buying groups and labour and machinery rings, allow farm businesses to operate more efficiently through the sharing of labour and machinery, and through purchasing inputs and raw materials more efficiently. Tailored farm advisory services that address gaps in existing advisory provisions can help with adaptation and improve overall farm performance. The rationale for using this measure in England also recognises that the existing provision of low cost but high quality forestry advice is not evenly distributed across the country. Forestry advisory services enable the development and marketing of forestry added-value products, new products and new market development.

51. With this in mind, support under this measures for farms will be used to establish, and where appropriate expand, joint management services (covering issues such as business planning and joint venture operational planning) and advisory services (such as machinery rings). A variety of actions will be used to achieve this, including (though not restricted to) facilitation, group workshops, syndicate establishment and group mentoring. For forestry, the aim will be to increase the number, range and quality of advisory services available at an affordable level to forest holders and remedy gaps in provision of advisory services.

52. The rate of support will be 75% in the first year, 50% in the second year and 25% in the third year, with no support provided beyond the third year.

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	5.1.1 Modernisation of agricultural holdings
Article	Articles 20(b)(i) and 26 of Regulation (EC) No 1698/2005.
Measure Code	121

53. In England this measure will be used in two ways. It will be used by the RDAs at the regional level, and it will be used to support the establishment of perennial energy crops (miscanthus and short rotation coppice) under the national energy crops scheme.

Regional level

54. The objective will be to improve the economic performance of holdings through better use of production factors, as well as improving the environmental, occupational safety, energy efficiency, hygiene and animal welfare status of the holding. There are a number of ways in which modernisation projects can improve the economic and environmental performance of farm holdings. For example, significant cost savings can arise from effective on farm nutrient management. Investments that improve the efficiency of production techniques, and that enable the farm business to take advantage of the opportunities offered by new products and markets, also have an important role to play. Care must be taken to ensure that projects deliver additionality, and do not displace other similar business enterprises that are not supported by public funds. There is, therefore, a need to take a targeted approach, with the focus on providing a clear public benefit over and above that provided to the individual beneficiary.

Projects could include:

- developing energy projects or small scale on farm renewable energy technologies (such as biogas and anaerobic digestion from raw material used for heating and power generation, installation of heating installations fuelled by wood products, installation of hydro or wind turbines for power generation);
- alternative agriculture (diversification into non-food markets e.g. raw material energy products, bio energy crops, niche and novel crops and livestock)³;
- improving crop storage in order to improve the quality of the product (for example, specialised storage and handling buildings, provision of ventilation, insulation and refrigeration);
- improving on farm nutrient management (capital investment in systems and management equipment to improve resource efficiency such as nutrient testing equipment and innovative manure application systems).

³ The purchase of agricultural production rights, animals, annual plants, and their planting shall not be eligible for investment support. Simple replacement investments shall not be eligible for investment support.

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Energy Crops

55. Perennial energy crops can provide renewable energy sources and supply emerging markets for biomass such as for heating, for biomass power stations and co-firing of biomass within existing fossil fuel power stations, and possibly for second generation biofuels. Perennial energy crops provide carbon savings, the value of which are not reflected in their market price. Initial costs of establishing such crops are very high, and the return is not immediate, but once established they can be harvested for up to 30 years. Without intervention, there is likely to be very little planting, thus missing an opportunity for climate change mitigation and denying farmers the option of diversifying into crops of the future which will provide a steady return over many years.

56. Support will be delivered through a nationally administered establishment grant: the Energy Crops Scheme, to be delivered by Natural England. Applications for the national grant scheme will be considered in the light of indicative maps which will show areas of optimal siting for yield, statutory designations and landscape character areas. The proximity of markets for the crops will also be taken into account as will other carbon impacts.

56. Natural England will be working with Regional Development Agencies to co-ordinate the establishment of crops and the development of supply chains with local biomass markets, but individual on-farm use will also be encouraged where appropriate facilities are available. All applications will be subject to individual environmental assessment, which will take account of issues relating to the specific site. For Short Rotation Coppice, the Forestry Commission will be undertaking this assessment. . . Permission for planting will not be granted on Natura 2000 sites such as Special Protection Areas, Special Areas of Conservation and Ramsar sites, and extreme caution will be exercised when considering applications adjacent to these sites. Miscanthus applications which include permanent grassland or semi-natural areas will be subject to the EIA (Agriculture) England Regulations. Short Rotation Coppice applications will be subject to Forestry EIA Regulations.

	5.1.2 Improving the economic value of forests
Article	Articles 20(b)(ii) and 27 of Regulation (EC) No 1698/2005
Measure Code	122

56. The volume of timber harvested is only 31% of the volume increment across England as a whole, so the stock of standing timber in England’s woodlands is rising rapidly⁴. This is not economically or ecologically beneficial. Increases in standing volume (basal area) and consequential shading were identified as the variable most closely correlated with the 30 year decline in woodland ground flora abundance and diversity in the ‘Bunce’ plots⁵.

⁴ England Woodfuel strategy, 2007.

⁵ Kirby et al (2005), Long term ecological change in British woodland 1971 – 2000, Research Report 655, English Nature. www.english-nature.org.uk.

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Declines in timber prices have seriously reduced net income from forest management, and this has been closely correlated with a decline in the area under active management. Timber harvesting remains the most common means of enhancing the economic value of forests. Harvesting timber, especially non-native species, usually has an ecological as well as an economic value.

57. Woodfuel is a major new market opportunity for both coniferous and broadleaved woodland. The recently produced England Woodfuel Strategy concludes that an additional 2 million cubic metres of woodfuel can be readily harvested from England’s woodlands. This will mean overcoming obstacles to harvesting in managed woodland, but also bringing tens of thousands of hectares of ‘neglected’ woodland into active management. There are also opportunities to generate more significant income from more formalised active recreational uses of woodland.

58. The objective of this measure will be to improve and broaden the economic value of private forests, increase diversification of production, and enhance market opportunities, whilst maintaining sustainable management by supporting investments in forest property or machinery which will in turn help secure the public interest or enhance the provision of public benefits.

59. The beneficiaries of this measure will be owners of private forests, including private owners or their associations or local authorities. Investments need to be based on a forest management plan appropriate to the size and use of the forest area.

59. Eligible activities are those that will improve the economic value or potential of the forest, and protect the public interest or enhance public benefits including:

- in-forest activities up to and including harvesting (this could include thinning).
- the cost of producing the management plans where linked to investments under this article.

	5.1.3 Adding value to agricultural and forestry products
Article	Articles 20(b) (iii) and 28 of Regulation (EC) No 1698/2005.
Measure Code	123

59. Many agricultural firms may have problems innovating because of their size. The agricultural and forestry sectors are largely populated by small firms isolated from the services and information sources available to other sectors. Any existing consulting services are expensive, particularly for the small firms that constitute the agricultural and forestry sectors, and as a result the sectors are unable, without intervention, to invest in the research necessary to achieve innovation. Similar market failures exist in the forestry sector.

60. The objective of the measure will therefore be to improve the processing and marketing of primary agricultural and forestry products through investment in improved efficiency, renewable energy, new technologies and new market opportunities, and to improve the overall performance of the enterprise. The measure will also be used to

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promote the development of new markets for forestry products (for example, woodfuel) which will in turn support management of woodland which will protect the public interest and enhance the public benefits it provides.

61. Investments will be expected to lead to one or more of the following improvements to an enterprise:

- develop new products and open up new markets, including local and/or niche markets;
- introduce new technology or processes;
- improve quality standards, occupational health and safety;
- enhancing environmental performance and reducing waste.

62. The following types of activity may be eligible for support:

- capital costs including new build and conversions, equipment and machinery and associated infrastructure;
- architects', engineers' and consultants' fees;
- feasibility studies;
- product development, branding and design costs.

63. As a general rule the measure will be targeted on, micro, small and medium-sized enterprises and other enterprises under a certain size, which are better placed to add value to local products. For forestry products eligibility will be limited to micro-enterprises.

	5.1.4 Cooperation for development of new products, processes and technologies
Article	Articles 20 (b) (iv) and 29 of Regulation (EC) No 1698/2005.
Measure Code	124

63. The Government's Strategy for Sustainable Farming and Food (SFFS) recognised the importance of reconnecting all elements of the food chain, and in particular farmers with their markets. In the non-food sector, building supply chains is an important component in facilitating the future growth of renewables markets. The development of new products, processes and technologies has an important role to play in achieving these aims. By collaborating to pool resources and knowledge, businesses will be better able to pursue the development and uptake of more efficient ways of working and to exploit, for example, the growing demand for quality foods and renewable raw materials such as wood fuel. However, the investment and knowledge base necessary to do this is beyond the reach of many of the, often small, businesses that make up the agriculture, food and forestry sectors.

64. The objective of the measure will be to ensure that the agriculture and food sector can take advantage of market opportunities through widespread innovative approaches in developing new products, processes and technologies. For this purpose, cooperation between farmers, the food and the raw materials processing industry and other parties

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should be encouraged. It will also aim to promote cooperation between producers and processors to develop innovative uses for forest products, this will in turn lead to management of woodlands, which protects their public interest and enhances the public benefits.

65. The eligible beneficiaries under this measure are:

- primary producers in agriculture and forestry, the processing industry and/or third parties (no limitation in size);
- partners involved in the cooperation projects.

Primary producers will always be involved in the cooperation activity concerned.

66. The following are eligible costs:

- preparatory operations such as design, product, process or technology development and tests and other tangible and/or intangible investments related to the cooperation (such as legal fees/accountancy costs), before the use of the newly developed products, processes and technologies for commercial purposes.

	Infrastructure related to the development and adaptation of agriculture and forestry
Article	Articles 20 (b) (v) and 30 of Regulation (EC) No 1698/2005.
Measure Code	125

67. The measure will mostly be used on two issues in England: access to forest and woodland and water management.

68. Inadequate access is one of the most common reasons for forest and woodland not being managed, and hence not realising its full economic potential. Most operations to reverse environmental decline and enhance public benefits require good access. The development of new enterprises and hence diversification of the forest sector usually require installation of some new infrastructure. The high capital cost of such infrastructure is commonly a major barrier to such diversification.

69. While much of England is well supplied with water, there are significant pressures on water resources in many of the drier areas of the country, particularly in the East and South East Regions. It is also likely that there will be more water shortages in the future. There is therefore a need for increased capacity for water storage and effective water management.

70. The objective of the measure will to provide support for investments in infrastructure related to the development and adaptation of agriculture and forestry. Support under this measure may cover operations related to (non-exhaustive list):

- development of high flow storage reservoirs;
- improvement of existing irrigation and drainage networks
- water recycling, water harvesting and treatment
- construction or improvement of access roads and tracks to farm and forest land;

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- improvement or restoration of bodies of water that will contribute to the economic viability of the wood or farm.

Axis 2

70. Natural England and the Forestry Commission will deliver the measures under Axis 2 of the England Programme. The following measures targeting the sustainable use of agricultural land available under Axis 2 of the Rural Development Regulation will not be implemented in England: 211 Natural Handicaps; 213 Natura 2000 payments etc; 215 Animal Welfare Payments; 222 First establishment of agro-forestry systems; 224 Natura 2000 payments; and, 226 Restoring forestry potential and introducing prevention actions.

	Payments to farmers in areas with handicaps, other than mountain areas
Article	Articles 36 (a) (ii), 37 & 93 of Council Regulation (EC) No 1698/2005 Articles 13(a), 14 (1), 14(2) (first two indents), 15, 17, 19, 20, 51 (3) & 55 (4) of Council Regulation (EC) No 1257/1999 (These articles remain in force until 31 st December 2009 under Article 93 of Regulation (EC) No 1698/2005) Points 9.3.V.A(1), 9.3.V.B(1),(2) & (3) and 9.3.V.B (second indent) of Annex II to Regulation (EC) No 817/2004 (These points apply until 31 st December 2009 under Point 5.3.2.1.1 of Annex II of Commission Regulation 1257/1999)
Measure Code	212

70. The English uplands, designated as Less Favoured Areas (LFAs), provide a wide range of important public benefits. They are nationally and internationally important for biodiversity, as well as being of significant landscape, archaeological, recreational, cultural and natural resource value. However, the characteristics of the LFAs make it more difficult for farmers to compete, and farming is at its most marginal. This is particularly as a result of the natural characteristics, such as topography, soil, attitude, and climate, but can also be a result of remoteness and sparseness of population. There is therefore a case for providing specific support to farmers in the LFA, in particular in the Severely Disadvantaged Areas (SDAs), where farming is marginal yet necessary to deliver wider environmental and landscape benefits. In England this is done through the Hill Farm Allowance (HFA)

71. The HFA aims to preserve the farmed upland environment by ensuring that land in the LFAs is managed in a sustainable way. Area payments will be made to farmers using eligible land to keep extensively grazed sheep breeding flocks and suckler-cows for beef production in the English LFA.

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72. Historically, special support has been available in the uplands to sustain food production, and because of perceived social benefits. More recently, support has moved away from subsidising food production. Since the introduction of the Hill Farm Allowance (HFA) in 2001, LFA support in England has been focused on supporting continued agricultural use of the uplands in a more sustainable way. The Programme will continue the HFA in the early years, through until 2009. The objectives of the scheme will remain unchanged. From 2008 the geographic coverage of the HFA will be narrowed, focusing support on the most severely disadvantaged areas.

73. From 2010 onwards, it is proposed to integrate LFA support into Environmental Stewardship. The objective is to ensure that public expenditure for maintaining upland farming is targeted directly towards the provision and maintenance of wider public benefits – and in particular, environmental and landscape benefits.

	Agri-environment payments
Article	Articles 36 (a) (iv) and 39 of Regulation (EC) No 1698/2005.
Measure Code	214

74. From the late 1980s efforts have been made in England to halt and reverse the widespread loss of habitats and degradation of the farmland environment through the use of agri-environment schemes. Following a wholesale review of the schemes available, the Environmentally Sensitive Area and Countryside Stewardship schemes were closed to new applicants in 2004. They were replaced by a single new scheme, Environmental Stewardship (ES), launched in 2005. This comprises three elements:

- Entry Level Stewardship (ELS) a broadly based element aimed at all conventional farmers in England;
- Organic Entry Level Stewardship (OELS) a broadly based scheme aimed at organic farmers;
- Higher Level Stewardship (HLS) a more targeted scheme aimed at the most valuable habitats and environmental features that require complex and locally adapted management.

75. The England Rural Development Programme 2000-2006 has made significant progress in improving the ecological condition of the highest value sites. These improvements need to be sustained and further improvements made during the years to come. The Programme for England 2007-2013 will build on the achievements of the previous programme, using ELS to continue to improve the quality of the wider farmed environment, OELS to secure the additional environmental benefits associated with organic farming and HLS to continue to concentrate resources on the most valuable features with the most complex requirements.

76. The specific primary objectives of ES are:

- the conservation of natural wildlife (on farm land, both in protected areas and the wider countryside);

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- natural resource protection (focusing on the management of soil and water).
- the adaptation of farming methods around features on farmed land, to enhance biodiversity and resource protection;
- the maintenance of landscape quality and character;
- the promotion of public access and understanding (this element of the scheme is described in measure 313);

77. In addition, the HLS strand will also address the following as secondary objectives:

- flood management;
- genetic conservation.

78. Scheme design will ensure that wherever possible agreements with farmers under ES will benefit a range of these objectives in an integrated fashion. Secondary objectives will only be covered by agreements where they are complementary to the delivery of one or more of the primary objectives and therefore will not form the sole basis of an agreement.

79. Responding to the challenge of climate change will be an objective of ES over the period of the Programme but the scheme does not currently include specific options designed to address climate change. We have commissioned research to review what ES is already delivering, and to help us determine what more can be done and the results of this have fed into the review of progress of ES. Following that exercise amendments to the Programme will be proposed, to maximise the contribution that ES can make to climate change mitigation and adaptation. The scheme does, however, already include many options which will contribute to reducing greenhouse gas emissions from agriculture (e.g. livestock extensification, input reduction, restoration of peat bogs.)

	Support for non-productive investments
Article	Article 36 (a) (vi) and Article 41 of Regulation (EC) No 1698/2005
Measure Code	216

80. Support for non-productive investments will be provided in conjunction with land management agreements under the HLS element of ES. The Higher Level element of ES pays for more complex and demanding management, and support for capital works is often needed to enable and complement this management. Support is needed from the Rural Development Programme for these investments because the nature of the capital works is such that they generate an insignificant financial return for the farmer to finance them on a commercial basis.

81. The Farm Environment Plan under HLS will identify whether capital investments are likely to be needed. The nature, costs and timing of these investments will then be negotiated between the delivery body for the scheme (Natural England) and the applicant. Support is offered for a wide range of non-productive investments that support the full range of objectives of the scheme.

82. Support will be offered for the following categories of non productive investments:

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- the restoration and re-instatement of traditional boundary features;
- fencing and other works needed to facilitate conservation management, including the re-introduction of grazing and to improve the protection of water;
- the planting and management of trees;
- the restoration of wetlands and moorland;
- control of scrub and bracken;
- works to assist the reversion of land to heathland or species-rich grassland;
- restoration of landscapes and features;
- structures to accommodate or support the requirement of specific species;
- changes to farm access tracks and gateways to improve the protection of soil and water.

	First afforestation of agricultural land
Article	Articles 36 (b) (i), 43 and 50(6) of Regulation (EC) No 1698/2005. Articles 30 and 31 and point 5.3.2.2.1 of Annex II of Regulation (EC) No 1974/2006.
Measure Code	221
	First afforestation of non-agricultural land
Article	Articles 36 (b) (iii), 45 and 50(6) of Regulation (EC) No 1698/2005. Article 30 and point 5.3.2.2.3 of Annex II of Regulation (EC) No 1974/2006
Measure Code	223

83. These measures will be used to support the establishment of permanent woodland on agricultural and non-agricultural land through the English Woodland Grant Scheme (EWGS).

84. It is national policy as stated in the Strategy for England's Trees, Woods and Forests (ETWF) (and supported in all eight of the Regional Forestry Frameworks) to promote the expansion of woodlands in England in order to provide a wide range of public benefits. There is evidence that government intervention in forestry is required to overcome market failure in recreation, carbon sequestration, watershed regulation, biodiversity conservation, landscape amenity and air pollution reduction. Under the UK Biodiversity Action Plan (BAP), and the revised Biodiversity Strategy for England, a target has been set for the expansion of native woodland by 1% per annum (5300 ha p.a.). Several priorities have been identified for the location of this new woodland including:

- buffering the margins of woodland or other habitats;

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- expanding small woods;
- complementing and diversifying the age structure of even-aged woods;
- contributing to habitat networks and ‘ecological connections’ across landscapes;
- developing clusters of inter-connected woodland;
- creating some large new woods.

85. The objective of the measures will be to contribute to the protection of the environment and to mitigate and assist in the adaptation to climate change by increasing forest cover throughout England through afforestation. Support will be targeted to locations which maximise the public benefit from afforestation, such as:

- close to centres of population where there is inadequate provision of access to existing woodland;
- to buffer, enlarge or create habitat networks which enhance high nature value woodlands (which are frequently of small individual size and fragmented);
- to buffer watercourses or to prevent soil erosion as part of an approach to catchment sensitive farming; and
- to enhance ex-industrial and other low-quality landscapes.

	Forest environment payments
Article	Articles 36 (b) (v) and 47 of Regulation (EC) No 1698/2005. Article 30 of Regulation (EC) No 1974/2006 Point 5.3.2.2.5 of Annex II of Regulation (EC) No 1974/2006.
Measure Code	225

85. A number of adverse trends affecting the biodiversity of such woodland, including a decline in the abundance and diversity of ground flora, birds and butterflies, have been identified. Although there are a number of causes of these declines, the cessation of traditional forms of woodland management and increased grazing by deer are thought to be important causal factors. Intervention is required to support annual or regular management operations to reverse such declines and to enhance the biodiversity interests.

86. The objective of the measure will be to increase the area of woodland, particularly that of High Nature Value, that is being managed in a manner that will protect its public interest and enhance the environmental benefits it provides, through voluntary commitments by forest holders.

87. Support for the management of existing woodland is primarily delivered under the English Woodland Grant Scheme (EWGS). The aid provided by EWGS includes Forest Environment Payments – an area-based standard grant paid in five annual instalments and called Woodland Management Grant (WVG). The eligible work is described in full in the scheme literature and will be kept under review and modified as required, but initially will include:

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- management to benefit biodiversity interest and protect the woodland resource sustainability monitoring;
- soil and ground water protection – e.g. reducing the effects of the adjacent use of fertilisers, fuels, oils and farm sprays etc;
- woodland light management (canopy);
- woodland open space management (floor);
- management of veteran trees
- maintenance of woodland boundaries;
- grey squirrel control
- controlling non-native species
- managing the impacts of deer.

88. Examples of the priorities that may used to select applications include:

- woodland within SSSIs (including woodlands in SACs and SPAs);
- ancient woodlands and their sites;
- semi-natural woodlands;
- semi-natural and native woodland habitats;
- protected or threatened woodland species.

	Support for non-productive investments
Article	Articles 36 (b) (vii) and 49 of Regulation (EC) No 1698/2005. Article 30 of Regulation (EC) No 1974/2006 Point 5.3.2.2.7 of Annex II of Regulation (EC) No 1974/2006.
Measure Code	227

89. While many of the management needs of existing woods can be addressed through the types of regular management supported by measure 225, woods may first need to be assessed and the management requirements planned. In some cases more intensive but non-recurring intervention may also be needed. A good example is the control of invasive Rhodedendron. Where this species has become dominant the impact of the invasion on the environmental and social value of the wood may need to be assessed and the management planned. There will then need to be a programme of clearance work, followed by maintenance to avoid re-invasion. The assessment, planning and clearance may all require capital investment. Another example is the restoration of ancient semi-natural woodland that was converted to coniferous plantation in the past.

90. The objective of this measure will therefore be to support forest holders for non-remunerative investments where they are necessary to achieve forest-environment commitments and other environmental objectives, or to protect the public interest in the woodland and enhance the public benefits it is providing.

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91. Support for the management of existing woodland is primarily delivered under the EWGS. In the first instance the aid provided by EWGS will initially include three types of non-productive investment types:

- Woodland Planning Grants that contribute to the costs of preparing a woodland management plan to consider and direct opportunities for sustainable working across the whole woodland holding;
- Woodland Assessment Grants that contribute to the costs of determining the extent of important environmental and social aspects of the woodland to prevent work taking place, unknowingly, in unsustainable ways;
- Woodland Improvement Grants that contribute towards the costs of improving the environmental and social values of woodland, and the costs of creating new environmental and social public benefits from woodlands. This grant can be used to support changes that are required to complement work supported by Forest Environment Payments (Woodland Management Grant) under measure 225 or to implement actions identified through the Woodland Assessment or Woodland Planning processes under this measure.

92. Grants under this measure are delivered through the use of standard costs

Axis 3

93. The English Regional Development Agencies (RDAs) will deliver Axis 3 of the Programme. The exception is a small amount that will be delivered by Natural England: a small amount of Axis 3 funding will fund some elements of the Environmental Stewardship agri-environment scheme, aimed at the maintenance and protection of historic buildings on farmland.

94. Targeting of activity under Axis 3, as for Axis 1, will be undertaken at a regional level, within the framework of national priorities set out here. It will therefore vary between regions, reflecting identified regional priorities. The RDAs will have particular regard to rural economic underperformance and disadvantage in rural areas (as defined by the rural definition described in Chapter 3) when deciding, with their regional and local partners, which areas resources will be allocated to.

94. There may be sectoral targeting on certain types of activity, for example on farmers wishing to diversify their businesses or small-scale tourism activity. There may also be thematic targeting - requiring projects to demonstrate characteristics such as benefits to the wider rural community or environmental sustainability.

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	Diversification into non-agricultural activities
Article	Articles 52(a)(i) and 53 of Regulation (EC) No 1698/2005
Measure Code	311

94. Agriculture is going through some key economic changes at the current time, which will further expose farmers to market forces and free them from the constraints of coupled direct payments, but also provides new business challenges. Benefits of farm diversification to farms are clear, with diversified enterprises providing a quarter or more of total farm incomes in over half of businesses with diversified enterprises. Grant funding for farms can also help to lever in other forms of investment, contributing to the viability of farms through building capacity and increasing the scale of operation. Farm diversification can also have wider benefits beyond the farm gate, especially where there are linkages between farms and the local economy. Care will be taken to ensure that projects deliver additionality, and do not displace other similar business enterprises that are not supported by public funds. Therefore a targeted approach will be taken, with the focus on providing a clear benefit that would not otherwise be delivered.

95. The objective of this measure will therefore be to support farm business restructuring through the development of diversified activities that provide alternative income sources. Support under this measure will only be available to members of a farm household.

96. While a definitive list of diversification activities cannot be provided, domains that might be supported could include:

- retailing, manufacturing or service industries, including self-made products, recreation, equestrian and creative industries (for example, artisan crafts, sculpture);
- environmental services, including the traditional trades required to maintain and enhance the landscape;
- renewable energy, including storage/supply of woodfuel (planting support and forestry processing activity are eligible under other measures).

97. Support will be provided through:

- grant aid towards the costs of capital investment;
- start-up revenue costs (if such support involves salary costs, this investment will be degressive if it is spread over several years);
- market research and feasibility studies, where these are linked to the investment to be made;
- marketing support, product development, branding and design costs; technical support to help new businesses become established and to help existing businesses to consolidate and expand.

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	Support for the creation and development of micro-enterprises
Article	Articles 52(a)(ii) and 54 of Regulation (EC) No 1698/2005
Measure Code	312

98. In England micro-enterprises account for approximately 91% of the total number of firms in rural areas and form a vital component of the rural economy providing jobs and underpinning social cohesion. With appropriate help, many micro businesses could be established or expanded to stimulate economic growth, innovation, competitiveness and to create employment opportunities.

99. Micro enterprises can also be social enterprises⁶. Social enterprises are an effective way of delivering and maintaining services, maintaining employment and providing local solutions to local problems. There is an opportunity to provide support for the development of sustainable rural social enterprises to help improve access to services and opportunities in rural areas.

99. The objective for this measure will therefore be to support for the creation and development of micro-enterprises with a view to promoting entrepreneurship and creating employment opportunities. Given the high proportion of micro-enterprises among rural businesses, a key objective of the measure will be support for achieving the growth aspirations of small rural businesses. Eligible beneficiaries are existing micro-enterprises as defined in the Commission Recommendation 2003/361/EC⁷; or persons wishing to set up a new micro-enterprise.

100. The following costs will be eligible for support under this measure:

- grant aid towards the costs of capital investment;
- start-up revenue costs;
- market research and feasibility studies;
- marketing support, product development, branding and design costs;
- technical support to help new businesses and social enterprises become established and to help existing businesses and social enterprises to consolidate and expand.

	Encouragement of tourism activities
Article	Articles 52(a)(iii) and 55 of Regulation (EC) No 1698/2005
Measure Code	313

101. The England Rural Development Programme 2000-2006 (and Objective One EAGGF) provided substantial investment for new tourist accommodation and in upgrading

⁶ A social enterprise is “a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.”

⁷ Less than 10 workers and less than 2 MEUR of turnover.

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tourist accommodation, with some associated marketing. In most parts of the country, there remains limited justification for public intervention at individual business level except where there are significant wider benefits that can be achieved. However, there are opportunities to improve the services offered and make rural tourism more sustainable, e.g. by forging better links between the businesses and their local environmental and cultural assets (including food and drink), and by encouraging collaboration and more effective use of ICT. There is also the potential for investments in recreational infrastructure (e.g. long distance walking, cycling and riding routes) to deliver both economic and health benefits. Further progress needs to be made in improving the environmental performance of the businesses themselves (e.g. through resource efficiency, adoption of renewable energy; and promoting the use of public transport and car-free holidays). It is in areas such as these that targeted intervention is needed. Encouragement of rural tourism activities is also important for rural employment.

102. The objective for this measure will therefore be to use the natural and cultural resources in England's rural areas to attract visitors and create new employment opportunities through the development of the tourism sector of the rural economy, and to make rural tourism businesses more sustainable through collaboration, resource efficiency (including the management of visitor impacts) and effective use of ICT.

103. Support under this measure will be targeted primarily towards the development and marketing of tourism services relating to rural tourism, for example:

- small-scale infrastructure such as information centres and the signposting and interpretation of tourist sites;
- recreational infrastructure such as that offering access to natural areas and the historic environment;
- small-capacity accommodation provision and upgrading of existing provision when justified by significant wider benefits;
- the development and/or marketing of rural tourism services;
- assisting tourism providers to develop clusters and business initiatives to meet visitor needs and market their products and services;
- networking and collaboration within the tourism industry including benchmarking;
- supporting the development of new niche markets e.g. 'green tourism';
- promotion of tourism activities linked to quality regional and local food culture and rural crafts;
- improved information and booking arrangements, including e-tourism and other use of ICT.

104. In addition, through measures available as an integrated element of Environmental Stewardship, the promotion of public access to, and understanding of, the countryside will be supported, including encouragement for visits to farms for educational purposes. Farmers participating in the Higher Level of Environmental Stewardship may receive support to promote public access and understanding of the countryside. This support is funded completely from national funds and are a non-agricultural de minimis state aid in accordance with Regulation 1998/2006.

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	Basic Services for the economy and rural population
Article	Articles 52(b)(i) and 56 of Regulation (EC) No 1698/2005
Measure Code	321

104. In England basic services are generally of a high standard. However, there are issues that adversely affect the rural population's ability to access services. Provision of local services such as small-scale transport arrangements, local shops and community facilities would help to this end.

105. The objective of this measure will be to improve or maintain the living conditions and welfare of those living in rural areas and to increase the attractiveness of such areas through the provision of more and better basic services for the economy and the rural population.

106. The needs of rural communities are often most effectively identified by the communities themselves, and we expect this measure to be used in England, for the most part, through the bottom-up Leader approach to delivery. It is therefore not possible to give a definitive list of activities. However, financial support may be provided for, amongst others:

- cultural and leisure activities e.g. places for the production and display of local art and culture, including for community festivals and events, recreational facilities, for instance development of local sports grounds and community parks/gardens etc
- development of community buildings to provide services;
- developing community enterprises to provide key services e.g. childcare/eldercare;
- energy services – e.g. woodfuel based heat/and or power system for village /community buildings and community renewable energy projects.
- shop/retail services;
- support of ICT for community benefit.

	Village renewal and development
Article	Article 52(b)(ii) of Regulation (EC) No 1698/2005
Measure Code	322

107. Quality of life in rural areas will benefit from high quality local amenities such as community buildings and public spaces and from strong social capital to sustain local capacity for development. There are opportunities to build on and sustain existing community ties, capitalising on the strong traditions of civic engagement in rural areas, to close local access gaps through the co-production and community ownership of services and facilities. In this context there are potential roles for the third sector and parish councils

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to build community cohesion and develop the capacity of rural communities to meet their own needs where possible.

108. The objective of this measure will therefore be to support integrated village initiatives which promote cross-community development and regeneration.

109. The needs of villagers are often most effectively identified by the communities themselves, and we expect this measure to be used in England, for the most part, through the bottom-up Leader approach to delivery. It is therefore not possible to give a definitive list of activities. However, financial support may be provided to:

- support small-scale infrastructure projects to develop or enhance:
 - village approaches
 - main streets
 - community buildings
 - amenity spaces
 - workspaces
- where possible, some aspects of the measure will be linked with environmental land management support under Axis 2;
- the encouragement of collaborative, networking social enterprises;
- improving the functionality of community facilities.

	Conservation and upgrading of the rural heritage
Article	Articles 52(b)(iii) and 57 of Regulation (EC) No 1698/2005
Measure Code	323

110. England has a rich archaeological and built heritage which includes archaeological sites, monuments and listed buildings. Sustainable development within England requires the protection, management and conservation of these historic resources. The natural and built environment can be used as a basis for economic growth in rural areas, particularly in relation to recreation and tourism. Such development brings benefits to the rural economy and communities but it also means that the use and management of such resources must be soundly based on the principles of conserving and upgrading the rural heritage.

111. One of the objectives of Environmental Stewardship is to maintain and enhance landscape quality and character. To further enhance the landscape benefits delivered, the Higher Level of Environmental Stewardship helps to maintain the overall coherence and character of the farmed landscape by supporting the renovation and maintenance of historic farm buildings. The renovation and maintenance of historic farm buildings also supports the aims of Environmental Stewardship, for example, many buildings provide a habitat for birds and bats.

111. The objective of this measure will therefore be to conserve and enhance the rural heritage as the basis for sustainable economic growth in rural areas.

112. When it is deployed at the regional level, this measure may address needs identified both strategically, and by the rural population through the Leader “bottom-up” approach it is

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not possible to give a definitive list of activities. However, support under this measure could cover the following activities:

- environmental awareness actions and investments associated with the maintenance restoration and upgrading of the natural heritage;
- undertake small-scale infrastructural improvements;
- studies and investments associated with maintenance, restoration and upgrading of the cultural heritage, such as the cultural features of cultural and environmental heritage.

111. Support will also be available for the farm building maintenance and restoration options offered under the Higher Level of Environmental Stewardship.

	Training and information for economic actors operating in the fields covered by Axis 3
Article	Articles 52(c) and 58 of Regulation (EC) No 1698/2005
Measure Code	331

5.1.4.1 Rationale for Intervention

113. Whilst skills needs in rural areas are similar to that of the national economy, the delivery of education and training in rural areas can present challenges. By encouraging more highly skilled, possibly high technology based, employment into rural areas, there will be an equal need to make appropriate training opportunities available to provide the skilled, flexible workforce these businesses would demand.

114. Small businesses, which are a significant part of the rural business stock, could face problems releasing employees for training purposes in terms of time and funding. However, rural businesses are also less likely to have training plans, dedicated training budgets and training management compared to their urban counterparts. Planning and undertaking such activity in small rural businesses would help to overcome these barriers.

115. The objective of this measure is therefore to enhance human potential required for the enhancement of the rural economy. It will support the achievement of the outcomes listed for the measures under their Axis (diversification into non-agricultural activities, developing micro-enterprises, encouraging tourism etc) by developing the skills of the economic actors in the rural area.

116. The type of training to be supported through the Programme will therefore vary according to need, but will only be provided where a gap in provision exists. In broad terms, however, the following activities will receive support under the programme:

- training in ICT skills
- training, coaching and mentoring in business skills
- training in traditional rural skills
- training related to diversification away from agriculture.

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	Skills acquisition and animation with a view to preparing and implementing a local development strategy
Article	Article 52(d) and 59 of Regulation (EC) No 1698/2005
Measure Code	341

117. Experience of previous community-led initiatives suggests that most local groups consider the main part and value of their work comes from animation activities. This would have a direct read across to the formation of local strategic cooperation-type groups brought together outside the formal Leader constituted Local Action Groups (LAGs). Successful operation of LAGs could encourage the formation of similar partnerships outside Axis 4 supported groups.

118. The objective of this measure is therefore to increase capacity for the implementation of local strategies (other than those developed through the Leader approach).

119. The support provided could cover:

- studies of the area concerned;
- measures to provide information about the area and the local development strategy;
- the training of staff involved in the preparation and implementation of a local development strategy;
- promotional events and the training of leaders;
- implementation of a local development strategy, except Local Development Strategies being implemented by a Local Action Group established under Axis 4.

Axis 4

120. The objective of Axis 4 is to implement the Leader approach in the mainstream rural development programme and thereby to contribute to the objectives of the other three axes.

	Implementation of the local development strategies
Article	Articles 63(a) and 64 of Regulation (EC) No 1698/2005
Measure Code	41

121. The current LEADER+ programme has had considerable in terms of tailoring interventions to local circumstances and by delivering through a broad partnership, taking a more co-ordinated approach to tackling issues. It is intended to harness this in the Programme by targeting the approach at locally identified need and opportunity to allow the approach to complement other ,more top down, interventions.

122. Establishment of Local Action Groups (LAGs) can add value in three key areas:

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Endogenous local development – allowing communities themselves to identify their problems and address them in sustainable ways

Governance – greater integration can be achieved through partnership working between social, economic and environmental interests;

Innovation (in approaches to delivery and projects) – finding new solutions to long standing problems including the transfer and adaptation of innovations developed elsewhere.

123. This measure will be used to add value to delivery of the Programme's objectives through mobilising local resources to co-ordinate the implementation of actions in a locally relevant way. There is also a desire to see LAGs develop their capacity so that they can deliver other programmes and projects within their area which fall outside the Rural Development Programme.

124. To ensure consistency across the Programme and, in particular, equal treatment of LAGs, there will be a single national framework involving a set of criteria to which regard will be had in each region. These criteria will be: appropriateness of the partnership; coherence of the area; quality of the local development strategy; financial and administrative capacity; fit with Programme objectives (including innovation); integration of sustainable development principles; commitment to integration; commitment to cooperation. However, reflecting the flexibility we intend for devolved decision-making, there will be a degree of regional flexibility in the selection process achieved by the addition of "regional fit" as a criterion to which regard will be had. This will cover the local development strategy's fit with regional priorities.

124. Until there are calls for proposals there is some uncertainty as to how many areas might fall outside the population limit of 5,000-150,000. However, it is expected that all but a very few LAG areas will fall within the limits. The principal reason for an exemption to these limits is likely to be where the exclusion of a given settlement, such as a market town⁸, would have an impact on the coherence of the area, or, at the other extreme, where there is a very clear case on the basis of an area's coherence being compromised. An upper population exemption limit of 165,000 will apply.

124. Initial calls for proposals for LAGs will take place within two years of Programme approval. Some regions are likely to have more than one call for proposals, particularly given that many of the LAGs are likely to be new. It is envisaged at present that there will be around 50 LAGs in England, representing a significant increase from the current 25 under the LEADER+ Programme.

⁸ In the case of market towns an upper population limit of 30,000 will apply.

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	Implementing cooperation projects
Article	Articles 63(b) and 65 of Regulation (EC) No 1698/2005
Measure Code	421

124. Working on co-operation actions has been a way to get access to information and new ideas, to learn from other regions or countries, to stimulate and support innovation and to acquire skills and means to improve delivery. But implementing this measure is notoriously difficult and steps will need to be taken to: a) promote the benefits of co-operation to LAGs; b) simplify procedures and keep them flexible to facilitate this aspect of the programme; and, c) ensure that the tools are in place to assist LAGs in their preparations. The National Rural Network will have a role to play in this through the organisation of co-operation seminars; establishing systems to gather examples of good practices; providing a partner search tool; and by providing technical assistance to LAGs.

125. The principal objective of co-operation is to widen local views in order to improve local strategies. The main expected result will be mutual learning.

126. The scope of the co-operation measure will be broad to allow LAGs to work with other areas on projects that they demonstrate to add value to the programme. In general the specific themes that LAGs intend to co-operate on will be incorporated into their local development strategy. The co-operation measure will be used to encourage and support a LAG to undertake a joint action with another Leader group, or with a group taking a similar approach, in another region, Member State, or even a third country.

127. In most cases it is expected that co-operation will be an integral part of the local development strategies and will follow normal LAG selection procedures. However, where co-operation activities arise later in the Programme and which were not included in a local development strategy, proposals will need to be considered by the relevant Regional Development Agency.

	Running costs, acquisition of skills and animation
Article	Article 63(c) of Regulation (EC) No 1698/2005
Measure Code	431

127. The objective of this measure will be to ensure the effective design and implementation of LAG local development strategies.

128. Implementing the Leader axis in the Programme is likely to result in a significant increase in numbers of LAGs as compared to the LEADER+ Programme. It is expected that new LAGs will have most need of support to carry out studies of the area concerned; provide information about the area and the local development strategy; train staff involved in the preparation and implementation of a local development strategy; hold promotional events and train leaders, especially in the early stages.

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129. Ongoing training will also be required during implementation, covering for example LAG management, self-evaluation, and monitoring. There will also be a need for animation, especially in new areas or where partnerships are expanding to include new members

130. The limit on the share of the LAG budget for running the LAGs will be 20% of total public expenditure on the local development strategy. Under the LEADER+ Programme around 2% of local development strategy budgets has been spent on acquisition of skills and animation. We envisage a similar amount being spent under RDPE. However, the level of animation and skills development required will differ between LAGs depending on the needs identified as part of the development of local strategies.

Chapter 6 – 8 – The financing plans

131. These Chapters provide a summary of all the financing arrangements for the Rural Development Programme for England 2007-2013 as required by the European Rural Development Regulations. The Programme will be funded from a variety of different sources:

- funding from the European Agricultural Fund for Rural Development (EAFRD) and associated national co-financing;
- planned funding from the 'new' voluntary modulation system and associated national co-financing;
- funding related to the old voluntary modulation system under the old rural development programme (2000-2006) and associated national co-financing;
- state aid top ups

132. The table below, which is included in Chapter 7, provides indicative breakdown of Programme spend by Rural Development Measure (in EUR, total period). The exchange rate used is €1 = £ 0.685.

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Measure/Axis	Public expenditure	Private Expenditure	Total Cost
111- Vocational training and information for agricultural, food and forestry sectors	100,937,850	25,234,462	126,172,312
114 - Use by farmers and foresters of advisory services	3,405,613	681,123	4,086,736
115 - Setting up of farm management, farm relief and farm advisory services	4,122,696	2,762,206	6,884,902
121- farm modernisation	126,450,493	77,134,801	203,585,294
122- Improving the economic value of forests	15,590,805	9,822,207	25,413,012
123- Adding value to agricultural and forestry products	111,023,252	72,165,114	183,188,366
124- Cooperation for the development of new products	64,114,395	44,880,076	108,994,471
125- Infrastructure	21,900,034	12,964,820	34,864,854
Total Axis 1	447,545,138	245,644,809	693,189,947
212 – payments to farmers in areas with handicaps, other than mountain areas	237,956,204		237,956,204
214 – agri-environment payments	3,454,261,359		3,454,261,359
216 – support for non-productive investments	266,255,886	159,753,531	426,009,417
221 – first afforestation of agricultural land	137,586,666	41,276,000	178,862,666
223 – first afforestation of non-agricultural land	18,043,333	5,413,000	23,456,333
225 – forest environment payments	19,700,000	5,910,000	25,610,000
227 – support for non-productive investments (forestry)	49,100,000	14,730,000	63,830,000
Total Axis 2	4,182,903,448	227,082,531	4,409,985,979
311 - Diversification into non-agricultural activities	123,844,172	76,783,387	200,627,558
312 - Support for the creation and development of micro-enterprises	52,709,525	31,625,715	84,335,240
313 - Encouragement for tourism activities	38,123,742	22,493,008	60,616,749
321 - Basic services	20,683,093	8,893,730	29,576,823
322 - Village renewal	1,838,475	974,392	2,812,867
323 - Conservation and upgrading of the rural heritage	79,820,749	27,937,262	107,758,011
331 - Training and information for economic actors	9,992,922	2,498,231	12,491,153
341 - Skills acquisition for preparation/ implementation of local development strategies	7,322,265	1,830,566	9,152,831
Total Axis 3	334,334,942	173,036,290	507,371,232

Chapter 9 – State Aids

133. This Chapter lists the state aid rules that apply to the various elements of the Programme. It also sets out the aid intensity rates that will apply to the grants provided under the Programme. For example:

322	Village renewal and development	Any aid granted under this measure will be in conformity with the de minimis Regulation (EC) No 1998/2006	1 January 2007 to 31 December 2013.
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Chapter 10 – Complementarity

134. This Chapter looks at how the Rural Development Programme will complement other EU funding, and how duplication of funding will be avoided (“demarcation”).

10.1 Appraisal and means for the complementarity with the Structural Funds

135. This section describes the arrangements for developing the mechanisms to ensure complementarity between the RDPE and the European Structural Funds. It summarises the priorities for the different European funding streams available in rural areas in England over the 2007-2013. It explains that

- the RDPE will be much smaller than the European Regional Development Fund (ERDF). Interventions under the ERDF Programmes will therefore generally be much larger in scale than any interventions under the RDPE.
- the ERDF will therefore support broadly focused regional and sub-regional activity, contributing to improved regional economic performance or as part of national employment and skills programmes. RDPE expenditure will be targeted towards rural areas, particularly those areas, sectors or communities where there is a demonstrable and significant need. It will be focussed on supporting rural economies at the local level. This includes interventions in agriculture, including supporting innovative farm diversification and woodland enterprises.
- The European Fisheries Fund (EFF) will focus on providing a long-term sustainable future for the fishing industry through promoting investment in innovation and technology, ensuring environmental best practice, developing efficient supply chains and improving port infrastructure and operations. It will

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also help to tackle social exclusion and promote long-term prosperity in communities traditionally dependent on the fishing industry where this support cannot be provided elsewhere.

136. This section also explains that the Regional Development Agencies will ensure coherence in the day to day management of the socio-economic support under the RDPE and the ERDF programmes. They will ensure that work carried out at the regional level under the two funds is complementary, and robust project development and selection processes will ensure that any duplication is avoided, with administrative arrangements are in place to ensure complementarity and co-ordination.

137. This section explains that these processes begin with the clear establishment of demarcation criteria at the regional level. Each region in England has an Operational Programme for the ERDF, which sets out defined demarcation criteria for the ERDF and EAFRD, and which is approved by the EU Commission. In due course, these demarcation tables will be included in the full RDPE Programme Document. The RDAs will also work closely with Leader Groups, as they will be aware of the need to ensure that there is no duplication of funding in project selection.

10.2 – Demarcation criteria

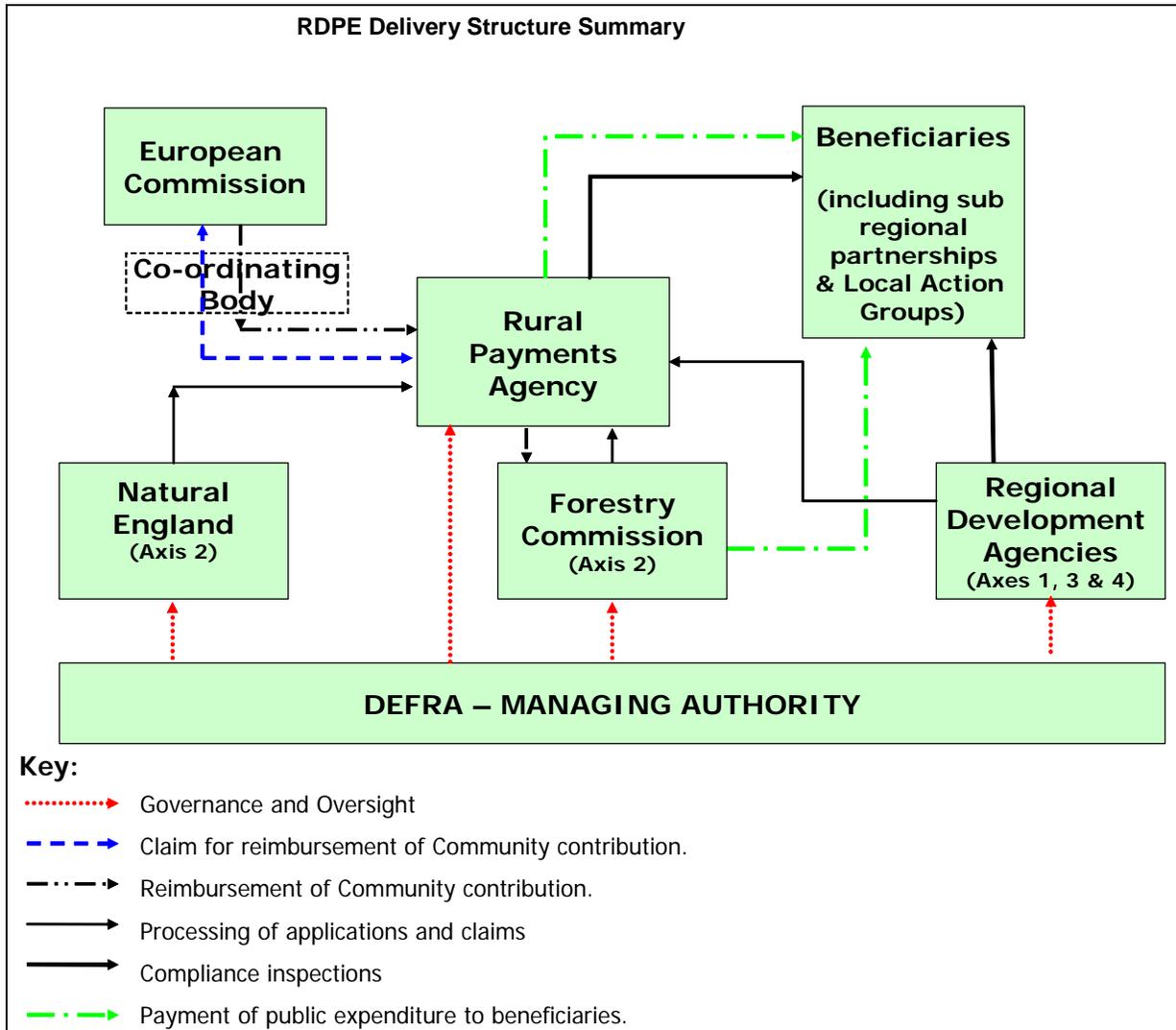
138. This section contains a table that shows, at a high level, the demarcation principles for the individual RDR measures used in the RDPE.

10.3 - 10.4 – Demarcation with other Community Instruments

139. These sections describe how demarcation between the RDPE and the delivery of support under the Common Agricultural Policy, the Common Market Organisations (CMOs) and other EU financial instruments (for example, the Financial Instrument for the Environment (LIFE+)) will be achieved.

Chapter 11 – The Competent Authorities

140. This Chapter describes the delivery arrangements for the next Programme. They are summarised in the following diagram:



Chapter 12 – Monitoring and Evaluation

141. This chapter describes the indicators and targets for the Programme over the whole of the programming period to 2013. Monitoring will be based on the indicators set by the European Commission in the Common Monitoring and Evaluation Framework (CMEF)⁹ but additional indicators will also be used, where necessary, to allow full evaluation of the effectiveness of the Programme.

142. The annex to Chapter 12 sets out the complete list of indicators and associated targets, where these have been developed.

143. In broad terms the approach can be summarised as follows:

- For Axis 1, there will be a limited number of additional indicators to record particular priorities (e.g. support for the livestock sector) which are not covered by the set of CMEF indicators.
- For Axis 2 the CMEF indicators have been supplemented by a number of additional indicators, reflecting the high priority given to environmental land management in the England programme and the fact that around 80% of EU expenditure through the Programme will be delivered through this Axis.
- For the purposes of monitoring and evaluation, Axes 3 and 4 can usefully be considered together. More weight has been given, in developing the indicators and targets, to economic objectives such as increase in Gross Value Added. This reflects the priority given in the Programme to encouraging improved economic performance in rural areas. However, the Leader approach will also, importantly, reach out to social and environmental objectives. It is likely that a qualitative rather than quantitative analysis will be most effective in capturing the overall value of Leader.

144. Monitoring and evaluation will be on-going over the full seven years of the Programme so that the Managing Authority and Monitoring Committee can examine progress against intended outcomes. It is expected that targets will also be adjusted in the course of the Programme to take account of increasing experience in delivering the outcomes and reflect the results of new research.

⁹ For the CMEF handbook see RDPE website:
http://www.defra.gov.uk/erdp/rdp07_13/index.htm

Chapter 13 – Publicity

145. This Chapter sets out, at a high level, the Communications Plan for the Programme, in line with the regulatory requirements including those set out at Annex VI of the Implementing Regulation. It explains that there will be a joint Communications Strategy shared by Defra and the delivery partners, but that in addition each of the delivery partners will have their own detailed communications plan aimed at their specific target audience.

Chapter 14 – Consultation

146. This Chapter explains that the preparation of the Programme has involved a substantial degree of close consultation with a wide range of partners. It describes how, at the national level, we held written consultations on our input to the negotiations on the RDR, on the national priorities for the England Programme itself, and on the draft Programme in the context of an Environmental Report, as part of the Strategic Environmental Assessment process. It explains that these written consultations were supplemented by:

- specific consultation events on the Community Strategic Guidelines
- eight regional events to consider the national priorities
- discussions with a designated group (“the Policy Advisory Group”) made up of representative partners.

147. This Chapter also describes how at the regional level, a very wide range of stakeholders and partners have been consulted on the detailed content of the Programme document through the Regional Implementation Plan process, particularly in relation to Axes 1, 3 and 4.

148. The Chapter summarises how the consultation processes were managed and how we have taken account of the views and advice received. .

Chapter 15 – Equality and non-discrimination

149. This Chapter summarise the laws and processes that will prevent discrimination on grounds of gender, race or ethnic origin, religion or beliefs, disability, age or sexual orientation.

Chapter 16 – Technical Assistance

150. This Chapter explains that we will utilise a proportion of RDPE funding for Technical Assistance activities. For the most part, this will be activities relating to monitoring and evaluation, in particular for the Mid Term Evaluation of the RDPE, but also the Ex Post evaluation of the ERDP 2000-2006. Technical Assistance will also be used for supporting costs associated with the RDPE Rural network, and a share of costs related to the UK Rural Network.

151. This Chapter notes that in England resources will be focussed on grant support for beneficiaries as far as possible, so the amount devoted to technical assistance will be considerably lower than the 4% of EAFRD allocation allowed under the Regulations.

152. This Chapter also explains that, as each region of the UK has its own Rural Development Programme, each region will establish its own rural network. The UK will establish a National Rural Network in accordance with the Regulation which will link the four individual networks together. The UK network will provide an interface with the EU Commission and the European Rural Network.

153. The Chapter goes to explain that detailed plans are in preparation for the implementation of the RDPE Network, which the Commission for Rural Communities (CRC)¹⁰ will operate. An action plan detailing the Network's activities will be completed in the autumn of 2007.

¹⁰ <http://www.ruralcommunities.gov.uk/>