



Llywodraeth Cymru
Welsh Government

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The Common Agricultural Policy Reform

Rural Development Plan 2014-2020: Next Steps



Date of issue: 31 January 2013



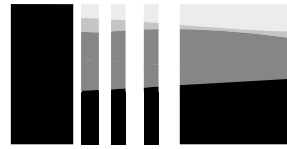
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Foreword

The Common Agricultural Policy is vital to the socio-economic, environmental and cultural vitality of rural Wales. It provides direct payments to farmers and wider economic and environmental support under the Wales Rural Development Plan (RDP). The RDP has brought great benefits to Wales in the past and continues to do so today. We have a tremendous opportunity to use the experience and knowledge gained in the current and previous programmes as a foundation but also to look afresh at what new opportunities a refreshed RDP can bring to Wales.

Many of you will have responded to my Conversation on the way forward for Wales – the Rural Development Plan in October 2012, which focused on what are perceived as the strengths, weaknesses, opportunities and threats to life in rural Wales. This will be used as the baseline for future RDP activity. It is time now to focus on how we tackle some of these challenges and I invite your views on the underlying framework and priorities of the RDP for the 2014–2020 programming period.

The preparation of the new programme is taking place in more challenging economic circumstances than in previous years. Both the EU budget and the CAP budget are under pressure and we can expect this to be so for some years ahead. We must be realistic about the outlook but at the same time the Welsh Government has argued to maintain spending at current levels in order to underpin economic activity and to promote growth. It is, therefore, important to target investment to ensure communities and businesses across rural Wales will be able to meet the tough challenges ahead. This will mean the Wales RDP needs to be designed with a sharp focus on promoting competitiveness and creating sustainable growth and jobs for the people who live and work in rural Wales. Our interventions will need to focus on activities that help to drive economic growth and also support the sustainability of our rural communities. This is closely aligned with the principles the Welsh Government has set out in its Programme for Government and with the Europe 2020 growth strategy.

The RDP Advisory Group, together with the working groups that support it, has made a valuable contribution in helping to design and develop the new programme for Wales, drawing on the collective expertise, knowledge and experience of key stakeholders, strategic advisors and Welsh Government officials. The feedback received from my conversations on CAP reform and the RDP last year is also helping

to shape the new programme. I am very grateful to Peter Davies and the members of this group for their work in informing and structuring our discussions about the future direction and priorities of the next RDP.

One of my key aims is to improve the competitiveness of the farming sector. Welsh farmers operate in a highly competitive global market while also having to respect the high standards relating to environmental, food safety, quality and animal welfare objectives that are requested by domestic and export customers. I am consulting separately on the reform of CAP Direct Payments but I am anxious to ensure that we recognise the synergies from connecting both debates and discussions. I certainly do not intend to take decisions on either in isolation. The RDP provides the agricultural community with the opportunity to access knowledge transfer, skills, training and individual business support, all of which will be critical in helping to nurture an industry that is rooted in strong individual businesses.

There will be some parts of the current RDP that we will want to continue with and some that we may decide to change. Agri-environmental measures and Glastir will certainly remain a fundamental part of the Plan. I want to consider allowing more scope for wider interventions that will support a competitive economy and to invest in further growth and jobs in the wider rural economy. We will be giving more consideration to renewable energy than we have in the past, and I am also anxious to explore where there is scope to, for instance, better integrate animal health measures into our programme.

I am consulting in parallel on the Structural Funds programme for 2014–2020. The RDP, the Structural Funds and the new Fisheries and Maritime Fund are all part of a Common Strategic Framework and we will be planning their use together in a more integrated way. I want to streamline and simplify how we manage and administer these different funding streams. The report that I have commissioned from Dr Graham Guildford will be published in March and I expect this to further inform this debate.

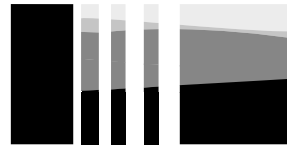
The Welsh Government has not taken any decisions on the future shape or structure of the new RDP. Discussions and decisions on the new legislative framework are going to be taken over the coming months and we are consulting now because I want us in Wales to be well-prepared to drive forward the new RDP when the current EU negotiations are completed.

At the end of this consultation I will take decisions on the future shape of the new RDP. These decisions will be based upon our shared vision and our ambitions for rural Wales. My priority will be to invest in those programmes and projects that will help us to sustain not only a strong economy but also vibrant communities. I am committed to continuing to work in partnership with all those people and organisations across the whole of rural Wales to help realise this ambition.

I value your views and I look forward to hearing what you have to say.

Alun Davies AM

Deputy Minister for Agriculture, Food, Fisheries
and European Programmes



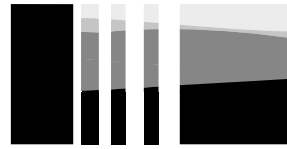
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Introduction

1. This consultation invites comments on the Welsh Government's strategy and priorities for the delivery of the Rural Development Plan for the period 2014–2020 with the support of the European Agricultural Fund for Rural Development (EAFRD).
2. The Rural Development Plan (RDP) is a seven year European Union and Welsh Government–sponsored programme which aims to improve competitiveness in the agriculture and forestry sector; safeguard and enhance the rural environment and foster competitive and sustainable rural businesses and thriving rural communities.
3. The current RDP, 2007 to 2013, is a total package of £841m, divided into a series of Axes. Axis 1 supports the competitiveness of Agriculture and Forestry through initiatives such as Farming Connect, which provides advisory and training support to farmers, and grants which supports farm and forestry businesses, food and drink producers and processors to add value to their products and become innovative and competitive in global markets. Axis 2 improves the environment and countryside through the Glastir programme, a 5 year whole farm sustainable land management scheme. Axis 3 improves the quality of life in rural areas with a wide range of initiatives delivered by local Partnerships and Axis 4 funds locally based 'LEADER' approaches to rural development.
4. Axis 2 attracts some 70% of the funding in the current RDP programme, with the rest divided in fairly equal ratio between Axis 1 and Axes 3 and 4 combined. In a statement in May 2012 the Deputy Minister for Agriculture, Food, Fisheries and European Programmes noted that he would be prepared to consider a reduction in the allocation to the agri–environment measures within the RDP to 60%.
5. The actual amount of EU funding that will become available during the next programming period is subject to the outcome of negotiations on the EU budget by the European Council and the European Parliament. It is important, however, that the future programme concentrates and focuses resources to maximise the impact of funding and leads to a transformational effect on the rural Welsh economy.
6. The next RDP will not contain axes and has a more flexible structure based around 3 broad Objectives relating to the competitiveness of agriculture, sustainable management of natural resources and the balanced development of rural areas. Innovation and Climate Change Mitigation are cross–cutting Objectives across all the funds within the Common Strategic Framework (ERDF, ESF, EAFRD and EFF), challenging all funds to work together to address them.



7. There are 6 Rural Development Priorities which set the context for the EAFRD:
 - Fostering knowledge transfer and innovation in agriculture, forestry, and rural areas.
 - Enhancing competitiveness of all types of agriculture and enhancing farm viability.
 - Promoting food chain organisation and risk management in agriculture
 - Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry.
 - Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors.
 - Promoting social inclusion, poverty reduction and economic development in rural areas.
8. The actions that we choose to form part of the next RDP will have to fit within this structure of priorities.
9. The proposals set out by the European Commission in October 2011 have been through a challenge process by the various countries (Member States) in the EU and in December 2012 the Cypriot Presidency of the EU published an updated set of draft regulations. They will be subject to further challenge and change in the months ahead, but this paper represents the Welsh Government suggested direction of travel for the RDP.
10. The strategy included in this consultation document is based on these six Priorities and on Wales' needs and aspirations. It has been developed in alignment with the Europe 2020 strategy for Smart, Sustainable and Inclusive growth, and the Welsh Government's Programme for Government, which sets out the key strategic direction for Wales.
11. The consultation builds on extensive discussions that have taken place with a wide range of partners and stakeholders over recent months through the Ministerial Advisory Group on EU programmes, the European Programmes Partnership Forum, the RDP 2014–2020 Advisory Group and expert workstream groups. This is in addition to the CAP Conversation. The aim is to ensure the widest possible engagement with individuals, organisations, businesses and communities in shaping the direction of the next round of RDP funding.
12. Future RDP funding needs to achieve meaningful integration and alignment with the other Structural Funds and the Fisheries fund in pursuit of greater added value and impact. This consultation exercise is therefore being run in parallel with that for the Structural Funds (ERDF and ESF) and will be supported with a number of joint structural fund and rural development regional public consultation events over the coming weeks. There is a parallel consultation taking place in respect of CAP Pillar 1 (Direct Payments to Farmers). However, due to structural and timing differences in the negotiations, the Maritime & Fisheries Programme in Wales will be consulted on separately in the Spring.

13. As a background to the specific reforms it is worth considering the aims the EU has in mind. It sees a strong agriculture as vital for the EU food industry and global food security. The current CAP reform proposals are based on the Communication on the CAP towards 2020 that outlined broad policy options to respond to the future challenges for agriculture and rural areas and to meet the objectives set for the CAP, namely:

Viable food production

To preserve the food production potential on a sustainable basis throughout the EU, so as to guarantee long-term food security for European citizens and to contribute to growing world food demand.

Sustainable management of natural resources and climate action

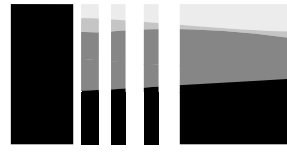
To support farming communities that provide European citizens with quality, value and diversity of food produced sustainably, in line with our environmental, water, animal health and welfare, plant health and public health requirements. The active management of natural resources by farming is one important tool to maintain the rural landscape, to combat biodiversity loss and contributes to mitigate and to adapt to climate change. This is an essential basis for dynamic territories and long term economic viability.

Balanced territorial development

To maintain viable rural communities, for whom farming is an important economic activity creating local employment.

Within those objectives for the CAP, the objectives for this Reform are:

- enhanced competitiveness;
 - improved sustainability; and
 - greater effectiveness.
14. This consultation document comprises five sections:
- The **Programme Intervention Logic Framework**, which sets the Strategic Context of the Rural Development Plan and maps the Rural Development priorities as laid out in the draft Regulation against aims and objectives of the Programme for Government and also against the Opportunities that stakeholders have identified.
 - The **Proposed Interventions**, taking account of the framework prescribed by Europe, the Programme for Government and the strengths, weaknesses, opportunities and threats, supported by the detailed situational analysis, an outline of the types of interventions that the Welsh Government is considering including in the Wales RDP 2014–2020;



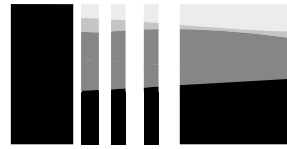
- The **Cross-cutting Themes**, setting out how we intend to address matters that apply across the different European funds.
- The **Delivery Framework** outlining a model of Integrated and streamlined delivery for the next RDP, suggesting how this can translate into the operational and structural aspects of the RDP to ensure that the vision can be successfully delivered on the ground.
- **Conversation Questions.**
- The **Situational analysis** of rural Wales, and the analysis of strengths, weaknesses, opportunities and threats (SWOT) facing rural Wales, are provided as Annexes.

Section 1 – Programme Intervention Logic Framework

1. The draft Regulation of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) explains that the Welsh Government should identify the needs of the area covered and describe a coherent strategy to meet them in the light of the EU priorities for rural development.
2. The Commission expects the Rural Development Plans presented for the 2014–20 to be an evolution from the 2007–13 RDP, building on the work undertaken during that period. A greater emphasis should be placed on outcomes.
3. For the 2014–20 period, the removal of the Axis structure used in the 2007–13 Programme gives the Welsh Government greater flexibility to select the appropriate mix of measures to achieve its policy goals. Combining the opportunities offered under a variety of articles when addressing an objective may provide greater synergies, added-value and a multiplier effect.
4. This Framework sets out the strategic context and seeks to illustrate the links between the needs identified through the SWOT (Annex 1), Situational Analysis (Annex 2), Welsh Government policies and strategies, and the potential RDP measures. The intervention logic will form the basis for establishing indicators to measure progress, efficiency, and effectiveness of actions / measures in relation to their objectives.
5. The Situational Analysis presents a discussion about definitions of rurality and how these may be applied to the preparation of the RDP 2014–20. There is no single definition of “rural” that is relevant for all purposes. The term has many different dimensions, some of which will be more relevant for some circumstances than others. Rural Wales is not a homogeneous unit and, however, the Annex presents some general rural definitions. For the 2014–20 period the Welsh Government is considering adopting a flexible approach, allowing actions to take place anywhere in Wales provided they can demonstrate benefit to rural Wales.

Strategic Context of the RDP 2014–2020

6. The RDP for Wales will have to address the key policy objectives set at EU level via the Europe 2020 strategy, and the principal Welsh Government strategies, most notably the Programme for Government.



7. The Europe 2020 ten year growth strategy, requires European regions to create the conditions for a different type of growth which is smarter, more sustainable and more inclusive. The RDP has been designed with growth and competitiveness as the defining principles, but with interventions which in turn impact positively on sustainability and social inclusion.
8. At a Welsh national level the Programme for Government sets the overall context within which the RDP must deliver. As an agenda for Wales, the Programme for Government provides the benchmark for rural development actions and it emphasises the outcomes being sought in order to make a real difference to the lives of people in Wales.
9. The Programme for Government sets out the following 12 priority areas:
 - i. Growth and Sustainable Jobs
 - ii. Public Services in Wales
 - iii. Education
 - iv. 21st Century Healthcare
 - v. Supporting People
 - vi. Welsh Homes
 - vii. Safer Communities for all
 - viii. Equality
 - ix. Tackling Poverty
 - x. Rural Communities
 - xi. Environment and Sustainability
 - xii. The Culture and Heritage of Wales
10. The actions within the Intervention Logic table show that the RDP could address a wide number of these target areas. Although areas 10 and 11 are the principal intervention routes for the RDP, the suite of activities proposed will have positive impacts on several others, such as growth and jobs, equality, tackling poverty and the culture and heritage of Wales.
11. The Europe 2020 strategy and the Programme for Government set the framework within which the Wales RDP will set its targets and measure its impacts. These overarching strategies are supported by a range of policy documents which give greater details on the strategic agendas for specific aspects of the Welsh Government's responsibilities.

12. Some of the most significant of those policy documents are listed below:

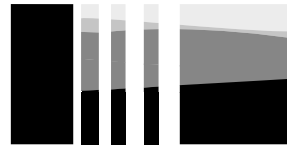
‘One Wales: One Planet’ is the Sustainable Development Scheme of the Welsh Government. It derives from the Government of Wales Act 2006 which placed the promotion of sustainable development at the heart of the Welsh Government’s work. In Wales, the definition of such development means enhancing the economic, social and environmental wellbeing of people and communities and this integrated principle is also the basis on which the RDP has been developed.

‘Economic Renewal: A New Direction’ sets out the role the Welsh Government can play in providing the best conditions and framework to enable the private sector to grow and flourish. This will support a strong economy not as an end in itself, but for the integral contribution it can make to the quality of life and the economic, social and environmental wellbeing of people and communities in Wales. It places a strong emphasis on encouraging innovation as a driver or economic growth. This strategy is supported by ‘Understanding Wales’ Future’ which is a stock-take of Wales’ assets set against a backdrop of global trends that will drive change in the future. The economic dimension is further supported by the establishment of nine Sector Panels made up of private sector business people who advise on the opportunities and needs of their sector.

‘Environment Strategy for Wales’ sets out the long term strategic direction for the environment of Wales up until 2026. It encompasses long term planning which takes account of the need to recognise future challenges and opportunities such as climate change, resource use, biodiversity, local environment and environmental hazards to safeguard the interests of current and future generations. It recognises that the economy and the environment are closely linked. The RDP offers the opportunity to address many of these challenges through integrated actions, and to identify good practice examples of sustainable development and replicate and mainstream them.

‘Climate Change Strategy for Wales’ takes this key challenge within the Environment Strategy and highlights the importance of UK and EU interventions to achieving our targets in Wales and make clear the critical contribution that people, communities, organisations and businesses across Wales will need to make to deliver on this agenda. Under this strategy the Land Use and Climate Change Group in Wales is tasked with providing specific advice on emission reduction in agriculture.

‘The Sustainable Development Bill’ aims to bring together the Welsh Government and wider Public Sector within Wales to make sustainable development the central organising principle as codified legislation. The Welsh Government’s Programme for Government reinforces the importance of Sustainable Development. The aim of the legislation is to ensure that in pursuit of a better long term future, the best possible decisions are made that achieve the maximum possible long term benefits to the economic, social and environmental wellbeing of Wales, within environmental limits.



‘The Living Wales Programme’ takes forward a new approach to managing the natural resources and environment in Wales. The programme has a focus on how Wales makes and takes decisions to balance the demands that are put onto its natural resources. This involves taking informed consideration of the requirements of the economy, communities, people and the environment. The programme also oversees the establishment of the new Single Environmental Body, Natural Resources Wales to come into effect on 1st April 2013.

‘Farming, Food and Countryside, building a secure future’ sets out a vision of Welsh farming at the heart of a sustainable countryside and profitable rural economy, able to meet future challenges and take advantage of the opportunities presented in an increasingly volatile and globalised economy. Among the challenges facing the agricultural and land-based sectors are delivery of high quality produce, adaptation to market and environmental pressures and producing the environmental goods that society demands. Flexibility, cooperation and strong cross sector working are noted as key drivers in meeting them.

‘Vibrant & Viable Places’ is a new Regeneration Framework for Wales. Currently out to consultation the full strategy will be published in February 2013. The framework came from a review of approaches to regeneration in Wales. The aim is to reverse economic, social and physical decline through integrated activities and to ensure economic growth which is inclusive, sustainable and focused.

13. Beneath these overarching strategies there are a number of sectoral, thematic or spatial policy documents which have been taken into account in the drafting of the proposed interventions for the next Wales RDP. It is not possible to produce an exhaustive list but the following gives an indication of the broad range of considerations involved:

‘Woodlands for Wales’ is the Welsh Government’s Strategy for Woodlands and Trees, seeking to achieve the balance of diverse, well-managed multi-purpose forests, delivering a balanced suite of goods and services. A recently updated version builds upon the first report, produced in 2001, which is a 50-year strategy and which established the role that woodland and trees can play in improving the lives of everyone in Wales, in sustaining the wider environment and providing opportunities for people and communities.

‘Sustainable Tourism’ is a framework for the Welsh tourism industry which addresses social, cultural, economic and environmental issues and has the four key objectives of promoting local prosperity, supporting community well being and involvement, minimising tourism’s environmental impact and protecting and giving value to natural heritage and culture.

‘Energy Wales: A Low Carbon Transition’ seeks to place Wales at the vanguard of the transition to a low carbon economy. New and emerging technologies need to be developed and deployed, with opportunities for economic benefits and jobs.

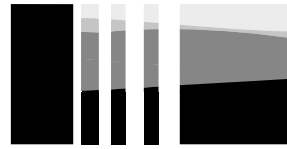
‘Delivering a Digital Wales’ supports the vision for everyone in Wales to enjoy the benefits of digital technologies, including provision of ICT skills, a thriving economy driven by innovation in technology research and development, support for cultural creativity and enhanced coverage across Wales.

‘Unlocking the Potential of the Uplands’ is a report by the Wales Upland Forum which has gathered evidence around five main themes of significance to upland areas of Wales, namely optimising productivity, land use, economic development, access to services and enabling vibrant uplands. The report provides evidence for the possible inclusion of a sub-thematic programme for Mountain areas and also gives suggestions for an Areas of Natural Constraint measure.

14. There are two further commitments that underpin all aspects of the work on and content of the Wales RDP. The first of these is the Welsh Government’s commitment to Inclusive Policy Making which means that we take every opportunity to equality and inclusive outcomes for all the people of Wales. This commitment is supported by the fact that a detailed Equality Impact Assessment is undertaken on policy, strategy, action plan and practice and this approach will apply to the Wales RDP.
15. In addition the Welsh Government is committed to Wales as a truly bilingual nation. ‘Iaith Pawb’ is the national strategic framework and action plan to ensure that the Welsh language is not only supported but also has the right environment in which to flourish. The RDP for Wales will integrate the principles of “Iaith Pawb” in its development and delivery.

Framework provided by the draft Rural Development Regulation

16. Within the overall framework of the CAP support for rural development shall contribute to achieving the following Objectives:
 - i. The competitiveness of agriculture.
 - ii. The sustainable management of natural resources, and climate action.
 - iii. Balanced territorial development of rural areas.
17. These Objectives contribute to the Europe 2020 Strategy for smart, inclusive and sustainable growth and will be pursued through the following 6 European Union Priorities for rural development, which translate the relevant Thematic Objectives of the Common Strategic Framework:



- i. Fostering knowledge transfer and innovation in agriculture, forestry, and rural areas.
- ii. Enhancing competitiveness of all types of agriculture and enhancing farm viability.
- iii. Promoting food and non-food chain organisation and risk management in agriculture.
- iv. Restoring, preserving and enhancing ecosystems related to agriculture and forestry.
- v. Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors.
- vi. Promoting social inclusion poverty reduction and economic development in rural areas.

18. These priorities have been further broken down into 18 Focus Areas:

Priority 1:

- i. Fostering innovation and the knowledge base in rural areas.
- ii. Strengthening the links between agriculture, food production and forestry and research and innovation.
- iii. Fostering lifelong learning and vocational training in the agricultural and forestry sectors.

Priority 2:

- iv. Facilitating restructuring of farms, notably farms with a low degree of market participation, market-oriented farms in particular sectors and farms in need of agricultural diversification.
- v. Facilitating entry into the farming sector, and in particular generational renewal in the agricultural sector.

Priority 3:

- vi. Better integrating primary producers into the food chain through quality schemes, promotion in local markets and short supply circuits, producer groups and inter-branch organisations and promoting animal welfare.
- vii. Supporting farm risk management.

Priority 4:

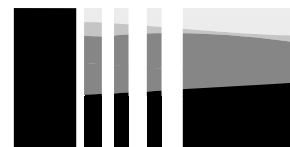
- viii. Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas and high nature value farming, and the state of European landscapes.
- ix. Improving water and land management and contributing to meeting the Water Framework Directive objectives.
- x. Improving soil, erosion, fertiliser and pesticide management.

Priority 5:

- xi. Increasing efficiency in water use by agriculture.
- xii. Increasing efficiency in energy use in agriculture and food processing.
- xiii. Facilitating the supply and use of renewable sources of energy, of by-products, wastes, residues and other non food raw material for purposes of the bio-economy.
- xiv. Reducing green house gas and ammonia emissions from agriculture and improving air quality.
- xv. Fostering carbon sequestration in agriculture and forestry.

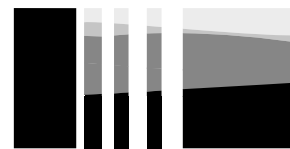
Priority 6:

- xvi. Facilitating diversification, creation and development of small enterprises and job creation.
 - xvii. Fostering local development in rural areas.
 - xviii. Enhancing accessibility to, use and quality of information and communication technologies (ICT) in rural areas.
19. The following table sets out how the Programme for Government links to the Objectives, Priorities and Focus Areas set out by the European Union and Commission and how both of these link to the Opportunities in the SWOT analysis. The table has been prepared using the numbering set out above for the European Objectives, Priorities and Focus Areas.



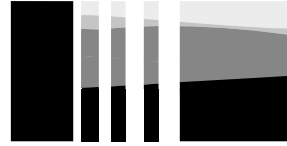
Priority	Focus Area	Programme for Government	Opportunities
1	i. Fostering innovation and the knowledge base in rural areas. ii. Strengthening the links between agriculture, food production and forestry research and innovation. iii. Fostering lifelong learning and vocational training in the agricultural and forestry sectors.	Growth and Sustainable Jobs Equality Tackling Poverty Rural Communities Environment and Sustainability	<ul style="list-style-type: none"> • Increase the development of support processes that provide market access, vocational training, help with regulation and the clarification of business objectives using where appropriate and to the extent possible a one stop, single agency support mechanism. • Continue to maximise research and development outcomes by disseminating results. • Capitalising on the strong student base in higher education in rural Wales. • Provide opportunities to share information and experience throughout the supply chain. • Build on the existing relationship with Further Education, Higher Education establishments and other providers of skills and training to create a cohesive programme of skills. • Broaden the range of organisations being involved in the delivery of the projects. • Promote and encourage the benefits of following a career in agriculture and other related industries. • Learn from best practice and encourage the sharing of knowledge and expertise. • Integration of future EU programmes and the use of integrated bottom up delivery models. • Improvements in ICT services including mobile infrastructure that help to promote integration and exploit opportunities.

Priority	Focus Area	Programme for Government	Opportunities
2	iv. Facilitating restructuring of farms, notably farms with a low degree of market participation, market-oriented farms in particular sectors and farms in need of agricultural diversification.	Growth and Sustainable Jobs Equality Tackling Poverty Rural Communities Environment and Sustainability	<ul style="list-style-type: none"> • Address the problems of fragmentation and isolation amongst farmers and rural businesses through the development of integrated networks that encourage innovation and knowledge sharing. • Explore opportunities for improving knowledge uptake particularly for the younger generation which could include initiatives such as continuing professional development. • Explore options to improve the link between research and practice which involves applied research and involving practical farmers in the process. • Exploit opportunities under the new programme by broadening the range of advice offered by support programmes to include the socio-economic and environmental aspects of managing the farm.
			<ul style="list-style-type: none"> • Build on the diversification of farming businesses into services and other sectors. • Farm Diversification opportunities through renewable energy e.g. generation, renting space to generators and growing feedstock. • Build on diversification opportunities by encouraging farmers to diversify their crops • Adding value to primary produce and adopting new technologies to improve business efficiency. • Support for start up advice, mentoring centres and new product development. • Increasing development of internal and export markets for Welsh products.



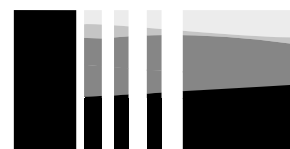
Priority	Focus Area	Programme for Government	Opportunities
	<p>v. Facilitating entry into the farming sector, and in particular generational renewal in the agricultural sector.</p>		<ul style="list-style-type: none"> • Developing productivity and incomes by improving technology, knowledge transfer and their use. • Adopt energy saving and conservation techniques to address rising input costs. • Increasing woodland by planting on marginal land. • Woodfuel production – especially from presently unmanaged woodland. • Modernise farming processes and practices to improve business performance and compliance. • Further develop agricultural stakeholder networks and supply chains to support agricultural modernisation. • Developing and exploiting the use of ICT taking advantage of rural broadband. • Increasing the proportion of Welsh agricultural raw material that is processed in Wales. • Developing a financially and environmentally sustainable farming model for the future. • Use of farms owned by local authorities to promote identified agricultural opportunities. • Opportunities for the agricultural industry to contribute significantly to food security. • Continue to develop opportunities for farm tourism business. • Large areas of low quality land in Wales. • Developing the potential of green energy. • Support for new entrants to farming. • To experience and learn from other European states.

Priority	Focus Area	Programme for Government	Opportunities
3	vi. Better integrating primary producers into the food chain through quality schemes, promotion in local markets and short supply circuits, producer groups and inter-branch organisations and promoting animal welfare; vii. Supporting farm risk management.	Growth and Sustainable Jobs Equality Tackling Poverty Rural Communities Environment and Sustainability	<ul style="list-style-type: none"> • Integration of future EU programmes and the use of integrated bottom up delivery models. • Address the problems of fragmentation and isolation amongst farmers and rural businesses through the development of integrated networks that encourage innovation and knowledge sharing. • Harness the skills and energy of innovative farmers and other individuals who can lead innovative products, workstreams and enterprises. • Exploit opportunities arising from new markets, products and processes. <ul style="list-style-type: none"> • Increasing innovation in the food and drink sector in Wales building on the resources available via the network of food centres in Wales. • Encouragement of a future mechanism of brand support beyond the protected Food Names for Welsh food & drink. • Build on and increase the use of “Welsh brand” names across all food production. • Provide opportunities to share information and experience throughout the supply chain. • Continue to maximise research and development outcomes by disseminating results. • Build on the existing relationship with Further Education & Higher Education establishments and other providers of skills and training to create a cohesive programme of skills and promote them effectively to school leavers.



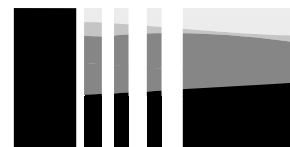
Priority	Focus Area	Programme for Government	Opportunities
			<ul style="list-style-type: none"> • Encourage co-operation between producers to create local food hubs, to distribute on a local / regional basis. • Enhance supply chain transparency and linkages. • Opportunities for the agricultural industry to contribute significantly to food security. • Improving access to supported premises, venture capital and soft loans. • Work closely with the veterinary profession and farmers to increase their focus on animal welfare standards and the economic benefits of animal health plans. • Reduce the impact of any animal disease outbreak by maximising electronic means. • Creating a more diverse food production and processing system. • Creating a more sustainable food distribution system. • Growing indigenous food processing businesses using successful entrepreneurs as mentors and positive examples. • Increase awareness of Wales as a Food Tourism destination. • Explore how EU partners develop their local food culture, enabling businesses in rural areas to develop potential markets both locally and transnationally. • Addressing the lack of awareness of local food and drink within parts of the hospitality sector. • Integration of future EU programmes and the use of integrated bottom up delivery models.

Priority	Focus Area	Programme for Government	Opportunities
			<ul style="list-style-type: none"> • Address the problems of fragmentation and isolation throughout the supply chain by developing integrated networks that encourage the sharing of knowledge and expertise. • Improvements in ICT services amongst rural communities and businesses in Wales. • Improve stock resilience by devising programmes to support the industry in controlling and potentially eradicating the prioritised non-statutory production of animal and exotic disease outbreak. • Raise awareness of anti-microbial resistance and its responsible use. • Make better use of ambassador farmers and demonstration farms. • Developing marketing opportunities in new and emerging markets worldwide. • Capitalising on the environmental credentials of Wales thereby providing opportunities to deal with diverse environmental pressures and demands. • Responding to societal changes and maximising opportunities from globalisation. • Improve health in the community by helping people to reconnect with their food in terms of health and nutrition. • Opportunities for exploiting the ethnic market for lamb. • Explore opportunities in which Wales can become more self-sufficient rather than becoming increasingly reliant on imported food.



Priority	Focus Area	Programme for Government	Opportunities
4	viii. Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas and high nature value farming, and the state of European landscapes; ix. Improving water and land management and contributing to meeting the WFD objectives;	Equality Rural Communities Environment and Sustainability	<ul style="list-style-type: none"> • Improvements in animal health and welfare helps to reduce the carbon footprint of Welsh lamb production. • Encourage the development of clusters of local food producers and efficient cooperative distribution systems. • Greater use of producer groups, quality schemes and emphasising / capitalising on the benefits of environmentally sustainable production throughout the food chain. • Reducing waste throughout the supply chain.
			<ul style="list-style-type: none"> • Development of the natural resource approach and adoption of ecosystems approach provides opportunity to manage the competing and synergistic demands on ecosystem services in a strategic and spatial manner. • Proposed EC Soil Framework Directive provides opportunity for single overarching regulatory structure. • Targeted approach could allow for joint working with local environmental initiatives / development of co-operative approaches to land management going beyond existing emphasis on common land to focus on woodland networks, species and management of water levels, flood risk and diffuse pollution. • EU Water Framework Directive requires action to tackle water quality on whole river catchment basis to bring water bodies into line with EU Directives. • Linking biodiversity connectivity to health, rural economy, community engagement, recreation and tourism use.

Priority	Focus Area	Programme for Government	Opportunities
	<p>x. Improving soil, erosion, fertiliser and pesticide management.</p>		<ul style="list-style-type: none"> • Increasing the recreational use of woodlands. • Improved physical and intellectual access to the countryside that stimulates tourism in Wales. • Changing established attitudes towards farming and environmental protection. • Development of new techniques and technologies for safeguarding soils. • Large areas of low quality land in Wales. • Utilising the potential of Welsh uplands and their role in water and carbon management as well as meeting environmental obligations. • Growing demand for woodfuel production creating a market for previously low value timber products. • Provision of ecosystem services and environmental goods. • Support restoration and management of ecosystems in order to improve their economic value to Wales as well as their inherent ecosystems services. • Integration of future EU programmes and the use of integrated bottom up delivery models. • Recognition of the benefits of Local Authority, National Park and AONB schemes to target specific areas particularly in landscape terms but also with added biodiversity benefits. • Recognising that whole farm schemes are not always appropriate and necessary to meet ecosystems objectives.

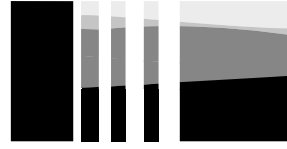


Priority	Focus Area	Programme for Government	Opportunities
5	xi. Increasing efficiency in water use by agriculture. xii. Increasing efficiency in energy use in agriculture and food processing. xiii. Facilitating the supply and use of renewable sources of energy, of by-products, wastes, residues and other non food raw material for purposes of the bio-economy.	Growth and Sustainable Jobs Equality Tackling Poverty Rural Communities Environment and Sustainability	<ul style="list-style-type: none"> • High Nature Value farming and forestry systems and other environmentally beneficial land management practises used as the starting point of a strong environmentally focussed food chain that emphasises and capitalises on its inherent environmental benefits to society. • A landscape scale approach to land management is essential as this will have the benefits of improving water quality, resilience of biodiversity to climate change and carbon storage.
			<ul style="list-style-type: none"> • Potential for land based industries and food production to make large contributions to reducing greenhouse gas emissions, and reducing climate change effects, often in ways that can bring financial business benefits also. • Mitigating climate change by exploiting opportunities for renewable energy, resource efficiency and recycling. • Farm Diversification opportunities through renewable energy e.g. generation, renting space to generators and growing feedstock. • Promotion of sustainability through climate change adaptation. • Economic and social benefits from developing low carbon energy infrastructure. • SMEs can tap into growing markets for renewable technology, contributing to the economy. • Scope to increase market penetration of high quality heating schemes based on locally sourced material. • Developing the potential of green energy amongst businesses and communities in rural Wales.

Priority	Focus Area	Programme for Government	Opportunities
	<p>xiv. Reducing green house gas and ammonia emissions from agriculture and improving air quality.</p> <p>xv. Fostering carbon sequestration in agriculture and forestry.</p>		<ul style="list-style-type: none"> • To explore best practice and learn from other parts of the world. • Planning systems to support development. • Explore and develop options for Integration with energy efficiency interventions under the ERDF programme to maximise added value. • Develop opportunities for Welsh farmers to embrace new crops and cropping systems. • Develop high quality and extensive advisory services to SME's and micro businesses. • The extent of upland peatlands and woodlands in Wales that have the potential to sequester carbon. • Large proportion of unmanaged woodlands on farm presents opportunities for their sustainable exploitation for wood products and fuel. • The establishment of Natural Resources Wales has the potential for a more joined up approach in future. • Use of firewood to address rural fuel poverty.

Priority	Focus Area	Programme for Government	Opportunities
6	<p>xvi. Facilitating diversification, creation and development of small enterprises and job creation;</p> <p>xvii. Fostering local development in rural areas;</p> <p>xviii. Enhancing accessibility to, use and quality of information and communication technologies (ICT) in rural areas.</p>	<p>Growth and Sustainable Jobs Equality</p> <p>Tackling Poverty</p> <p>Rural Communities</p> <p>The Culture and Heritage of Wales</p>	<ul style="list-style-type: none"> • Broadening the skills base of the workforce and promoting the benefits of career choices. • Developing potential of ICT as a business, educational, information, social and communication tool. • Building on the use of community led local development in the next programming period. • Improving business performance through better support services. • Build on existing work on alternative financial instruments (e.g. Venture Capital Schemes, Credit Unions etc) to support innovation and / or community-owned ventures. • Improving the physical and intellectual access to the countryside that stimulates tourism and small enterprises in Wales. • Tackling social exclusion through support to the social economy, community engagement and skills. • Improving the ability to return to work and quality of life for rural residents. • Developing productivity and incomes by improving technology, knowledge transfer and their use. • Support for start up advice, mentoring centres and new product development. • Improving the use of community hubs as service delivery mechanisms in rural areas i.e. pubs, schools and leisure centres.

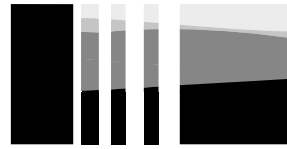
Priority	Focus Area	Programme for Government	Opportunities
			<ul style="list-style-type: none"> • Opportunity to use unused and underused assets for community, business and social use in rural areas. • Opportunity to turn unused land into productive sites for community grown food and woodland. • Maximising synergy and opportunities by exploiting European and domestic funding using integrated approaches. • Joined up public sector to provide improved services, efficiency and effectiveness. • Promote and encourage the benefits of following a career in agriculture and other related industries. • More community involvement in the development of local areas and in the management of woodland which can deliver opportunities for social cohesion, social services, employment and training. • Improve training and business support to increase business focus, efficiency, and innovation. • The potential for innovative, community based solutions to address diminishing services. • Opportunities in the field of care provision given that the population in rural areas is getting older. • Addressing the lack of awareness of local food and drink will present a good opportunity to boost local food and drink producers, tourism and the low carbon agenda in rural areas by reducing food miles. • Better use and exploitation of ICT amongst rural businesses and communities which will enable companies to adapt quicker to changing market practices.



Priority	Focus Area	Programme for Government	Opportunities
			<ul style="list-style-type: none"> ● Strengthen the role of key market towns in delivering re-generational outcomes. ● Improve skill levels within rural communities particularly in the field of ICT and other specialist areas. ● Raising awareness of local produce and developing links with local business as well as other markets. ● Develop the marketing of the tourism potential of rural areas in Wales. ● Continued support and development for the tourism sector in Wales. ● Capitalising on the contribution and economic potential of the heritage sector. ● Developing the potential of green energy. ● Promoting and supporting micro businesses in rural Wales. ● Developing closer links with the tourism offer locally and regionally. ● Development of further cost efficient demand responsive services in dealing with the lack of public transport in rural areas. ● Better information and better transport integration. ● Integration of future EU programmes and the use of integrated bottom up delivery models.

Section 2 - Proposed Interventions

1. Taking account of the framework prescribed by Europe, the aims and objectives of the Welsh Government as set out in 'Programme for Government' and the SWOT, supported by the detailed situational analysis, the following sets out the types of interventions that the Welsh Government is considering including in the Wales RDP 2014-2020.
2. These proposals have been developed jointly with the RDP Advisory Group and the working groups that support it and draw on the collective knowledge, experience and expertise of key stakeholders, statutory advisers and Welsh Government officials. They are not prescriptive but are intended as a framework to help steer the development of the schemes that will be implemented and also form the basis for securing complementarity with other EU and Welsh Government funds.
3. For consistency the proposals are presented by the EU priority areas which have been grouped into three broad categories: Competitiveness, Environment and Community. This does not imply a silo approach to activity but simply allows the detail to be broken down into manageable sections. There is considerable scope for cross-cutting actions and this will need to be fully exploited to gain the maximum return for investment.
4. In developing the proposals those working on them have adhered to the following fundamental principles:
 - a. Work from the Regulations to create schemes that deliver what we need compliantly rather than trying to fit existing schemes into the Regulations.
 - b. Focus on broad schemes that give the maximum range that the Article (or Articles) allow.
 - c. Develop individual 'projects' that would fit under this overarching structure.
 - d. Encourage innovation and wider EU project awareness.
 - e. To innovate, think creatively and do something new we must tailor delivery towards engaging the target audience, whilst also sharing best practice across sectors.
 - f. In line with the Programme for Government apply best practice within the dairy, red meat and horticulture sectors, taking a lead from the work of Hybu Cig Cymru (HCC) in order to develop and strengthen the sector-based approach to develop these industries in Wales.
 - g. An important attribute of any approach is to maximise opportunities for engaging the entire supply chain from production, through to product processing and marketing.
 - h. Work to a robust evidence base.



- i. Structure things to deliver the maximum administrative simplicity with, ideally, one Management Unit with one set of rules.
 - j. Design schemes so that the beneficiary has the minimum level of administrative burden whilst remaining consistent with compliance requirements.
 - k. Achieve better alignment between indicators and the activity being undertaken.
 - l. Design in complementarity with the other European funds – focus on the strengths of each fund rather than try and do everything with all the funds.
 - m. Align activity with the Programme for Government and broad economic development objectives.
 - n. Link with wider Welsh Government activities so we add value and fill gaps.
 - o. Build in evaluation at the start.
 - p. Develop the communication strategy as we develop the RDP.
 - q. State aids should be secured where necessary to meet need.
5. In addition, in considering the options the following issues have influenced thinking:
- a. Without the Axes we will have to work with a single definition of rural which will effectively be the whole of Wales so that eligibility cover is extended to all farms, forestry operations and primary processors.
 - b. The RDP financial package will be too small to deliver a tailored rural solution for everything as although the final percentage allocation to agri-environment support may change, it will still represent the lion's share of the RDP.
 - c. The importance of taking a strategic approach to both local and national delivery.
 - d. The opportunities for building on the statutory remit of existing levy bodies e.g. HCC and DairyCo., which includes industry development activities such as training, provision of market intelligence, technology transfer and benchmarking.
 - e. The need to have consistency with other Welsh Government support mechanisms / approaches or a clear rationale for a different approach and to add value.
 - f. Recognition of the economic and employment importance of key sectors such as red meat and dairy. For example, the Welsh red meat and dairy sectors are important primary production industries in respect of the rural economy, in sustainable management of the landscape and for contributions to the Welsh tourism sector. In terms of Welsh Agricultural Production the combined production (dairy and red meat) as a share of gross output in 2011 was 72.4% (source: Welsh Government Farming Facts and Figures, Wales 2012).

- g. The need to think through the delivery mechanism(s) for Strategic projects and not reinvent solutions if what we have works.
- h. That limited funding opportunities in some areas prevent co-operation between funds.
- i. If RDP support is restricted it will be essential to ensure that the support it will not provide but which the Welsh Government still considers to be a priority for delivering key objectives, be available from other sources or that we have a clear rationale for them not being available.
- j. The budget situation more generally.

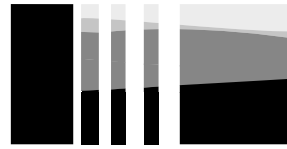
Competitiveness

- 6. This covers the following EU priorities:
 - Priority 1: Fostering Knowledge Transfer and Innovation in Agriculture, Forestry and Rural Areas
 - Priority 2: Enhancing the Competitiveness of all Types of Agriculture and Enhancing Farm Viability
 - Priority 3: Promoting Food Chain Organisation and Risk Management in Agriculture.
- 7. The following areas of support are being considered:

Farm Advisory Service and Farming Connect

Farm Advisory Service (FAS)

- 8. Redirect as much day-to-day farming / forestry advice and support as possible to the FAS. It already has to cover cross compliance, statutory management requirements and GAEC Single Payment issues etc. This should include signposting enquiries to and complementing the activities of existing levy bodies, to avoid duplication and to maximise resource use. Coverage should be extended to include:
 - a. Animal health and welfare – including acting as a gateway for local vets to support farmers to access Animal Health Planning linked to productivity and quality returns for their livestock enterprises; access to delivery of support mechanisms which target economically important areas including disease prevention, emerging diseases; and establishing as well as addressing herd and flock health status.
 - b. Water related issues - including farmyard management, run-off management, waste storage, nutrient management planning, and poaching.
 - c. Climate change mitigation / adaptation including stock management, feed mix and patterns, and basic energy efficiency.



- d. Wider environmental actions – including minimum requirements for ecosystems delivery, biodiversity and habitat management.
- e. Basic business advice.
- f. Advise and support landowners to make economic use of their woodlands or additional planting, tree provenance and health.
- g. Improved linkages to research and development to foster innovation and technological improvements.

Farming Connect

9. Refocus Farming Connect towards measures designed to improve the profitability and efficiency of businesses and increase 'business focussed behaviour'. This would mean covering aspects such as business planning and management, performance improvements (including genetic and breeding interventions to improve stock), cost management, innovation, culture / attitude change, energy options including renewables, diversification options, advanced / targeted vocational training and wider skills analysis. To avoid duplication and maximise resource use, consideration should be given to building on the skills and experience of industry development activities within existing statutory levy bodies e.g. HCC and DairyCo.
10. Introduce a Mentoring programme to include basic hand-holding plus more specialised services – effectively develop a 'field force' approach to encourage, enable and challenge beneficiaries across a wide range of areas. This would be co-funded by farmers, include succession planning and have clear targets to measure improved outputs of the business either in terms of outputs or reduced costs etc. A key element to be considered is whether this should be supported by a mentoring development scheme so that we have individuals of sufficient calibre to deliver the high quality required. Account should also be taken of the opportunities for building on the expertise within existing levy bodies e.g. HCC and DairyCo who have a statutory responsibility for engaging in the development of a sustainable food supply chain.
11. Develop a support mechanism to encourage and facilitate the formation of producer groups and co-operatives. This could be extended to provide more general supply chain support where producer groups / producers working in co-operation but not as a co-operative are eligible for support.
12. Develop a network to provide support and enable rapid and accurate transfer of knowledge and information (this would include the normal day-to-day activities but could be a vital component in the management of animal health outbreaks, environmental events etc.). Aim to create an integrated skills and training delivery network that is more co-ordinated, and responsive to clients needs which could improve delivery and reduce training costs. By having a mix of private training providers and college networks, alongside statutory levy boards covering Wales, improved penetration and uptake of training

could be achieved. These structures could also help improve uptake of core Welsh Government schemes like Jobs Growth Wales and Apprenticeships etc.

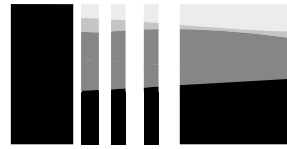
13. Develop an innovation network involving academic institutions and statutory levy bodies to help address the problem of fragmentation in the agriculture, forestry and rural sectors, by bringing farm and rural businesses more fully into the knowledge economy, including knowledge transfer, market intelligence, benchmarking, producing to market requirements. This could also cover how IT and communications could support sales and marketing for small rural firms and speed up communications in all ways to reduce journeys, promote joint purchasing and marketing.

Investment for on-farm / forest improvements

14. Consideration would need to be given to the option of using loans and / or financial instruments that could make the funds go further instead of the past default approach to grants.
15. A mixed capital and revenue mechanism to support on-farm / forest improvements linked to welfare and environment standards, genetics and breeding, cost reduction, energy efficiency, distribution, renewable energy, health and safety etc. This would include Animal Health Plans and their implementation and review. Some would have to be considered in the context of Glastir elements.
16. Support would be conditional upon a detailed business plan, a training and skills analysis matched with a plan for achieving the skills levels, an exit strategy where appropriate and a value for money assessment. The business plan would be directed at the future of the business rather than solely designed to secure a grant and with reducing rates of support depending on the number of times the service was accessed. The underpinning training provision would need to have sufficient flexibility to cover legislative / statutory training as this makes for safer working practices, greater efficiency and productivity and for many is their first entry point to skills development and training. It will be crucial that each of these requirements shows a demonstrable benefit for the business.
17. Mentoring support would be linked in, both general and specific, as well as an assessment of the opportunity to exploit new developments through R&D / innovation. See comments on a mentoring development scheme above.

Investment in non-agricultural diversification

18. Consideration would need to be given to the option is using loans and / or financial instruments that could make the funds go further instead of the usual default to grants.
19. A mixed capital and revenue mechanism to support diversification away from agriculture, forestry and food processing. Types of areas could include:



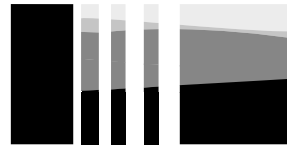
- a. Test-trading and Marketing support
 - b. Possibly low value business grants (under £5k)
 - c. Start-up premises
 - d. Community based retail support
20. Support would be conditional upon a detailed business plan directed at the future of the business rather than solely designed to secure a grant and with reducing rates of support depending on the number of times the service was accessed, a training and skills analysis matched with a plan for achieving the skills levels, an exit strategy and a value for money assessment. This is an area where timeliness is important so the system would need to be flexible enough to allow for smooth development but also manage the risk to public funds. It is suggested that decisions on what skills are required will need to involve the business, sector specialists and / or mentors – we would not intend to impose training for training sake.
21. The mechanism would need to be considered in the context of support available through other sources to ensure added value and to help beneficiaries exploit other opportunities available to them. It could also seek to exploit links to innovation that could have a wider impact on the rural economy.
22. Mentoring support would be linked in, both general and specific, as well as an assessment of the opportunity to exploit new developments through R&D / innovation.

Investments in primary processing / supply chain / knowledge transfer / R&D – including forestry products and wool

23. This essentially builds upon the existing Processing and Marketing Grant and Supply Chain Efficiency schemes with these schemes being reviewed to confirm their suitability against future need and strategic fit with the Food Strategy and sectoral action plans as well as the advice of the Sector Panel.
24. Schemes should work towards a coherence of approach in terms of industry development and promotion. Focussing on the development and promotion of Welsh products on a sectoral basis, where appropriate, will avoid duplication and strengthen supply chain focus. Learning lessons from the approach taken for the red meat and bringing them to other sectors will be an important consideration.
25. In line with the Commission's vision to have knowledge transfer and innovation actions at the forefront of the RDP, schemes to develop and work towards stakeholder participation and achieving behaviour change should be business focussed and targeted. New product development and technological innovation should be utilised to bring about change. In addition, it is vital to build on past activities to ensure that greater numbers of producers adopt improved business

efficiency tools such as utilisation of genetics, soil and grassland management and business management and marketing.

26. A key aspect of any wealth creation business model is to focus on the market. The approach must recognise the need to communicate consumer requirements along the supply chain back to the producer. The aim should ensure that food products meet consumer expectations in terms of quality, provenance i.e. Protected Geographical Indication (PGI), animal health and welfare and environmental credentials. Outcomes are likely to be achieved through improved communication, transparency and co-operation throughout the food supply chain.
27. Schemes to include the retail and food service sector, both in the UK and overseas which are designed to communicate with the consumer in a way which seeks to raise awareness of the attributes of Welsh food. Schemes to also have a consumer focus to underpin and raise awareness of the Welsh brand e.g. PGI Welsh Lamb and PGI Welsh Beef; and also to develop export opportunities (UK, EU and worldwide). Food education should also be considered as a key element in improving the consumer's knowledge and awareness.
28. Either a scheme to either cover the skills development requirements related to processing directly or a link to training provision elsewhere within the RDP or through other funds.
29. There would have to be collaboration and complementarity with the provisions under ERDF to seamlessly bridge the gap between primary and secondary processing and allow for multi-fund projects to be supported.
30. As appropriate, support should be conditional upon meeting statutory requirements for animal health and welfare standards, Health and Safety, and corporate responsibilities plus EU Directives (particularly for air and water).
31. Support should be available for producer groups and co-operatives and consideration should be given to the range of quality schemes available and the merit of developing a 'Wales' brand. This work could extend into the development of supply chains. A good example of this is the PGI Welsh Lamb and PGI Welsh Beef brands, which as global food brands can be used to pave the way for smaller less established Welsh food producers and products in high value markets in the UK and worldwide.
32. Mentoring support would be linked in, both general and specific, as well as an assessment of the opportunity to exploit new developments through R&D / innovation.



Environment

33. This covers the following EU priorities:
 - Priority 4: Restoring , Preserving and Enhancing Ecosystems Dependent on Agriculture and Forestry
 - Priority 5: Promoting Resource Efficiency and Supporting the Shift Towards a Low Carbon and Climate Resilient Economy in the Agriculture, Food and Forestry Structure
34. Close links will be maintained with the work of the Land Use Climate Change Group, research undertaken by the Institute for European Environmental Policy (IEEP) and the Wales Biodiversity Strategy Board.
35. The main element will be Glastir but the scheme will need to be reviewed against the new Regulation, in the light of greening proposals under Pillar 1 (Direct Payments) and the potential for delivery to be done more effectively / efficiently through a different route. This will be particularly important as it is possible that the Pillar 1 Greening requirements will be added to the baselines for agri-environment schemes, which may clash with many of the options in Glastir Entry.
36. The following areas of support are being considered:
37. Develop opportunities for support for activities that complement Glastir and which target specific outcomes either geographically, thematically or co-operatively (e.g. community based projects focused on the non-agricultural environment, pilots on the ecosystems goods and services theme, buffer zones and corridors, and use of group based models).
38. Exploit opportunities for using the Roadmaps developed for the red meat and dairy sectors (plans that consider greenhouse gases, carbon footprint water quality and use, biodiversity, countryside management and carbon conservation / sequestration and solutions that allow producers to improve profitability and sustainability at the same time). There is a very important link to FAS and Farming Connect in getting messages across about the fact that improving farm competitiveness and sustainability can also reduce GHGs and give other natural environmental benefits.
39. Consider the potential for the use of targeted hedge and / or shelterbelt creation / improvement where it would significantly improve the ability to mitigate flooding – linked to land contours, proximity to headwaters / reservoirs and ability to increase the porosity of soils. This could also cover planting along watercourses which both absorbs excess water and keeps stock out thus protecting banks from erosion and compaction. If not properly managed and directed this could be wasted resource, so securing expert advice will be crucial, but as most flooding incidents in Wales are due to short bursts of heavy rain this could prove a valuable and relatively cost effective option.

40. Need to link to climate change / climate mitigation / climate adaptation activities being supported through other routes (e.g. work on energy efficiency with Carbon Trust, community energy initiatives, FITS etc.).
41. Mentoring and Advisory support would be linked in, both general and specific, as well as an assessment of the opportunity to exploit new developments through R&D / innovation.

Delivery against EU Directives

42. Provision of mixed capital and revenue mechanism (which could include loans) tailored around the delivery of the main EU Directives. There would be two key aims: (i) ensure that wherever possible the activities also supported cost efficiencies / increased returns and (ii) prevent the loss of Welsh Government financial resources due to infraction cases (if it is spent on these it cannot be spent on more useful activities).

Water Framework Directive

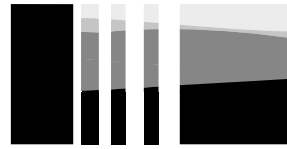
43. There would be strong links with on-farm support and advice but this proposes a watercourse-focused scheme targeting the Water Framework Directive requirements that would improve water quality and management by addressing issues along a watercourse rather than being restricted to a farm by farm approach. Support could be extended into non land-based businesses and interventions might be possible that address the problems linked to pollution from metal mines (e.g. reed beds, settling ponds etc.).

Habitats Directive

44. There is the potential for specific actions on species and habitats that work in support of Glastir and which would provide an alternative, more cost effective and efficient approach (e.g. to the Glastir Regional Packages). There may also be options for maintaining / improving Natura 2000 sites and addressing connectivity issues. We may consider using wider spatial measures linked to land-use.

Renewables

45. Provision of support for renewable energy designed to add value to the major interventions under ERDF. This would primarily be community based and on-farm activities which could include the development of local supply chains and investment in alternative energy systems for community buildings. This would consider all forms of alternative energy including biomass, solar and hydro.
46. Support for opportunities for on-farm anaerobic digestion as a means of dealing with animal and green waste including the scope to develop supply chains for green waste.



Woodland / Forestry

47. Develop a forestry scheme that promotes sustainable development within the commercial operating environment of private sector forestry operations. To deliver maximum benefits this would need to include support for early non-economic operations such as planting, fencing, thinning, pruning and pest control. It could be extended to building supply chains for timber products, developing commercial outlets for non-coniferous timber, linking to community energy schemes and local tourism and craft opportunities.
48. Develop proposals to engage more fully in respect of farm woodland to bring about significant additional woodland creation and; improved management; improve / develop shelter belts for stock shelter and disease barriers; low density planting for sheltered grazing and landscape preservation; introduce the use of shrubs to diversify habitat; creation of small woodland areas / copses to allow lower cost investments and develop scope for small scale timber / biomass cropping.
49. Consideration of the genetic profile of the current tree population. Much of the threat from plant disease is exacerbated by the limited genetic pool which allows for easy disease transmission. This could be mitigated if any scheme supported by the RDP took account of the need to broaden the genetic mix through stock selection and sources of supply. Possible spin-off benefit for development of local tree nurseries.
50. There is a potential link to other commercial use of woodland and forestry around the construction sector and tourism / recreation activities.

Community

51. This covers the following EU priority:
 - Priority 6: Promoting Social Inclusion, Poverty Reduction and Economic Development in Rural Areas
52. Activities under this Priority are the most problematic of all the elements of the RDP. Given the wide range of issues affecting rural areas it is tempting to try and tackle everything but experience of the previous funding rounds shows that this is not a sensible way to go. Generally it results in small scale, fragmented activity that may meet a limited – and often very local – need but which does not result in lasting change. There is the opposing view that as long as such activity is appropriate to the location and sustainable then it can still contribute to securing the future of rural areas.
53. Interventions need to add value and to have entrepreneurial drive and a focus on viability after the public sector funding ends. Where services are provided they need to be ones which people genuinely value and are willing to pay for. This would allow for third sector and social enterprise delivery but they must meet a tradable demand.

54. Given the limited budgets available under the RDP, the suggestion is that it would be better to choose a limited number of key interventions or themes but to allow local flexibility around prioritisation and delivery methods. This would enable the development of synergies with other EU funded activities, wider Welsh Government initiatives and the proposed approach set out in the consultation document 'Vibrant and Viable Places' whilst allowing good, sustainable development to take place at the local level. It is also suggested that the mechanism(s) should allow for a mix of capital and revenue.
55. A key area to consider is the potential for using the Community Benefits Funds that could arise from large scale renewable energy developments. There is scope for activities to be match funded, for the delivery of activities that complement EU funded ones and for using Leader / CLLD as a delivery mechanism for the funds.
56. Based on feedback to date the areas being considered for intervention are:

ICT Uptake and Usage

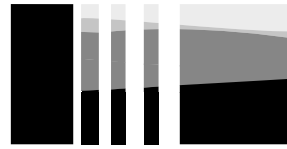
57. This would be for small scale, community-based activity that adds value to mainstream projects and acts as an enabler at the local level (along the lines of the current Broadband Support Scheme). Consideration could be given to the provision of software and mobile equipment linked to local ICT services. Further targeting could be decided locally to meet the needs of specific individuals / groups / businesses.

Community and voluntary transport

58. Small scale complementary activities that are linked to mainstream provision and fill gaps / enhance provision and which support acquisition of skills and employment but there could also a wider remit where the need is demonstrated. It could also focus on the use of alternative fuels and transport methods and extend to the 'Wheels to Work' type approach.

Access to Services

59. There are a number of key services that help deliver greater take-up of training and employment opportunities, for example the European Commission stress the role of affordable childcare provision in helping to alleviate poverty. Similarly, support for access to pre and after school activities can help address early school drop-out and improve social cohesion and social skills. There is also potential to develop initiatives that support care for the elderly and vulnerable groups in communities by community members and link with existing programmes. In all cases activities under the RDP would need to add value to other Welsh Government supported measures whether through other EU funds or domestically funded programmes.



Strategic Spaces

60. Focused packages that give meaningful, sustainable improvements to identified areas that serve as foci for communities and / or service provision. Activities would be a broad mix but would have to be directly linked to a development plan for that area and show the linkages to activities taking place in the surrounding area, to the other EU funds and to other funding sources. Generally this would be a multi-fund tool that would deliver on strategic objectives whilst maintaining the community dynamic (i.e. not force the creation of false 'hubs' but build on what is already in place). This element could seek to link to Community Asset Transfer and support the re-utilisation of unwanted / disused buildings and also support physical improvements to the physical / built environment in villages subject to prioritisation and a value for money assessment.

Tourism

61. Rural Wales is disproportionately dependent on tourism for employment. Given the vital economic contribution the tourism sector makes to the rural economy in Wales, consideration should be given to the delivery of destination management plans and there is a need to work closely with Visit Wales to ensure RDP activity adds value to other support. A capital / revenue mix of support is proposed but it would have to be targeted on need and impact whilst also demonstrating linkages between the public, private and third sectors within a destination.

Leader

62. Leader is a mandatory part of the next RDP and has to receive at least 5% of the funding. In Wales we have considerable experience of the Leader methodology and have been through several iterations of the programme with varying foci and levels of success. At its best Leader draws together communities of interest, agitates this community and challenges it to produce a major change and then supplies the (limited) funding, the delivery and the will to implement the projects that develop.
63. For the next programme it is suggested that Leader be brought back to the original concept and focused on innovation, piloting of new approaches, networking and bottom-up community working. It was originally intended to be targeted on areas such as pre-commercial development and innovation. Handled properly it is a valuable engine for change and a laboratory for innovation that helps stimulate a culture of entrepreneurship.
64. Although the full range that the EU permits of articles would be available for the Local Action Groups (LAGs) to use, they would need to work within a clear strategic framework that aligns with the Programme for Government.

There would also be a strong emphasis on co-operation at the local / regional / national and EU level and on the sustainable exploitation of local resources. That said, Leader works best when making links between actions in different sectors to create added value local economic development and this will need to be taken into consideration.

65. The opportunities offered by the new initiatives under the wider EU funds such as Community Led Local Development are currently being explored.
66. Consideration could also be given to developing opportunities for sharing ideas with Welsh Government and other organisations which could lead to collaboration on the delivery of key objectives (e.g. Commons Development Officers, wider agri-environment support, facilitating producer groups / organisations, co-operative management of shared areas including forestry and watercourse, use of community asset transfer and innovative approaches on areas such as hard to reach groups including NEETS).
67. In terms of coverage, there are clear benefits in having LAGs across Wales and this model works with the EU population thresholds that may still be imposed. However, the administrative costs of delivering the current programme (around £19m) suggest that in addition to simplification of procedures at the Wales level there is a need to review structures at the local / regional level and secure improvements. It has been proposed in some quarters that Leader should be limited to the predominantly rural local authority areas but this would significantly limit the potential for Leader to be used as a driver for change.
68. These are the options currently being considered by the Advisory Group:

Option 1

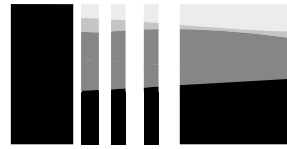
- a) Retain the existing structure of the 18 Local Action Groups (LAGs), each covering the rural wards of one Local Authority area
- b) As above but with the possibility to invite Rhondda Cynon Taff and Blaenau Gwent to form LAGs to enable their rural wards to participate
- c) Introduce the possibility for the administrative support functions for several LAGs to be delivered by one body.

Option 2

Refocus the geographical area covered by the LAGs to the use the available resources to target the predominantly rural Local Authority areas.

Option 3

Reduce LAG numbers by removing the Local Authority area restrictions and by appointing LAGs via a competitive process (subject to maximum population coverage restrictions). A LAG could therefore cover territory in more than one Local Authority area.



Sub-themes

69. The final element that is being considered is the possible use of sub-themes to target specific sectors / groups of individuals / geographic areas. These would be discrete programmes within the RDP that have to be supported by their own socio-economic analysis and have their own targets. They would comprise a number of different responses to tackle different aspects of the problems and opportunities identified, and the Welsh Government could increase the amount of funding otherwise available. We are currently considering two possible sub-themes, one to tackle the specific issues affecting the uplands of Wales and another to focus support for young people.
70. An Uplands sub-theme would be developed around the report 'Unlocking the Potential of the Uplands' prepared by the Uplands Forum (linking also to work of the Cambrian Mountains Initiative (CMI)). This would need to explore the appropriate use of an Area of National Constraint scheme in Pillar 2. It is suggested that the Uplands Forum and CMI be asked to work with officials on the sub-theme.
71. A sub-theme with a focus on young people would be based as a minimum on the evaluation of the current Young Entrants Support Scheme. However the precise scope and definition have yet to be debated. There are two very different definitions – there is the 'up to 40' used under CAP for young entrants to farming and the 'up to 25' used more widely. We are considering the value of a combination of support mechanisms for young farmers, including access to business planning, mentoring, training and capital grants. We welcome views on whether this should be expanded more broadly beyond the EU "young farmer" approach.

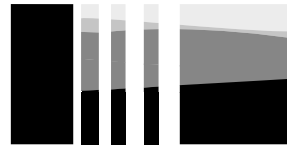
Other Issues

72. There are a few areas within the draft Regulation that have not been considered at this stage. These are the provisions for measures for the farming industry to address risk management, insurance against adverse events, and the development of mutual funds. These would cut across the Responsibility and Cost Sharing agenda that is being worked on at the moment, and work on how these proposals could sit together should we implement them in Wales is still ongoing. We will bring an update of thinking in this area during the course of the consultation, but would welcome views in the meantime.

Section 3 – The Cross Cutting Themes

Introduction

1. The General Regulations for the 2014–2020 Programmes stipulate that a more consistent approach to the cross cutting themes must be adopted across the four funds that fall within the scope of the new Common Strategic Framework (ERDF / ESF / EAFRD / EMFF). The aim is to engender a consistent, co-ordinated approach across each of these instruments. The draft regulations indicate that the Cross Cutting Themes that must be supported in future programmes are Equal Opportunities (Article 7 Promotion of equality between men and women and non-discrimination) and Sustainable Development (Article 8).
2. Article 7 contains a description of specific actions required to promote equal opportunities and to prevent discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation, design and implementation of the operational programme. There is a requirement to take account of the needs of the various target groups, at risk of discrimination: for example the need to ensure accessibility for disabled persons. There is also a need for programmes to describe how equality between men and women is to be promoted and where appropriate, the arrangements that will be put in place to ensure the integration of gender perspectives.
3. Sustainable Development is derived from the globally accepted original Brundtland Report from 1987, which defines the concept as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. For the programmes, Article 8 explicitly requires the Welsh CSF Funds to be “pursued in the framework of sustainable development” whilst emphasising the need to “ensure that environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management are promoted in the preparation and implementation of programmes”.
4. The Programme for Government sets out the Welsh account of sustainable development, namely “an emphasis on social, economic and environmental well-being for people and communities; embodying our values of fairness and social injustice. We must also look to the longer term in the decisions we make now, to the lives of our children’s children as well as current generations”.
5. In addition to the Cross Cutting Themes identified within the General Regulations, the 2014 Programmes will also need to ensure that other horizontal principles are embedded into project activity. The EU Platform Against Poverty & Social Exclusion (Europe 2020 Flagship Initiative) includes a commitment that EU programmes will increase their focus on Poverty and Social Exclusion with the goal of reducing the number of people in poverty / social exclusion by



20 million by 2020. The commitment to promote social inclusion and combat poverty is reflected as a thematic objective across EU Common Strategic Framework funds in the draft EU regulations and is a key commitment made by the Welsh Government through its Tackling Poverty Action Plan. The requirement to consider an integrated approach to tackling poverty and social exclusion is also contained within the Member State Partnership Agreement and the various Programmes will also be required to demonstrate how they contribute to this integrated approach.

6. The following section outlines how the cross-cutting themes will be taken account of within the RDP 2014–2020 programme.

Equal Opportunities

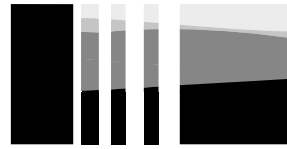
7. The EU has a long-standing commitment towards equal opportunities, and equal treatment between men and women, aiming to eliminate all forms of discrimination through a variety of instruments; joint declarations, resolutions, directives and action programmes.
8. The principles of an equal opportunity for all citizens and ensuring that no groups are excluded from society are central to Welsh Government and UK Government policy also. In Wales the equal opportunities Cross Cutting Themes agenda also includes the Welsh language.
9. Full consideration will be given to Equal Opportunities in developing the RDP 2014-2020 and the interventions proposed will be designed in such a way as to promote equality between men and women and prevent discrimination on sex, racial, or ethnic origin, religion or beliefs, disability age or sexual orientation grounds.
10. The Welsh Language (Wales) Measure 2011 confirmed the official status of the Welsh language in Wales and created a new legislative framework for the Welsh language. The Measure established the office of the Welsh Language Commissioner with a general power to promote and facilitate the use of Welsh and to work towards ensuring that Welsh is treated no less favourably than English.
11. The RDP is well placed to support both the linguistic and cultural heritage of Wales. Many of the initiatives in the current RDP 2007-2013 directly support the Welsh language and culture. Others provide broader support for rural communities or their industries which strengthen and underpin the language and culture in general. This focus will continue into the next RDP programme.
12. Priority 6 of the draft Rural Development Regulation provides the opportunity for RDPs to focus on 'promoting social inclusion poverty reduction and economic development in rural areas' during the next programme period. As such it is an appropriate vehicle for supporting a range of innovative project activity under the Equal Opportunities Cross Cutting Theme.

13. Additionally, the Welsh Government has been clear about its expectation that integrated action would be taken in the next round of European programmes to promote social inclusion and combat poverty, contributing simultaneously to the 2020 initiative and the Welsh Government's Tackling Poverty Action Plan. The RDP-funded activity under this Priority in particular, but also across all six Priorities of the EAFRD regulation, will help to contribute to these aims.

Sustainable Development

14. Europe 2020: Sustainable Growth is the EU's strategy for a resource efficient, greener and more competitive economy and aims to: build a more competitive low-carbon economy, protect the environment, develop new green technologies, introduce smart electricity grids, harness EU-scale networks, improve the business environment and help consumers.
15. The EU has set out in its Sustainable Development Strategy, how it will achieve a continuous long-term improvement of quality of life. The strategy recognises the need to move towards a better integrated approach to policy making, and the approach is based on a set of key principles of sustainable development, which include social equity and cohesion, economic prosperity, intra and intergenerational equity, involvement of citizens and policy integration.
16. The Programme for Government sets out the Welsh Government's account of sustainable development, namely:

“an emphasis on social, economic and environmental well-being for people and communities, embodying our values of fairness and social justice. We must also look to the longer-term in the decisions we make now, to the lives of our children's children as well as current generations”
17. Inclusion of sustainable development as a cross-cutting theme will help to ensure that all of the European funded programmes deliver the maximum possible long term benefits to the economic, social and environmental wellbeing of Wales, whilst keeping within environmental limits. It will also highlight economic development opportunities linked to the potential of the environment as an economic driver.
18. Addressing environmental and climate related challenges is a key component of RDP programmes. Sustainable and climate-friendly land uses are promoted through several of the proposed interventions for the Wales RDP.
19. In addition the implementation strategy set out in this consultation document is based on the principle of sustainability. It is proposed that the RDP is structured to reflect the integrated model for Sustainable Development adopted by Welsh Government as its central organizing principle, with its three key interlinking spheres of Economy, Environment and Social aspects.



Section 4 – Delivery Framework

1. This section starts to outline a model of integrated and streamlined delivery for the next RDP and gives some thought to how this can translate into the operational and structural aspects of the RDP to ensure that the vision can be successfully delivered on the ground.

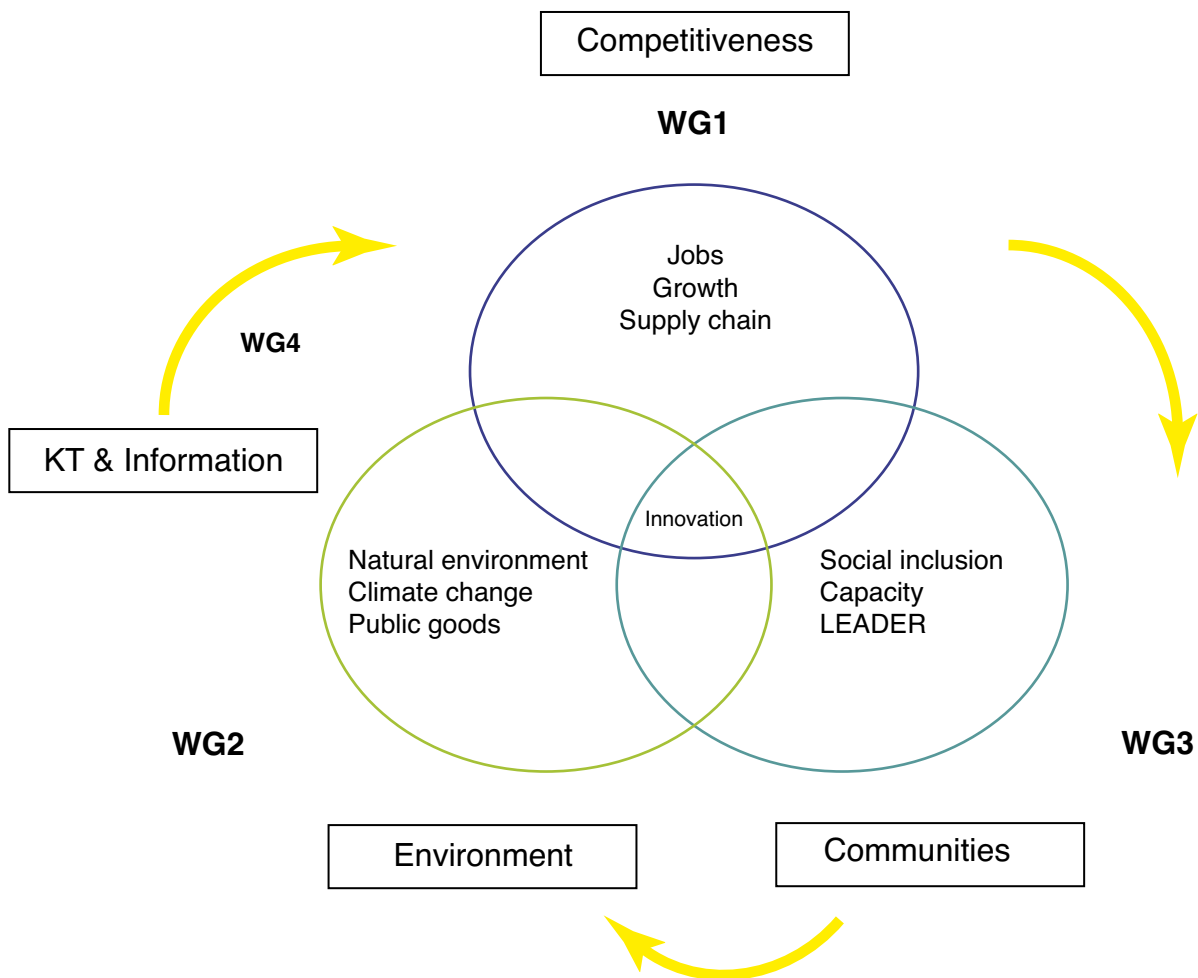
The Integrated Model

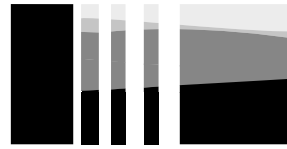
2. It is proposed that the RDP is structured to reflect the integrated model for Sustainable Development adopted by Welsh Government as its central organizing principle, with its three key interlinking spheres of Economy, Environment and Social aspects.
3. The development of the RDP in Wales has already gone some way towards creating this structure, in that it has been organised via the setting up of Working Groups in three key blocks, linked to 5 of the 6 Commission Priorities for Rural Development, (the sixth is a cross-cutting theme that applies to all areas), namely:
 - Competitiveness – linked to Priorities 2 and 3
 - Environment – linked to Priorities 4 and 5
 - Community – linked to Priority 6
4. These blocks of activity closely resemble the three spheres of Sustainable Development, and much work has been undertaken across policy areas and with a range of stakeholders to identify the key needs and opportunities related to each in respect of the RDP.
5. Figure 1 shows how the RDP could be built to reflect the Sustainability model of integrating economic, social and environmental issues. Competitiveness has deliberately been placed at the top of the development model, because it needs to be the key driver of the next RDP. The main challenge is to create growth, jobs and prosperity for the rural areas of Wales, which will in turn benefit the Environment and Communities of Wales. Likewise the Environment and Communities are recognized as key to supporting and creating that wealth and prosperity for rural Wales. In this model the Environment effectively becomes a cross cutting consideration with each element of the RDP contributing to a greater or lesser degree to delivering the Welsh Government objectives for the environment, climate change and energy efficiency.
6. Knowledge Transfer is the cross-cutting element that flows through each sphere of activity, providing linkages and moving the rural economy onwards by taking the best elements of innovation and further applying them.

- This is very much in line with the EU Commission’s vision to have Knowledge Transfer and Innovation actions at the forefront of the RDP, as shown by its being Priority 1 within the Rural Development regulation, and also depicting it as a cross-cutting element which needs to interact with all others within an RDP.

Translating the Model into Practice

- By designing the RDP in this way we can take full advantage of the opportunities afforded by the removal of Axes in the structure for the next programme period. It is suggested that the most fruitful elements to explore for Wales will be the linkages and the areas where the spheres of activity overlap, leading to the development of common approaches. It is proposed that the focus be placed not on the ‘What’ in terms of RDP delivery, but on the ‘How’, and most specifically on the level of integration and information sharing which can be achieved.





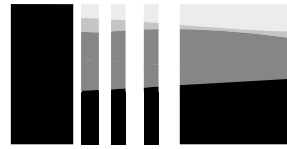
9. Within this context, the RDP needs to be focused on an integrated set of streamlined interventions, and not on a broad and fragmented range of activity. In terms of scheme design, these should be developed on as broad a basis as the Regulation permits to allow flexibility and for targeting to occur as challenges dictate and as circumstances move on throughout the 7 year period.
10. The suggestion is that intervention should begin with support to allow a prospective beneficiary to establish what it is they need as opposed to them applying for a specific grant / loan / advisory service. This is essentially the Cywain approach in the current RDP. From that point they would be supported through a business planning process and guided through whichever intervention best fits the needs identified. Some aspects of the RDP will operate outside this process due to the way the European Commission requires them to function, namely the Farm Advisory Service and multi-annual agri-environment schemes which will have to have a direct access route.
11. There will also need to be a longer term, vertical support model between types of intervention, allowing progression from initial levels of support activity for unproven pilots through to a fuller range of support mechanisms for those ideas which go from idea to proven success. All sources of support should be considered in the mix, including signposting to those which do not lie within the RDP.
12. In this way it is proposed that the RDP interventions form a continuum of support from Leader at one end, dealing with the grassroots, piloting and concept testing through the support and advice mechanisms, to the development of business plans and via these to financial support packages (be they grants or loans). At the far end of the continuum of support there should be a strong emphasis on evaluation and on dissemination of ideas to derive the best value possible from RDP investments.
13. With funding packages becoming tighter it is imperative that duplication is eliminated and that joint approaches be explored. A joined up approach will also suit Wales' status as a small and tightly networked country well placed to develop unified responses to the challenges which lie ahead in all sectors of the rural economy.
14. It is also clear that the role of Knowledge Transfer and Innovation has to be increased within the next programme period. Where in the current programme there are scattered instances of activity across a range of Axes it is essential that they now be marshalled together, the lessons learnt and successes further developed, as well as new approaches developed.
15. For this reason Innovation has been placed at the centre of the Integrated RDP model shown above. If Innovation is placed at the heart of the RDP it will provide the seedbed to support growth and development in all sectors, be they Economic Competitiveness, Environment or Community. Knowledge Transfer

is shown as a dynamic element, constantly moving between different sectors and reinforcing the lessons learnt from one part of the RDP to the others.

16. Leader will be refocused to concentrate on supporting innovation through initial pilot-based approaches, in line with the original concept for this type of grassroots activity as a rural laboratory. Such activity will need to be able to demonstrate economic linkages, although they may be more indirect than will be seen further along the continuum of RDP support.
17. Developments such as the European Innovation Partnership (EIP) show the importance the Commission attaches to the application of R&D within the agricultural sphere. There are a plethora of support structures for R&D, Technology Transfer and supporting innovation across Wales, but initial indications are that there is a definite gap in terms of support directly related to the pre farm-gate perspective. The RDP needs to build bridges to those other funding structures to better articulate the agricultural perspective as well as plugging the gaps where support does not exist to address via Knowledge Transfer and Research and Development specific agricultural opportunities and challenges.
18. Additionally the Commission is very supportive of networking to strengthen rural development, and is proposing to build on those structures which were piloted in the current RDP (such as the National Rural Networks and the EU Network for Rural Development). It will be essential to make best use of these networking opportunities at all levels in order to increase the knowledge pool which is available to Welsh enterprises and communities.

Integrated model of EU programme delivery

19. Finally the integrated model of RDP delivery will be underpinned by an integrated model of EU programme delivery. The European Commission, through its proposals around the Common Strategic Framework, aims to promote the integration of the associated funds – Structural, Rural and Fisheries – wherever this can add value. Wales' EU programmes will be designed to work together and to be aligned with existing domestic programmes to contribute in a holistic way to the Welsh Government's strategic outcomes, as outlined in the Programme for Government. We anticipate that there will be a need for strategic project applications which will require EU investment support from across a number of CSF funds. We also wish to better integrate all European funding streams (including the EU sectoral Funds such as Horizon 2020, Connecting Europe and LIFE+) in order to maximise the potential for future interventions to produce a transformational effect in relation to jobs and growth.



20. Potential options to help achieve greater integration include:

- Development of the WEFO website to encompass all the Common Strategic Framework funds;
- Greater integration of payment, first level control and audit systems across the Structural Funds and the RDP where possible;
- Early identification of areas of opportunity and innovative options for delivering on common goals across funds (e.g. through more pro-active commissioning of projects, programmes or plans);
- Coordinating investments in geographical areas where specific growth opportunities are identified (e.g. via Sector-related developments, Enterprise Zones, City Regions etc) to achieve greater integration and added value from planned investments and to help target other potential thematic investments;
- Challenge mechanisms (e.g. as early part of the project prioritisation process) to ensure that considerations such as rural impact, and opportunities for transnationality & innovation are fully incorporated.

Simplification

21. There are also a number of areas where we could continue to look to simplify processes. These include:

- The introduction of a single access point for Common Strategic Framework funds with clear signposting to relevant detailed information.
- Further enhancement of our IT systems;
- Simplified cost options: Common criteria across the Common Strategic Framework funds, possibly including flat rates, unit costs or lump sum costs for certain spend categories, such as indirect costs. Unit costs or lump sum costs would have to be agreed upfront with projects on an ex ante basis.

Section 5 – Rural Development Plan 2014-2020: Next Steps – Response Form

Response Form

Your name:

Organisation (if applicable):

Email / telephone number:

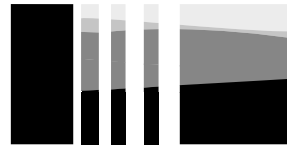
Your address:

It would be appreciated if responses could be structured in the order of the questions asked (although you do not have to answer all of them). Any additional comments can be made at the end of your response. It would be helpful if responses could be submitted to us by the 23 April 2013.

Any response you send us will be seen in full by Welsh Government staff dealing with the reform of the Common Agricultural Policy. It may also be seen by other Welsh Government staff to help them plan future work.

The Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. If you do not want your name or address published, please tell us this in writing when you send your response. We will then blank them out.

Names or addresses we blank out might still get published later, though we do not think this would happen very often. The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 allow the public to ask to see information held by many public bodies, including the Welsh Government. This includes information which has not been published. However, the law also allows us to withhold information in some circumstances. If anyone asks to see information we have withheld, we will have to decide whether to release it or not. If someone has asked for their name and address not to be published, that is an important fact we

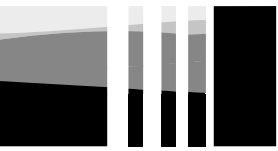


would take into account. However, there might sometimes be important reasons why we would have to reveal someone's name and address, even though they have asked for them not to be published. We would get in touch with the person and ask their views before we finally decided to reveal the information.

Please send written comments on the content of the document by e-mail or post to the contact details below:

CAP Planning Division
Welsh Government
First Floor, West Wing, CP2
Crown Buildings
Cathays
Cardiff
CF10 3NQ

Email: RDP2014-2020@wales.gsi.gov.uk



We would like to hear your views on the following aspects:

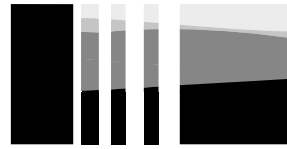
Analysis of Rural Wales

1. Do you agree that the key issues for rural Wales have been identified in the SWOT and the Situational Analysis?

2. Do you agree that the whole of Wales should be defined as eligible for EAFRD support? To what extent should we target EAFRD resources on particular geographical areas?

Programme Intervention Logic

3. Do you agree with the proposed alignment of opportunities to each of the European Commission's Priorities for rural Development?

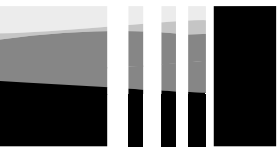


Proposed Interventions

- 4. Do you agree with the proposed areas of support under the Competitiveness heading?

- 5. Do you agree with the proposed areas of support under the Environment heading?

- 6. Do you agree with the proposed areas of support under the Community heading?

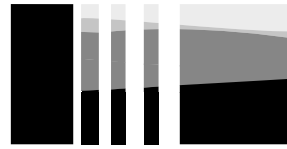


7. What do you think are the appropriate circumstances for the use of repayable loans grant funding?

8. What percentage of the EAFRD investment should be targeted at agri-environment activities and why?

LEADER

9. Do you agree that LEADER should be brought back to its original concept with the focus of support centred on innovation, piloting of new approaches, networking and bottom-up community working?

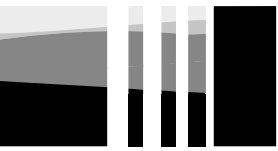


10. With regard to the geographical application of LEADER for the 2014-20 period, which of the options presented would you support?

Sub-themes

11. Do you think that there are good grounds for an Uplands sub-theme? What economic arguments are there? What sort of intervention would be valuable?

12. Do you think that there are good grounds for a Young People or a Young Farmer sub-theme? Should the focus be on Young People in general or Young Farmers, and why? What sort of intervention would be valuable?



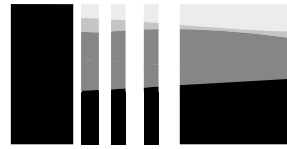
Equality

13. Do you think that treating equality as a cross-cutting theme is adequate, or are there grounds for specific intervention? What sort of intervention would be valuable, and why?

Delivery Framework

14. Do you agree with the proposed delivery framework proposed by the Welsh Government in the implementation of the next RDP?

15. How can we improve the alignment of the RDP with other funding sources and get maximum benefit?



16. How might implementation of the future RDP programme be simplified and streamlined?

17. We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this opportunity to raise them.

Responses to consultations may be made public – on the internet or in a report. If you would prefer your response to be kept confidential, please tick here:

Annex 1

Analysis of the Situation in rural Wales in terms of the Strengths, Weaknesses, Opportunities and Threats

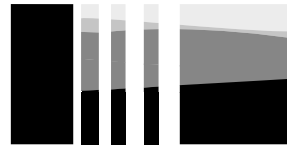
In accordance with Article 9 of the draft European Agricultural Fund for Rural Development (EAFRD) Regulation a summary of the current situation in rural Wales has been produced and the main opportunities and problems have been identified. Many are a direct consequence of the physical and economic factors prevalent in rural areas of Wales.

Priority 1

Fostering knowledge transfer and innovation in agriculture, forestry and rural areas with a focus on the following areas:

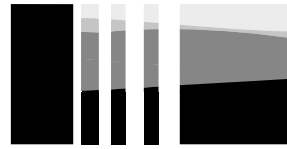
- Fostering innovation and the knowledge base in rural areas
- Strengthening the links between agriculture and forestry and research and innovation
- Fostering lifelong learning and vocational training in the agricultural and forestry sectors.

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Strong and adaptable workforce subject to the provision of training. • Strong Land-based and hospitality college network showing greater collaboration to deliver skills that employers require in rural areas. 	<ul style="list-style-type: none"> • Tendency for farmers to see their role solely as producers of food irrespective of opportunity costs or other possibilities. • Lack of communication between the different farming sectors and technology transfer providers and the fact that the environment is not cross cutting in these activities. 	<ul style="list-style-type: none"> • Increase the development of support processes that provide market access, vocational training, help with regulation and the clarification of business objectives using where appropriate and to the extent possible a one stop, single agency support mechanism. 	<ul style="list-style-type: none"> • Exchange rate fluctuations. • Climate change. • Long term planning. • Budget constraints. • Heavy financial resources and time needed for innovation.

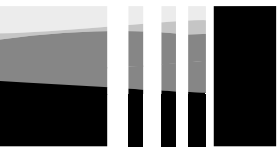


Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Higher education and research leaders across many sectors in the rural economy including land-based industries and forestry. • Diverse and established private training delivery network in place. • Increased awareness and understanding about the benefits of new technology to rural businesses. 	<ul style="list-style-type: none"> • Poor career advice at school - Young people are not encouraged or inspired into following a career in agriculture or other related industries such as forestry and land management. There is also a lack of emphasis on developing the practical skills of students in preparation for future employment. • People who have the will to diversify do not necessarily have all the skills to deliver their intended project. • A belief that current working methods work best. • The difficulty of moving research into practical applications. • Smaller companies will face increasing difficulty in successfully supplying national retailers if they cannot adopt new technologies in their processes / products. 	<ul style="list-style-type: none"> • Continue to maximise research and development outcomes by disseminating results. • Capitalising on the strong student base in higher education in rural Wales. • Provide opportunities to share information and experience throughout the supply chain. • Build on the existing relationship with Further Education, Higher Education establishments and other providers of skills and training to create a cohesive programme of skills. 	

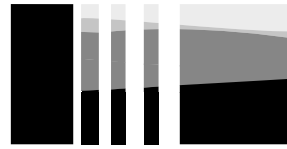
Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> • Poor IT literacy in rural Wales and lack of broadband and mobile coverage in some areas. • Lack of awareness of and access to the established training network prevalent in Wales amongst rural residents. • Organisation of intellectual property and knowledge transfer in the land based sector (not always according with the model of innovation and entrepreneurship. • Outflow of skills and expertise from rural areas. • Planning constraints which could limit innovation. • Lack of research and development facilities at HE level. • Lack of applied research being undertaken at educational facilities. • Insufficient linkages between businesses and local communities. 	<ul style="list-style-type: none"> • Broaden the range of organisations being involved in the delivery of the projects. • Promote and encourage the benefits of following a career in agriculture and other related industries. • Learn from best practice and encourage the sharing of knowledge and expertise. • Integration of future EU programmes and the use of integrated bottom up delivery models. • Improvements in ICT services including mobile infrastructure that help to promote integration and exploit opportunities. 	



Strengths	Weaknesses	Opportunities	Threats
		<ul style="list-style-type: none"> • Address the problems of fragmentation and isolation amongst farmers and rural businesses through the development of integrated networks that encourage innovation and knowledge sharing. • Explore opportunities for improving knowledge uptake particularly for the younger generation which could include initiatives such as continuing professional development. • Explore options to improve the link between research and practice which involves applied research and involving practical farmers in the process. 	



Strengths	Weaknesses	Opportunities	Threats
		<ul style="list-style-type: none">• Exploit opportunities under the new programme by broadening the range of advice offered by support programmes to include the socio-economic and environmental aspects of managing the farm.	



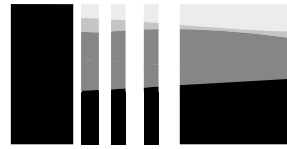
Priority 2

Enhancing competitiveness of all types of agriculture and enhancing farm viability with a focus on the following areas:

- Facilitating restructuring of farms facing major structural problems, notably farms with a low degree of market participation, market-orientated farms in particular sectors and farms in need of agricultural diversification
- Facilitating generational renewal in the agricultural sector.

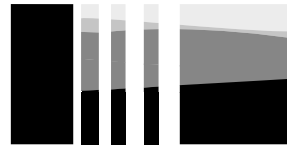
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Significant natural resources such as water, carbon rich soils and high productive grassland. • High Quality welsh environment and landscape, producing opportunities for livestock production. • Established and growing food product profile within the UK Europe and worldwide markets e.g. PGI Status for Welsh Lamb and Beef. • Good grass growing conditions and rainfall in lowland areas. 	<ul style="list-style-type: none"> • Practical barriers such as planning, taxation and legal requirements limit the opportunity for some farmers and rural businesses to diversify or change their production. This is also compounded by upfront financial and capital costs for many potential projects which discourage farmers further from diversification. • Failure to exploit opportunities arising from new markets, products and processes. • Access to the national grid system is limited and connection expensive in rural Wales. 	<ul style="list-style-type: none"> • Build on the diversification of farming businesses into services and other sectors. • Farm Diversification opportunities through renewable energy e.g. generation, renting space to generators and growing feedstock. • Build on diversification opportunities by encouraging farmers to diversify their crops. • Adding value to primary produce and adopting new technologies to improve business efficiency. 	<ul style="list-style-type: none"> • Distance from markets adding to costs (e.g. transport and marketing). • Agricultural land lost due to coastal erosion, climate change and planting on marginal land. • Market forces constraining agricultural industry profit. • Continued impact of the recession. • Weather / climate change. • New, exotic and re-emerging animal and plant diseases. • Welsh agriculture is vulnerable to fluctuations in the Euro exchange rate. • Rising energy and fuel costs.

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Strong history and tradition of grass based livestock production systems. • High level of agricultural / forestry / land management skills and knowledge in Wales. • High number of farming families managing their own farms in rural Wales. • Resilience of the farming and agricultural sector. • Emerging local markets with opportunities for high value added. 	<ul style="list-style-type: none"> • Part time and seasonal working. • A marked out-migration of young people from rural areas. • Low added value to timber from previously unmanaged woodlands. • Lack of time for forestry and farm businesses to address marketing, product development and growth. • State aid limits the financial support the public sector can provide for renewable technologies through e.g. Feed in Tariffs, Renewable Heat Incentives etc. • Climate land quality and topology in less favoured areas in Wales which is unfavourable to food production. • Lack of market intelligence, awareness and access to emerging markets. Also a relatively long lead in time for many products. 	<ul style="list-style-type: none"> • Support for start up advice, mentoring centres and new product development. • Increasing development of internal and export markets for Welsh products. • Developing productivity and incomes by improving technology, knowledge, transfer and their use. • Adopt energy saving and conservation techniques to address rising input costs. • Increasing woodland by planting on marginal land. • Woodfuel production – especially from presently unmanaged woodland. 	



Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> • Farming often seen as way of life rather than a business. • Lack of co-operation amongst producers and other supply chain actors leading to weak bargaining power. • Wide variation in costs of production. • Ageing population of farmers, processors and other supply chain actors and lack of new entrants to the industry. • Peripherality resulting in high transport costs and vulnerability to increase in fuel costs. • Obstacles imposed by the planning and development control system. • Taxation arrangements favouring the separation of diversified business activity from farm businesses. • Poor ICT infrastructure in rural Wales. • Lack of confidence to innovate and diversify. • Poor transport infrastructure. 	<ul style="list-style-type: none"> • Modernise farming processes and practises to improve business performance and compliance. • Further develop agricultural stakeholder networks and supply chains to support agricultural modernisation. • Developing and exploiting the use of ICT taking advantage of rural broadband. • Increasing the proportion of Welsh agricultural raw material that is processed in Wales. • Developing a financially and environmentally sustainable farming model for the future. • Use of farms owned by local authorities to promote identified agricultural opportunities. 	

Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> • Lack of succession planning in agriculture with farmers unable or unwilling to retire or transfer ownership to the next generation. • The high capital requirement for new entrants in to farming. • Young entrants are unable to set up their own farms without considerable financial support from family members. • Lack of a strategic action plan to encourage new entrants into farming. • Lack of progress in making procurement contracts more flexible so that smaller companies are not precluded and to ensure that public tenders demand local produce as far as possible. 	<ul style="list-style-type: none"> • Opportunities for the agricultural industry to contribute significantly to food security. • Continue to develop opportunities for farm business tourism. • Large areas of low quality land in Wales. • Developing the potential of green energy. • Support for new entrants to farming. • To experience and learn from other European states. • Integration of future EU programmes and the use of integrated bottom up delivery models. 	



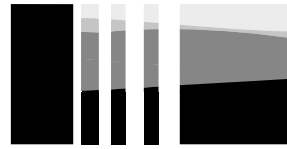
Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> • Coverage and effect of Agri-environmental schemes may be adversely affected if tenant farmers are not given sufficient security of tenure to access support or alternatively if Landlord's consent when tenancy terms are too short to allow scheme compliance. 	<ul style="list-style-type: none"> • Address the problems of fragmentation and isolation amongst farmers and rural businesses through the development of integrated networks that encourage innovation and knowledge sharing. • Harness the skills and energy of innovative farmers and other individuals who can lead innovative products, workstreams and enterprises. • Failure to exploit opportunities arising from new markets, products and processes. 	

Priority 3

Promoting food chain organisation and risk management in agriculture with a focus on the following areas:

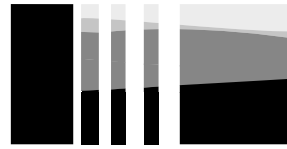
- Better integrating primary producers into the food chain through quality schemes, promotion in local markets and short supply circuits, producer groups and inter-branch organisations
- Supporting farm risk management.

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Established and growing food product profile within the UK Europe and worldwide markets e.g. PGI Status for Welsh Lamb and Beef. • Increasing collaboration within Supply Chains between producers, processors and retailers. • Trading in red meat effectively in a worldwide market. • Three established food centres in Wales that provide support for processors and business start-ups. 	<ul style="list-style-type: none"> • A significant lack of processing capacity in Wales across the whole of the food and drink sector i.e. slaughterhouses and dairy processing plants. • Relatively low levels of inward investment and innovation have resulted in there being only a few larger employers in the food industry. • Lack of quality, well-paid jobs and a perception of limited career prospects in the food and drink industry. 	<ul style="list-style-type: none"> • Increasing innovation in the food and drink sector in Wales building on the resources available via the network of food centres in Wales. • Encouragement of a future mechanism of brand support beyond the protected Food Names for Welsh food & drink. • Build on and increase the use of Welsh brand names across all food production. 	<ul style="list-style-type: none"> • Heavy financial resources and time needed for innovation. • New, exotic and re-emerging animal and plant diseases. • Distance from markets adding to costs (e.g. transport and marketing). • Pressure on farm incomes and labour force requirements due to continuing specialisation of agriculture industry. • Food processing activities being taken out of Wales.

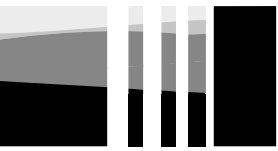


Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Depth and wealth of food and drink produced in Wales. • High level of knowledge and expertise within the food and drink industry in Wales. • Growing recognition of the value of the Food and Hospitality sector in Wales. • Food is an essential part of the tourism offer in Wales, arguably because it provides the most common point of contact with visitors. • Wide variety within the food chain and high quality of local produce prevalent in rural Wales. • High level of micro food producer groups in rural Wales. 	<ul style="list-style-type: none"> • Low levels of co-operation and collaboration persists amongst local supply chain actors meaning opportunities to draw down funding are lost. • Variable production performance in the food and drink sector. • A shortage of small rural units for micro businesses in some parts of rural Wales. • Relatively few truly innovative food businesses leading to fewer jobs. • Lack of skills in the food & drink sector particularly in the horticulture sector. • Processors are limited in their access to raw ingredients which has an impact upon the provenance of Welsh produce. 	<ul style="list-style-type: none"> • Provide opportunities to share information and experience throughout the supply chain. • Continue to maximise research and development outcomes by disseminating results. • Build on the existing relationship with Further Education & Higher Education establishments and other providers of skills and training to create a cohesive programme of skills and promote them effectively to school leavers. • Encourage co-operation between producers to create local food hubs, to distribute on a local / regional basis. 	<ul style="list-style-type: none"> • Economic uncertainty affecting the supply chain leading to weak margins for processors. • Competition from other EU regions within the local produce and tourist industries. • Supermarkets forcing down the price paid to farmers. • Rising energy, fuel and waste disposal costs. • Consumer health scares linked to production which can affect market demand and consumption.

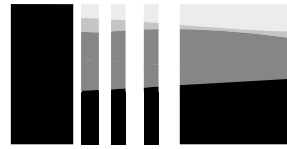
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Good geographic position and close proximity to large markets for products. • Strong brand image for the red meat sector. • Premium prices received by the red meat sector for their produce due to their access to multiple retailers and export markets. 	<ul style="list-style-type: none"> • Lack of progress in making procurement contracts more flexible so that smaller companies are not precluded and to ensure that public tenders demand local produce as far as possible. • The priority need to produce food can conflict with delivering environmental goods and services. • Industrial infrastructure and planning rules seen as not attracting inward investment. • Tightening of livestock supply. • Red meat sector heavily reliant on export markets and multiple retailers for market opportunities. • Lack of awareness and access to collaboration opportunities across the food and drinks industry. 	<ul style="list-style-type: none"> • Enhance supply chain transparency and linkages. • Opportunities for the agricultural industry to contribute significantly to food security. • Improving access to supported premises, venture capital and soft loans. • Supporting farmers by working closely with the veterinary profession to increase their focus on animal welfare standards and the economic benefits of animal health plans. • Reduce the impact of any animal disease outbreak by maximising the benefits of electronic means. 	



Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> • Insufficient supporting infrastructure in place to tackle non statutory animal diseases in the absence of Government intervention. • Lack of operational / local level networks to take forward initiatives to tackle animal and plant disease in Wales. • Lack of consumer awareness about food production issues. • Smaller companies lack in-house resource to adopt innovative technologies. • Failure to achieve the highest standards of animal health and welfare and animal disease control. • Lack of an industry-led body representing the collective interests of food processors in Wales. • Failure to exploit opportunities arising from new markets, products and processes. 	<ul style="list-style-type: none"> • Creating a more diverse food production and processing system. • Creating a more sustainable food distribution system. • Growing indigenous food processing businesses using successful entrepreneurs as mentors and positive examples. • Increase awareness of Wales as a Food Tourism destination. • Explore how EU partners develop their local food culture, enabling businesses in rural areas to develop potential markets both locally and transnationally. 	

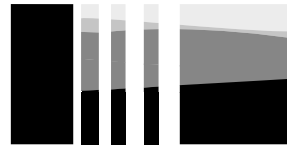


Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> • Little emphasis on meeting the needs of international markets. • Continued consolidation in food processing leading to constant movement of jobs from rural to urban areas. • Low awareness levels amongst consumers, tourists and retail businesses of local produce. • High number of suppliers in the rural industry which can pose problems for collaboration. • Poor ICT infrastructure in rural Wales. • Lack of confidence to diversify, expand and innovate amongst rural businesses. • Poor transport infrastructure. 	<ul style="list-style-type: none"> • Addressing the lack of awareness of local food and drink within parts of the hospitality sector. • Integration of future EU programmes and the use of integrated bottom up delivery models. • Address the problems of fragmentation and isolation throughout the supply chain by developing integrated networks that encourage the sharing of knowledge and expertise. • Improvements in ICT services amongst rural communities and businesses in Wales. 	



Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> • Poor understanding and clear skills gaps on marketing and promotion which needs to be addressed through private sector examples. • Poor access to finance to expand and innovate. • Obstacles imposed by the planning and development control system. • Strength of the retail sector within the supply chain. • Inadequate share of return to the primary producer for their produce. • Insufficient incentives to cooperate with food chain development. • Poor business management in many small producers leading to sub-optimal margins earned and thus weak business growth. • Customer perceptions of local produce being expensive. 	<ul style="list-style-type: none"> • Improve stock resilience by controlling and potentially eradicating prioritised non-statutory production of animal and exotic disease outbreaks. • Raise awareness of anti-microbial resistance and its responsible use. • Make better use of ambassador farmers and demonstration farms. • Developing marketing opportunities in new and emerging markets worldwide. • Capitalising on the environmental credentials of Wales thereby providing opportunities to deal with diverse environmental pressures and demands. 	

Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> • Poor links between tourism and food producers. • Insufficient support for rural, sustainable and responsible tourism. 	<ul style="list-style-type: none"> • Responding to societal changes and maximising opportunities from globalisation. • Improve health in the community by helping people to reconnect with their food in terms of health and nutrition. • Opportunities for exploiting the ethnic market for lamb. • Explore opportunities in which Wales can become more self-sufficient rather than becoming increasingly reliant on imported food. • Improvements in animal health and welfare helps to reduce the carbon footprint of Welsh lamb production. 	



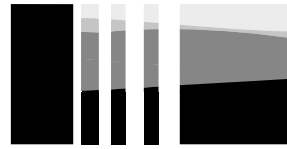
Strengths	Weaknesses	Opportunities	Threats
		<ul style="list-style-type: none"> • Encourage the development of clusters of local food producers and efficient cooperative distribution systems. • Greater use of producer groups, quality schemes and emphasising / capitalising on the benefits of environmentally sustainable production throughout the food chain. • Reducing waste throughout the supply chain. 	

Priority 4

Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry, with a focus on the following areas:

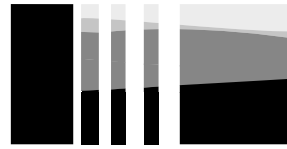
- Restoring and preserving biodiversity including in Natura 2000 areas and high nature value farming and the state of European landscapes
- Improving water management
- Improving soil management.

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Large areas under designation providing good background level of environmental protection. • Existence of traditional small family farm model that lends itself to low input agriculture. • High percentage of organic land (compared to other UK nations). • Low input sustainable agriculture and more efficient land management practices which can also provide economic benefits to the sector e.g. organic agriculture sector. 	<ul style="list-style-type: none"> • In comparison to air, water and biodiversity and in part due to an absence of any regulatory or legislative framework the soil evidence base in relation to stock, condition and change remains weak. • Reluctance of farmers to join agri-environment schemes due to costs incurred and income foregone not being fully supported and a failure to convince them of the business benefits of agri-environment. • Practical barriers and financial constraints limit the opportunity for some farmers and rural businesses to change their production or diversify. 	<ul style="list-style-type: none"> • Development of the natural resource approach and adoption of ecosystems approach provides opportunity to manage the competing and synergistic demands on ecosystem services in a strategic and spatial manner. • Proposed EC Soil Framework Directive provides opportunity for single overarching regulatory structure. 	<ul style="list-style-type: none"> • Inherent value of soils lost in agricultural systems. • Failure to protect native species / habitat types and traditional land management practices. • As Wales markets its produce on the basis of its outstanding landscape and environment, ongoing threats to habitats could lead to a loss of the food tourism market. • Diffuse water pollution from agriculture and pesticide use. • Increased water stress and drought is predicted as a consequence of climate change in parts of Wales.

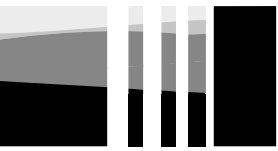


Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Network of Natura 2000, national level designations and biodiversity action plan (BAP) habitats supporting characteristic species. • Existing agri-environment schemes that can address environmental pressures. • Strong legislative framework in place around notifiable diseases. • Many of the climate change mitigation and resource efficiency options are win-win in nature in that they bring financial benefits for farmers and are environmentally good. • Established local timber-using industries, with good access to local consumer markets. 	<ul style="list-style-type: none"> • Tendency for farmers to see their role solely as producers of food irrespective of opportunity costs or other possibilities. • Capital cost of equipment and facilities on farms to take climate change friendly actions (e.g. widespread use of anaerobic digestion of slurry). • Lack of new woodland creation. • Fragmented and inaccessible nature of much unmanaged woodland. • Highly fragmented nature of many semi-natural habitats leading to greater vulnerability of woodland habitats and species to climate changes. • Fragmented woodfuel industry-limited use of potential financial benefits of resurgence in woodfuel industry. 	<ul style="list-style-type: none"> • Targeted approach could allow for joint working with local environmental initiatives / development of co-operative approaches to land management going beyond existing emphasis on common land to focus on woodland networks, species and management of water levels, flood risk and diffuse pollution. • EU Water Framework Directive requires action to tackle water quality on whole river catchment basis to bring water bodies into line with EU Directives. • Linking biodiversity connectivity to health, rural economy, community engagement, recreation and tourism use. 	<ul style="list-style-type: none"> • Severe weather events in Wales are predicted as a consequence of climate change. • Continued loss of soil organic matter. • Sensitivity of woodland habitats and species. • Increases in water demand for irrigation of crops. • Drier soils (due to warmer and drier summer conditions). • Developments taking place within flood risk areas.

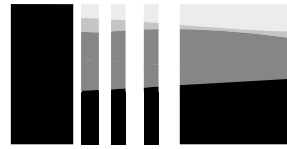
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Established recreational use of Welsh Woodlands for activities such as mountain biking, walking and other outdoor activities. • High quality agricultural / forestry / land management skills and knowledge. • Protected areas of global significance. • Variety of unique / protected species and biodiversity in Wales. • Significant areas of habitat remain in at least marginally good condition. • Strong natural environment. 		<ul style="list-style-type: none"> • Increasing the recreational use of woodlands. • Improved physical and intellectual access to the countryside that stimulates tourism in Wales. • Changing established attitudes towards farming and environmental protection. • Development of new techniques and technologies for safeguarding soils. • Large areas of low quality land in Wales. • Utilising the potential of Welsh uplands and their role in water and carbon management as well as meeting environmental obligations. • Provision of ecosystem services and environmental goods. 	



Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> Vital function that mixed stock grazing systems play in maintained large areas of semi-natural habitat, essential for providing a diversity of environmental goods and services. 		<ul style="list-style-type: none"> Support restoration and management of ecosystems in order to improve their economic value to Wales as well as their inherent ecosystems services. Integration of future EU programmes and the use of integrated bottom up delivery models. Growing demand for woodfuel production creating a market for previously low value timber products. Recognition of the benefits of Local Authority, National Park and AONB schemes to target specific areas particularly in landscape terms but also with added biodiversity benefits. 	



Strengths	Weaknesses	Opportunities	Threats
		<ul style="list-style-type: none">• Recognising that whole farm schemes are not always appropriate and necessary to meet ecosystems objectives.• High Nature Value farming and forestry systems and other environmentally beneficial land management practises used as the starting point of a strong environmentally focussed food chain that emphasises and capitalises on its inherent environmental benefits to society.• A landscape scale approach to land management is essential as this will have the benefits of improving water quality), resilience of biodiversity to climate change or carbon storage.	



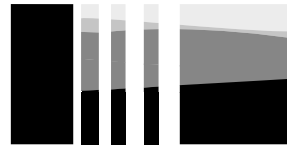
Priority 5

Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors with a focus on the following areas:

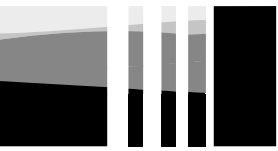
- Increasing efficiency in water use by agriculture
- Increasing efficiency in energy use in agriculture and food processing
- Facilitating the supply and use of renewable sources of energy, of by-products, wastes, residues and other non food raw material for purposes of the bio-economy
- Reducing nitrous oxide and methane emissions from agriculture
- Fostering carbon sequestration in agriculture and forestry.

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Natural resources available for renewable energy generation e.g. wind, solar, hydro, marine and biomass. • Established history of renewable technology production. • Deep water ports allow support for off shore windfarms, other marine energy developments and the imports of biomass feedstock for energy generation. 	<ul style="list-style-type: none"> • Lack of appreciation of climate change issues at grass-roots level. • Capital cost of equipment and facilities on farms to take climate change friendly actions (e.g. widespread use of anaerobic digestion of slurry). • Relatively small proportion of cultivatable land for growing renewable feedstocks without conflicting with other demands such as food. • Understanding of the link between land management practice and climate change is low, resulting in sub-optimal operations and missed opportunities. 	<ul style="list-style-type: none"> • Potential for land based industries and food production to make large contributions to reducing greenhouse gas emissions, and reducing climate change effects, often in ways that can bring financial business benefits also. • Mitigating climate change by exploiting opportunities for renewable energy, resource efficiency and recycling. 	<ul style="list-style-type: none"> • Conflict between marine energy and other marine interests. • Loss of soil carbon due to erosion or wildfire which could be exacerbated by climate change. • Adverse impact of renewable energy and biomass on landscape, environment and associated industries e.g. agriculture, tourism.

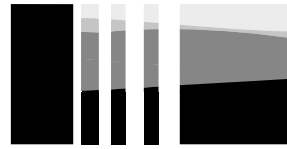
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Many of the climate change mitigation and resource efficiency options are win-win in nature in that they bring financial benefits for farmers and are environmentally good. • Protected areas of global significance. • Variety of unique protected species and biodiversity in Wales. • Large coastline for developing maritime and renewable technology. • Availability of biomass from timber. • High level of soil carbon sequestration. 	<ul style="list-style-type: none"> • Impetus to reduce carbon footprint is not maintained resulting in environmental damage. • The tensions, barriers and lack of strategic direction brought about by contrasting views on renewable technologies. • Difficulties in harnessing natural resources for renewable energy – abstraction licences and planning / development control issues. • The lack of information about available technologies. • Difficulties in connecting to the national grid system in rural Wales. • Rural areas have a preponderance of homes that are traditionally constructed and which are not easily made energy efficient. • Weak advisory services and training service for micro-businesses & SMEs on resource efficiency. 	<ul style="list-style-type: none"> • Farm Diversification opportunities through renewable energy e.g. generation, renting space to generators and growing feedstock. • Promotion of sustainability through climate change adaptation. • Economic and social benefits from developing low carbon energy infrastructure. • SME's can tap into growing markets for renewable technology, contributing to the economy. • Scope to increase market penetration of high quality heating schemes based on locally sourced material. 	<ul style="list-style-type: none"> • The challenges facing rural areas in achieving energy efficiency targets due to the number of old and traditionally built homes in rural Wales. • Poor economic climate. • Climate change and land abandonment increase risk of wildfires and damage to soil carbon stocks.



Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> • Continued high dependence on fossil fuel energy leaving many households in rural Wales vulnerable to price shocks. 	<ul style="list-style-type: none"> • Developing the potential of green energy amongst businesses and communities in rural Wales. • To explore best practice and learn from other parts of the world. • Planning systems to support development. • Explore and develop options for Integration with energy efficiency interventions under the ERDF programme to maximise added value. • Develop opportunities for Welsh farmers to embrace new crops and cropping systems. • Support high quality and extensive advisory services to SME's and micro businesses. • The extent of upland peatland and woodlands in Wales that have the potential to sequester carbon. 	



Strengths	Weaknesses	Opportunities	Threats
		<ul style="list-style-type: none">• Large proportion of unmanaged woodlands on farm presents opportunities for their sustainable exploitation for wood products and fuel.• The establishment of Natural Resources Wales has the potential for a more joined up approach in future.• Use of firewood to address rural fuel poverty.	



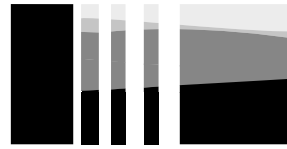
Priority 6

Promoting social inclusion, poverty reduction and economic development in rural areas with a focus on the following areas:

- Facilitating diversification, creation of new small enterprises and job creation
- Fostering local development in rural areas
- Enhancing accessibility to, use and quality information and communication technologies (ICT) in rural areas.

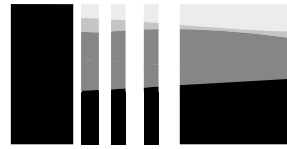
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • High levels of human potential and capacity from an economic, social and cultural perspective. • Strong Cultural and Linguistic Identity. • Strong sense of community co-operation, participation and dedication amongst local people in the development of their rural area. • Relatively favourable skills profile (compared to Wales as a whole). • Indicators of quality of life / well-being in rural Wales appear generally favourable. 	<ul style="list-style-type: none"> • Narrow and vulnerable economic base. • Relatively poor transport infrastructure. • Relatively poor services for rural communities with local school closures, fewer rural shops, poor transport, sparse leisure facilities, poorer access to advice services. • Higher cost of fuel and difficulty accessing a regular and cost-effective supply of fuels. • Lack of suitable employment opportunities. • Lack of suitable skilled workforce. • Inadequate provision of ICT infrastructure such as broadband. 	<ul style="list-style-type: none"> • Broadening the skills base of the workforce and promoting the benefits of career choices. • Developing potential of ICT as a business, educational, information, social and communication tool. • Building on the use of community led local development in the next programming period. • Improving business performance through better support services. • Build on existing work on alternative financial instruments (e.g. Venture Capital Schemes, Credit Unions etc) to support innovation and / or community-owned ventures. 	<ul style="list-style-type: none"> • Increase in fuel and energy costs. • An increase in input costs. • Declining services due to rising delivery costs caused by remoteness and sparsity of population. • Declining public sector budgets and fiscal restraint. • Migration patterns leading to the risks to the integrity of cultural and linguistic heritage in Welsh rural communities. • Losing people with the potential to stimulate development through increasing net out-migration.

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Broadly positive labour market performance, exhibiting some resilience during recent macroeconomic conditions. • Strong media, cultural and heritage industries in rural Wales. • Growing Tourism Destination. • Established history of renewable technology generation. • Strong support networks through families and the wider community. • Established local partnerships in place between public, voluntary, community and private sector with a wealth of expertise in community development and the delivery of Welsh Government programmes. 	<ul style="list-style-type: none"> • Limited uptake of IT in rural areas. • Declining employment in the agriculture industry including the horticulture and service sector. • A shortage of small and affordable rural units for micro businesses in some parts of rural Wales. • Lack of awareness within parts of the hospitality sector of the wealth of food and drink produce on their doorstep. • Low level of community involvement in woodland management. • Difficult for communities to maximise opportunities to create jobs from energy projects. • Higher cost of service delivery in rural areas. 	<ul style="list-style-type: none"> • Improving the physical and intellectual access to the countryside that stimulates tourism and small enterprises in Wales. • Tackling social exclusion through support to the social economy, community engagement and skills. • Improving the ability to return to work and quality of life for rural residents. • Developing productivity and incomes by improving technology, knowledge transfer and their use. • Support for start up advice, mentoring centres and new product development. • Improving the use of community hubs as service delivery mechanisms in rural areas i.e. pubs, schools and leisure centres. 	<ul style="list-style-type: none"> • Long term impact of continued recession on the tourism Industry within Wales. • Market forces constraining agricultural profits. • Competition from other EU regions within the local produce and tourist industries. • Developments taking place in flood risk areas pose a threat to communities and businesses in rural Wales. • The tension between food production, the production of energy crops and the environment. • Continued impact of the recession and the uncertain economic future.

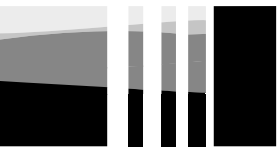


Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • A strong history of community led local development (CLLD) and LEADER type activity in Wales. • A marked increase in the number of people moving into rural areas bringing their locally retired skills and expertise. • Integrating food into sustainable tourism markets. • Outstanding natural environment and landscape. • The protected areas of global significance. • The wealth of experience and expertise that local authorities possess in the delivery of EU programmes. • Economic contribution of the media, heritage and cultural industries to the rural economy. 	<ul style="list-style-type: none"> • Wide dispersal of deprivation and poverty over large spatial areas makes it difficult to respond to the higher service delivery costs in rural areas. • The lack of basic and specialist skills within communities in rural Wales. • Misalignment of European, National, Regional and local policies. • Complying with changing legislative requirements amongst small and large businesses across rural Wales. • The lack of confidence to diversify, expand and innovate amongst businesses in rural Wales. • High percentage of SMEs in rural Wales. • Marked out migration of young people from rural areas. • Ageing population resulting in increased pressure on public services. 	<ul style="list-style-type: none"> • Opportunity to use unused and underused assets for community, business and social use in rural areas. • Opportunity to turn unused land into productive sites for community grown food and woodland. • Maximising synergy and opportunities by exploiting European and domestic funding using integrated approaches. • Joined up public sector to provide improved services, efficiency and effectiveness. • Promote and encourage the benefits of following a career in agriculture and other related industries. • More community involvement in the development of local areas and in the management of woodland which can deliver opportunities for social cohesion, social services, employment and training. 	<ul style="list-style-type: none"> • Changes to the welfare reform system. • High public sector employment in Wales.

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Location and relative ease of access by major population centres. • Abundance of micro businesses with a strong work ethic. • High level of organic agriculture. 	<ul style="list-style-type: none"> • Decline of market towns which have a detrimental effect on rural communities and the local economy. • Seasonality of the tourism industry. • Limited high speed ICT connectivity which is hindering economic growth in rural areas. • Varying levels of support and advice available to SMEs to participate in the supply chain which prevents them from developing their produce. • Little financial start up support for businesses in either loan or grant form. • Lack of areas affordable housing. • Peripherality and remoteness of rural Wales from major distribution centres. 	<ul style="list-style-type: none"> • Improve training and business support to increase business focus, efficiency, and innovation. • The potential for innovative, community based solutions to address diminishing services. • Opportunities in the field of care provision given that the population in rural areas is getting older. • Addressing the lack of awareness of local food and drink will present a good opportunity to boost local food and drink producers, tourism and the low carbon agenda in rural areas by reducing food miles. • Better use and exploitation of ICT amongst rural businesses and communities which will enable companies to adapt quicker to changing market practices. 	



Strengths	Weaknesses	Opportunities	Threats
		<ul style="list-style-type: none"> • Strengthen the role of key market towns in delivering regenerational outcomes. • Improve skill levels within rural communities particularly in the field of ICT and other specialist areas. • Raising awareness of local produce and developing links with local business as well as other markets. • Develop the marketing of the tourism potential of rural areas in Wales. • Continued support and development for the tourism sector in Wales. • Capitalising on the contribution and economic potential of the heritage sector. • Developing the potential of green energy. • Promoting and supporting micro businesses in rural Wales. • Developing closer links with the tourism offer locally and regionally. 	



Strengths	Weaknesses	Opportunities	Threats
		<ul style="list-style-type: none">• Development of further cost efficient demand responsive services in dealing with the lack of public transport in rural areas.• Better information and better transport integration.• Integration of future EU programmes and the use of integrated bottom up delivery models.	