MID-TERM EVALUATION
OF THE
RURAL DEVELOPMENT PLAN
FOR WALES

Appendix 3 – Review of the Evaluation Evidence Base

Final report for

Welsh European Funding Office

Submitted by

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Appendix 3: Review of the evaluation evidence base

A3.1. Introduction

This Appendix considers the evaluation evidence by scheme/sector relating to the various RDP schemes in Wales, but also provides evidence from the rest of the UK and considers its relevance in the context of this research.

The Rural Development Plan for Wales, 2000-2006, Part 2, 5.2, ‘Impacts of previous programming period’, provides a summary of the principal schemes running in Wales prior to 2000 with some notes on the impact and progress of the schemes. In Part 3 the Proposed Measures are described in some detail and the Appendices to the report include some of the scheme evaluations. These were used as a basis for this section together with other material as it became available.

A valuable contribution to the overall evidence base is the ERDP Evidence Assessment produced by CRER Cambridge (2002) for Defra. No precise terms of reference are stated but the assessment is essentially an overview of the England Rural Development Programme (ERDP) and its constituent parts, principally drawing on previously published material. Although the assessment is of the ERDP it provides valuable insights into the RDPW as many of the measures are similar and, at one time, several schemes were common to both England and Wales.

The assessment starts by setting out the objectives of the ERDP stemming from the Government’s overall aim to:

‘sustain and enhance the distinctive environment, economy and social fabric of the English countryside for the benefit of all’.

Although the rationale for the ERDP has been ‘based on the concept of market failure’ the report suggests that a wider set of issues should be taken into account. In the case of sustainable development and cultural heritage for instance the rationale should be based on the unique characteristics and non-substitutability of environmental and cultural assets. The relationship between the farm sector and the local economy is more complex than has often been assumed. Rural communities themselves may represent an important source of social capital that even individuals not living in rural areas may be willing to preserve. Besides market failure there are also considerations of equity that apply to people living in rural areas which are ‘legitimate objectives for government policy’.
The assessments of individual measures are based on the nature and strength of the evidence underpinning the measures, and any gaps in the evidence base that have been identified. The following sources have been used:

- the ERDP and other documents on the measures;
- previous evaluations commissioned by MAFF and other Departments;
- Defra reports on the uptake of particular elements within individual schemes;
- Web-sites (including Farm Business Advice Service, LANTRA, the Countryside Agency, ADAS and NFU) and literature on alternative options for the delivery of scheme objectives;
- research reports and journal articles; and,
- a visit was made to CEH, Merlewood to discuss the evidence of environmental impacts of agri-environmental schemes.

In spite of the theoretical emphasis on market failure few cost benefit analyses were found in existing scheme evaluations. In practice little if any information exists on the outputs of the measures. The study poses the question, how can one measure the ‘development of more sustainable, diversified enterprising rural economies and communities’? Environmental impacts are also very difficult to assess. Outputs that are quantifiable may only be part of the story and a scheme may be only one of a number of influences in a particular area.

The Assessment then analysed each measure or group of measures: agri-environmental schemes, Organic Farming Scheme, Support to Hill Farming, Forestry Measures, Processing and Marketing Grant Scheme, Vocational Training Scheme, Rural Enterprise Scheme, Energy Crops, Free Advice and Measures under the Rural Development Regulation not implemented in the ERDP. The findings for each scheme have been incorporated in the appropriate sections below.

The assessment does not attempt any overall appraisal of the ERDP or the balance of schemes within it, possibly because the programme itself is new although many of its constituents are not.
A3.2. Tir Gofal: an all Wales agri-environment scheme

A3.2.1. Introduction and objectives

Tir Gofal was launched in March 1999 and is a whole farm scheme available throughout Wales. It replaces earlier agri-environmental schemes (Environmentally Sensitive Areas (ESAs), Tir Cymen, the Habitat Scheme, the Moorland Scheme and the Countryside Access Scheme) in Wales that did not allow the majority of Welsh farmers to participate in a fully comprehensive scheme. It has adopted the best practice of the earlier schemes and will operate alongside the existing schemes while they still have some time to run. It operates in conjunction with the Organic Farming Scheme and the Woodland Grant Scheme.

The Scheme objectives are to:

- benefit wildlife on agricultural land by promoting positive management of existing wildlife habitats and by encouraging habitat restoration and re-creation;
- protect characteristic rural landscapes and promote the management and restoration of significant landscape features;
- protect the historic environment, including both historic landscapes and features by encouraging farming practice compatible with their conservation and enhancement; and,
- deliver public access to the countryside through integrating the delivery of Tir Gofal at local level.

Tir Gofal operates a five-year contract scheme consisting of three sections each with a set of management prescriptions. There are 17 mandatory and 26 voluntary prescriptions and incentive payments are made for all activities. Performance Indicators are being set for each farm in the scheme according to the habitat and other environmental priorities on the holding. Progress towards desired environmental outcomes is to be monitored at four-year intervals.

No mention of overall scheme performance indicators was made in the RDP Wales, but it is likely that there is a requirement for some measures of progress.

A3.2.2. Evaluation Evidence

A3.2.2.1. Economic Evaluation of Agri-Environmental Schemes

Although no complete evaluation of the Tir Gofal scheme has yet been undertaken, its operation was reviewed in 2002 in the Economic Evaluation of Agri-Environmental Schemes (a report to Defra by the Centre for Rural Economics Research (CRER) and CJC Consulting 2002).

By 2001 the scheme had 1,107 applications with the minimum 100 points and funding was set at £10.9 million. Entry to the scheme was originally competitive which tended to concentrate payments
among fewer farms than was felt equitable. Small, extensive farms and large, ecologically diverse holdings were most likely to be successful applicants rather than medium-sized family farms. So, although the environmental gains are likely to be smaller, a modified scoring system has been introduced to make the scheme more accessible across the whole farming community. The administration of the scheme was felt to be slow and expensive and new arrangements have been suggested. The main characteristics of the scheme according to CRER are:

- a well-selected range of environmental measures and the strong whole-farm mandatory element will both protect and enhance existing habitats;
- it does not have the clarity of environmental targets and explicit weighting for Biodiversity Action Plan (BAP) contributions that are desirable. However, it is claimed that the scheme is ‘playing an important role in achieving BAP targets’ (CCW, 2001);
- it attempts to balance environmental outcomes against other rural development and distributional objectives through its scoring and cut-off system and this appears to be a useful way of meeting the diversity of interests in the scheme; and,
- there is some cost to this as compared with a more competitive approach. It is likely to be at the expense of greater additionality and diversity in the environmental activities offered by applicants. The suspicion is that environmental value for money is being traded off against distributional gains. Comprehensive evaluation is needed to investigate this aspect.

A3.2.2.2. The Future of Agri-Environment Schemes

Further consideration of the scheme was proposed by the Rural Development Committee of Wales, in July 2002. They reported in The Future of Agri-Environment Schemes (2003), NAWAD. The objective of the inquiry was to consider the effectiveness of Tir Gofal in delivering its objectives and to make recommendations for the future shape and funding of an integrated and tiered system of agri-environmental schemes in Wales. Some scheme data was used but the principal input was written and oral submissions from interested bodies and organisations.

At the time of the inquiry 3,400 farmers had applied to join Tir Gofal; 1,200 agreements had been signed representing 4% of agricultural holdings in Wales and almost 8% of agricultural land area. As reported above, after a ‘stock take’ of the scheme in 2001, some adjustments had been made to management prescriptions and administrative rules. Bonus payments were introduced (from 2003) for the use of Welsh oak and traditional livestock breeds.

Overall Tir Gofal was felt to be a great success, but some areas still gave rise to some concern:

- there was pressure for more funding;
- some farm types, most notably medium-sized family farms and the dairy sector, found it difficult to qualify for the scheme;
- there was a clear need for better monitoring and evaluation of environmental outcomes. (Baseline ecological monitoring of Tir Gofal farms has now begun);
• administrative arrangements were criticised, but are already being adjusted;
• there was some suggestion that the existing objectives of the scheme did not sufficiently encourage improvements in basic soil, air and water resource management; and,
• Tir Gofal did not address problems that required a co-ordinated, wide-scale approach such as diffuse pollution.

The Agricultural Committee proposed the introduction of an integrated suite of agri-environmental schemes within a pyramid framework. A broad and shallow entry-level scheme would be introduced where a majority of farmers would receive modest payments in return for meeting basic environmental requirements. Above this, smaller numbers would receive higher payments for more challenging obligations broadly in line with the existing requirements of Tir Gofal. Higher payments would be available for groups of farms operating suitable co-operative schemes.

The Committee set out 15 principles on which the new scheme should be based. These include: coverage, access, objectives, entry criteria, integration, evaluation, funding, administration, advice, information and training.

A3.2.2.3. Socio-Economic Aspects of Designating the Cambrian Mountains and the Llyn Peninsula as Environmentally Sensitive Areas

The only evaluation of Welsh ESAs is Socio-Economic Aspects of Designating the Cambrian Mountains and the Llyn Peninsula as Environmentally Sensitive Areas (1992), University of Aberystwyth.

This evaluation was commissioned in 1989, very early in the life of the Scheme. The Cambrian Mountains were designated in two stages, 1986 and 1987 and the Llyn peninsula in 1987. There were subsequent changes to the schemes and four further ESAs were designated in 1993 and 1994.

Evaluation Objectives:

• to determine the socio-economic effects of designating the two ESAs;
• to gauge the effect on farming incomes and employment and the impact on the local economy;
• assess the budgetary implications; and,
• report on farmers’ reasons for joining the scheme, their views on the scheme and its administration (the environmental impacts were evaluated in another study).

Methodology: A survey of scheme participants and non-participants in each of the two areas was undertaken. Data from the Farm Business Survey of Wales and the Agricultural Census was also used.

It appeared that in both ESAs and especially in the Llyn Peninsula, the majority of farmers had not significantly changed their farming activities as a result of joining the schemes. There was a positive net income effect for both schemes. The quantity of labour employed had not changed as a result of
scheme participation and no change was anticipated. It was felt likely, however, that ESA payments were helping to maintain farm employment and even the survival of some of the farms. There was estimated to be a small reduction in the budgetary cost of the Cambrian Mountains due to the reduction in stocking density and hence lower Government subsidies, and for land improvements foregone. On the Llyn Peninsula there was no equivalent saving.

There was some impact on the local economy from the increase in household income, but little if any from farm input and output changes. It was suggested that if farmers were paid for conservation works this would have a significant impact on local income and employment.

Generally the scheme and its administration had been well received. Financial considerations were the most important factors governing the decision to join the scheme. These appeared more attractive as time went on. Non-participants cited inadequate payments, loss of independence and increased costs as reasons for non-participation. There was some evidence that lack of information about the scheme delayed entry. The whole-farm nature of the scheme in Llyn deterred entry whereas the part-farm agreements on the Cambrian Mountains allowed farmers to compensate for management prescriptions on agreement land by intensifying on other parts of the farm.

The evaluation also touched upon the questions of ‘culturally sensitive areas’, long-term management agreements, the interaction of ESA and LFA policy and the role of the Scheme in farm income support. The report emphasised the importance of integrating socio-economic aspects of ESA schemes with the environmental effects for a full appraisal of the schemes.

A3.2.2.4. Socio-economic assessment of Tir Cymen


Scheme Objectives: Tir Cymen is an experimental farmland management scheme launched in 1992 by the Countryside Council for Wales (CCW). It operates in the areas of Meirioonydd, Dinefwr and Swansea, with the aim of creating a market for the production of environmental goods for farmers, and so increase the opportunities for the conservation and enhancement of wildlife habitats, landscape features and increased public access to the countryside.

Tir Cymen provides payments to farmers for positive environmental management of their land. It operates at three levels. Firstly, there is a general payment for the whole farm, for which farmers have to follow a simple code of environmental good practice. The payments reflect the cost of carrying out the work and the income foregone by farming less intensively. Secondly, there are payments for managing specific habitats following a set of agreed management prescriptions. Finally, there are capital payments for an agreed programme of capital environmental work on the farm.
Evaluation Objectives:

- to estimate on-farm changes in purchased inputs, marketed outputs, farm income and labour demand as a result of Tir Cymen;
- to estimate expected savings in agricultural support accruing to the UK treasury;
- to estimate knock-on employment and income effects in the local communities; and,
- to identify specific problems related to the cost effectiveness of Tir Cymen and to any significant negative economic impacts and identify options to resolve such problems.

The scheme was in effect being looked at on three levels: the farm business, the UK treasury and the local economy.

Methodology: The evaluation carried out a survey, in 1994, of farmers within and outside Tir Cymen and a survey of small businesses providing services to farmers in Tir Cymen. The Agricultural Census and Farm Business Survey provided comparative data. Of the 131 farmers surveyed, a year 1 and a year 2 group (45 in each) were chosen at random to provide a spread of farm types, annual payment profile and Tir Cymen area. A year 1 and a year 2 group (25 in each) were chosen non-randomly to represent the range of habitat types and landscape features. A control sample of 20 farmers outside, but close by, the Tir Cymen areas was also interviewed.

This produced a comprehensive analysis of both physical and financial farming change brought about by the scheme as well as changes in farm employment and in environmental work carried out. Farmers’ attitudes to the scheme were often positive, reflecting an inherent desire by farmers to improve the appearance and conservation value of their farms as well as benefiting from the payments. Adverse comments usually referred to the inflexibility of the scheme.

It was estimated that the savings in support costs to the UK treasury were in the order of £50,457/year or 10% of the cost of Tir Cymen.

A telephone survey of 35 local businesses associated with the farming sector was conducted in order to estimate the impact of the scheme in the local community. Money found its way into the local economy for labour and materials, small contracting businesses being most affected.

Overall the evaluation concluded that Tir Cymen has been successful in encouraging the participation of a variety of types and sizes of farms in all three areas and the farmers concerned were content with the scheme and its administration. The key policy conclusions were:

- it can maintain and enhance farm incomes while reducing the intensity of farming;
- the kind of environmentally sensitive farming enabled by Tir Cymen can result in improved farming performance;
- it can generate and maintain employment on the farm through the need to carry out environmental work;
it can generate and maintain employment in the local economy through purchase of materials and services by farmers in the scheme; and,

- it can generate additional benefits to the economy over and above scheme payments through additional spending by farmers, particularly on capital works.

**Performance Indicators:** Except for physical performance indicators such as yield/cow and lambs/ewe used in the farm analysis, no other indicators were referred to in this study. It might, however, be possible to use the farm survey data to develop performance indicators such as the reduction in the use of inputs and cropping patterns. However, the evaluation was carried out very early in the life of the scheme and effects might not have been entirely evident. Nothing was said about environmental monitoring.

**A3.2.2.5. An interim evaluation of the current agri-environment schemes in Wales in the light of the proposed Tir Gofal Scheme**


This report shows how the experience gained from monitoring the existing agri-environment schemes (ESAs, Tir Cymen, The Habitat Scheme and The Moorland Scheme) was used in the development of Tir Gofal. The majority of the monitoring was environmental but public access to the countryside and the socio-economic aspects of Tir Cymen (see above) were also included.

Each of the four schemes are described but the report is organised in to four main subject areas:

- the biological landscape;
- the historic landscape;
- access to the countryside; and,
- socio-economic aspects.

The biological landscape was further divided into:

- woodlands;
- upland heath-lands, grass-lands and blanket bog;
- lowland pastures and hay meadows;
- lowland wetlands;
- water features;
- coastal belt vegetation; and,
- arable land.

The historic landscape into:
historic and archaeological features; and,
- traditional field boundaries.

The importance of each of these categories to Wales is explained, the findings of the monitoring given and then the implications for the new Tir Gofal scheme described. All the agri-environment schemes were found to have had a positive impact on habitats, landscape features and archaeological sites, but monitoring had provided an insight into how improvements could be made. The two main areas of improvement were a more targeted set of management prescriptions to increase the ecological sensitivity of the scheme and making the scheme more attractive to farmers.

**Woodland:** Tir Gofal specifies management programmes for each area of broad-leaved woodland. It adopts a more habitat specific approach to grazing exclusion. Woodland options have been restructured to promote harmony with the UK Biodiversity Action Plan.

**Upland Heath-lands, Grass-lands and Blanket Bog:** Tir Gofal will increase the number of habitat categories and base the development of overall stocking rate on the individual requirements of each of the component habitats in an upland block. Increased discretion will be given to project officers in determining grazing periodicity. There will be increased emphasis on the control of invasive species.

**Lowland Pastures and Hay meadows:** dry grasslands have been subdivided into four categories to allow stocking rates to be allocated on the basis of ecological carrying capacity. Project officers will be allowed some leeway in agreeing cutting dates to take into account variations in climatic conditions. In some circumstances organic based fertilisers will be allowed. A broader range of habitat prescriptions will take account of particular species types. The creation of new grassland and enhancement of existing semi-improved grasslands is included in the scheme.

**Lowland Wetlands:** Tir Gofal has a range of mandatory wetland prescriptions which will allow more accurate reporting under UK BAP and give a more sensitive application of stocking rates. The new prescriptions and the use of capital works will allow a more strategic approach to conserving wetland species.

**Water Features:** Tir Gofal provides a wider range of opportunities across Wales. There are new management prescriptions particularly for grazing marshes and changes to the capital works element that will allow payments for both restoration and creation of ponds and the installation of sluices.
Coastal Belt Vegetation: on sand dunes there is increased emphasis on the control of invasive species using livestock. Project officer discretion has been introduced in cliff and slope grazing prescriptions to encourage though populations. On salt marshes, Tir Gofal has mandatory entry into one of three grazing categories to balance the need for different types of vegetation by different bird and plant species. The scheme also provides opportunities for the creation of new salt marshes, sand dunes and coastal heath-lands.

Arable Land: Tir Gofal has a greater range of arable options than the earlier schemes and a greater range of management prescriptions within existing options.

Historic Features: applicants will be given more information on the historic and landscape features on their holdings. More specific management prescriptions will be developed and management plans would encourage existing features to be kept in good condition.

Traditional Field Boundaries: Tir Gofal will be the main source of grants for boundary works in future. The importance of phasing work on boundaries, particularly on hedgerows, to protect wildlife will be part of Tir Gofal.

Public Access: Tir Gofal will extend access opportunities across the whole of Wales.

Socio-economic Impacts: Tir Gofal has the advantage of being a whole farm scheme as well as covering the whole of Wales, thus extending the advantages of the scheme to all farmers and having more impact on stocking numbers.

In contrast to the majority of evaluations reviewed here this report is organised on environmental lines. It is analysed by habitat type rather than by scheme and the successes and failures of the schemes are presented in ecological terms, butterflies, birds, animals, plants, habitats and features rather than changes in farm incomes and husbandry practices. This provides a different and welcome perspective on the working of the schemes. Appendix I is particularly interesting. The Performance Indicators for each of the ESAs are provided together with their success rates up to the time of the report. Although some of the indicators were waiting upon the results of the 1999 Botanical Monitoring Re-survey, it gives a very valuable insight into how each ESA was performing against its targets.

A3.2.3. Evidence from other countries

A3.2.3.1. Economic Evaluation of Stage II and III and Stage IV ESAs


The objective of these two separate studies was to inform MAFF’s policy review process on whether there had been a change in the rationale for the ESA policy. The evaluations concentrated on the impact on participants of discontinuing the scheme or changing payment levels. Two personal surveys of scheme participants and non-participants were undertaken, plus a telephone survey of upstream and downstream industries. This yielded a range of data on farm type, structure, cropping, inputs, yields, employment and incomes. Environmental effects were implied rather than measured. The evaluation reflected policy concerns at the time rather than assessing the scheme against a broader range of criteria as would probably be the case now.

Its conclusions were very similar for all ESA regions. Overall the rationale for the Scheme remained. It had been responsible for farmers adopting a more positive attitude to conservation and helping to maintain the attributes of the ESA regions. The scheme was well regarded by farmers and most would remain in the scheme at current or even slightly reduced payment rates. Problems were generally at tier level, associated with particular management prescriptions. If the scheme were discontinued the changes made by participating farmers would largely be undone. The need to replace income from ESA payments would lead to the intensification of livestock and some arable enterprises, the production of more forage and the use of more fertilisers and pesticides. Some grassland would revert to arable. It was also felt that scheme payments were a major factor in keeping some farmers from leaving the industry altogether, which would have an adverse effect on the landscape of certain areas. It was recognised that the direction of agricultural policy would make such schemes much more important in future.

A3.2.3.2. Socio-economic and agricultural impacts of the ESA Scheme in Scotland


Evaluation Objectives:

- to investigate the delivery mechanisms of the policy and seek to identify the factors determining participation in the scheme;
- to analyse the impacts of the scheme on agricultural practices and on farm incomes;
- to determine the extent to which ESA landscapes are important in attracting visitors; and,
- to analyse the wider implications of the scheme for the maintenance of incomes, employment and populations in the rural areas of Scotland.

Methodology: The study was commissioned in 1997. It concentrated on the 10 ESAs comprising the revised scheme launched in 1993. The Scottish Office Agriculture, Environment and Fisheries Department (SOAFED) database was used to provide details of ESA eligible farms, entrant farms, their plans and payments. A survey of SOAFED, SAC and FWAG staff in each ESA was carried out to get their views on the impact of the scheme and to assess the process and delivery mechanisms in
use. Interviews were undertaken with a sample of farmer entrants and non-entrants in each ESA to understand scheme uptake and its economic impacts on farms. A sample of businesses trading with entrant farmers was interviewed to give information on the impacts of ESAs on trade and the rural economies. In selected ESAs tourists were interviewed to determine the impact of ESA landscape protection and enhancement on visitor-related local expenditure and employment.

The evaluation provides a very full account of the ESA scheme in Scotland with a wealth of statistical material on all aspects of the scheme and its impacts.

By the end of 1997, 1,340 farms had joined the scheme. It was felt that the delivery of the scheme worked reasonably well although there were some problems with speed of response and the level of information provided. Expected income benefits were most important in entry decisions, although conservation was also a factor. Impacts on farming were very small as farmers managed to minimise the effect of the scheme prescriptions on their farming activities. There was little evidence of any widespread extensification. Most entrants had a greater interest in conservation since entering the scheme, although they might revert to pre-ESA practices in the absence of payments. The effect of the scheme on farm income was positive in all but one of the ESAs. Benefits were lower on very small farms but as farm size increased the differences in income effect were not very great. Most farmers were not aware of how significant the ESA payments were to their income.

The scheme had only a very slight positive effect on farm jobs, but up to 30% of farmers in some areas suggested that without the scheme they would no longer be in farming. Local economies were affected in two ways. Firstly, as farm household incomes were increased there were greater off-farm expenditures. Secondly, conservation-related expenditure on items such as fencing, dyking, etc. produced a demand for inputs and services so generating off-farm employment. It was estimated that 500 jobs had been created in 1997, about two-thirds from impacts on household incomes and one third from conservation activities. As far as visitors to ESAs are concerned it is important to maintain the distinctiveness of individual landscapes. The features of individual ESAs have to be promoted to attract visitors. In the five ESAs studied regarding visitors, around 300 visitor-related jobs were said to depend on ESA policy.

The evaluation concluded that contrary to some expectations, environmental activity did not reduce farming intensity or the demand for inputs. Although the scheme had made farmers more interested in conservation this did not guarantee that they would continue with the practices if payments ceased.

The environmental impacts of ESAs are being assessed independently (see elsewhere in this section).

Performance indicators were not discussed.
A3.2.3.3. Monitoring Environmentally Sensitive Areas in Scotland

Monitoring Environmentally Sensitive Areas in Scotland Summary of Monitoring, Programme and
overview of results 1994-99.  2000 Macaulay Institute, Centre for Ecology and Hydrology (CEH),
Archaeological Operations and Conservation (AOC) Scotland Ltd, Bio-mathematics and Statistics
Scotland (BioSS), ADAS for SEERAD.

A comprehensive 10-year monitoring programme was commissioned to monitor the performance of
all ESAs in Scotland. Annual reports and a five-year report comprising a volume for each of the ESAs
has been produced. This report is a summary. It describes how changes in the ESA are monitored
and outlines the principal results to date. Trends of change are assessed and compared across in-
scheme and non-agreement land within ESAs and are then put in context by comparing them to
national databases. It appears from this summary that real environmental measurements do exist in
Scotland.

A3.2.3.4. Environmentally Sensitive Areas in Northern Ireland

Environmentally Sensitive Areas in Northern Ireland Re-monitoring of the West Fermanagh and Erne
Lakeland ESA (1999) and Re-monitoring of the Mournes and Slieve Croob ESA, Sperrins ESA, Slieve
Gullion ESA and the Antrim, Glens and Rathlin ESA (2000). Queen’s University Belfast for the
Northern Ireland Department of Agriculture and Rural Development.

Biological and landscape monitoring programmes were established in all ESAs in 1992. Baseline
biological monitoring surveys were carried out between 1993 and 1994 within all the ESAs, on
participant and non-participant farms. Re-surveying was done in 1999 and 2000. These reports
present the findings.

After eight years of the ESA scheme there was evidence to suggest that it had been instrumental in
the maintenance and enhancement of target habitats. Monitoring also determined that in some areas
modifications to ESA prescriptions could prove beneficial.

A3.2.3.5. Economic evaluation of the Countryside Stewardship Scheme

Economic Evaluation of the Countryside Stewardship Scheme (2000), Countryside and Community
Research Unit (CCRU) and ADAS report for MAFF.

The aim of the Countryside Stewardship Scheme (CSS) is to make conservation a part of normal
farming and land management practice. This evaluation had the objective of reviewing the continuing
rationale for the scheme, establishing the extent to which scheme objectives were being met, assess
whether the scheme provided value for money and identifying possible improvements. They
concluded that the rationale for the scheme still existed in spite of changing circumstances and CAP
reform. The scheme’s objectives were being met, but improvements could be made particularly in
the light of experience and using data generated from environmental monitoring. It was not easy to
measure value for money.
Their principle recommendation was that a good database was central to both administering the scheme and enabling the introduction of meaningful performance indicators which were discussed at some length.

**A3.2.3.6. Monitoring and evaluation of the Countryside Stewardship Scheme: overview report**

In an unpublished report for Defra 2001, *Monitoring and Evaluation of the Countryside Stewardship Scheme: Overview Report*, by the Centre for Ecology and Hydrology, CCRU and ADAS, the environmental impact of the CSS was examined in some detail. It made a set of recommendations for strategic improvements to the scheme and for future environmental monitoring.

**A3.2.3.7. Economic evaluation of agri-environment schemes**


This report is intended to contribute to the England Rural Development Programme (ERDP) Mid-term Review. It reviews the existing agri-environment schemes that were included in the ERDP, ESAs and the Countryside Stewardship Scheme, looks at experience in other countries and then discusses alternative approaches to agri-environmental policy. The review of ESAs and CSS is not limited by narrow evaluation objectives and adopts a more holistic approach to their contribution to rural development and conservation. It is particularly concerned with the performance of the schemes both in economic and environmental terms.

CRER also review agri-environment experience in Scotland. The development of schemes was similar to that in England with the launch and expansion of ESAs from 1987 and the introduction of the Countryside Premium Scheme (CPS), similar to the CSS, in 1996. Under the Rural Development Regulation the schemes were re-launched as a single new Rural Stewardship Scheme (RSS) in 2001. It was felt that the ESA scheme was not performing well. Additionality was low and changes to farming practice could be minimal. In practice farmers were often not closely involved in producing an environmental audit or management plan and had little sense of ownership of the scheme. Management prescriptions could be interpreted in different ways. The area targeting of ESAs was seen to be too narrow in Scotland and a broader scheme was felt to be desirable.

The RSS scheme seeks primarily to enhance existing habitats for particular bird species, species rich areas, moor-land, wetland, field boundaries and margins, arable areas, woodland and scrub, historic sites and small units. Landscape measures are limited. The scheme, with five-year contracts, is open to all farmers and an environmental audit of the holding is necessary. Good Farming Practice over the whole farm is mandatory and there are 23 management options and selected capital works. Entry to the scheme is competitive, but as this favours larger holdings, special prescriptions for smaller units such as crofts have been introduced.
In the first year the scheme was oversubscribed and questions arose over the equity of the scoring system and the issue of pricing. The balance between targeting high-environment gain sites and achieving wider rural development benefits has to be considered.

CRER concludes that the Rural Stewardship Scheme:

- has a well-selected range of environmental enhancement measure which clearly indicate the environmental objectives pursued;
- contributes to BAP objectives by giving greater priority to BAP-relevant proposals;
- should give high additionality and effectiveness because it focuses resources on enhancement, all prescriptions are expected to lead to some beneficial change in management activity;
- uses a Good Farming Practice requirement to ensure a degree of environmental protection across the holding at no direct exchequer cost;
- uses discretionary entry scoring to select high value for money applications, hence raising efficiency in procuring environmental gain; and,
- leaves open the scope for facilitating entry amongst ESA entrants by raising their weighting if this is considered necessary to prevent any loss of environmental gain from the ESA scheme.

The report also concluded that:

- the design and operation of the scoring system needs to be explored. At present it gives high weighting to the diversity of habitats included in the plan, without taking any direct account of environmental quality. This means that large, environmentally diverse holdings are most competitive; and,
- some payments may be too high and do not take adequate account of lower opportunity costs and private benefits on some large holdings.

A3.2.3.8. ERDP Evidence Assessment

ERDP Evidence Assessment (2002). CRER, CJC Consulting and Segal Quince Wicksteed. Final report to Defra

Much of the evidence presented in the agri-environmental section of this report is based on the studies reviewed above. However, this report has the advantage of looking at the combined evidence of evaluations covering all the different schemes. The points it makes refer to market failure, the difficulties of valuation and measurement, dead-weight loss and public and private transaction costs. It discusses participation levels in ESA and CSS schemes and environmental monitoring. Taking into consideration schemes in a number of other European countries several options are proposed which suggest the introduction of a broad and shallow scheme:
• there is a need for some degree of tiering that takes into account areas with different environmental standards and public values;
• there is potential for wider scheme coverage in the uplands and intensively farmed areas;
• transaction costs of a more general scheme need not be especially high; and,
• an agri-environmental scheme may have a role in providing a lattice of habitat in the wider countryside through which species may move in the face of climate change.
A3.3. Organic Farming Scheme

A3.3.1. Introduction and objectives
The Organic Farming Scheme (OFS) was introduced in October 1999 to replace the existing Organic Aid Scheme (OAS). The objective of the scheme is to offer payments to farmers in Wales to aid them in converting to organic farming and to manage their land in some additional environmentally beneficial ways. It complements Tir Gofal as it will help to protect and enhance the rural environment as well as assisting producers to meet consumer demand for organic produce.

The RDP Wales proposes targets and a set of environmental, uptake and other indicators for Tir Gofal, of which the OFS is part. Targets specifically for the OFS are:

- Number of beneficiaries: 180/year 1,270 total
- Area: 12,400 hectares/year 87,000 hectares total

A3.3.2. Evaluation evidence

A3.3.2.1. Review of the Organic Aid Scheme

The Organic Aid Scheme was set up in 1994 to provide advice and payments over five years for farmers in the whole of the UK to aid conversion of their land to organic status. Scheme uptake in Wales was low with just 61 holdings and 2,355 hectares under agreement.

There is no specific Welsh evaluation of the Organic Aid Scheme or the Organic Farming Scheme. This study, undertaken by a Review Group of officials from the Agriculture Departments, was to review the rates and structure of the OAS.

Methodology: The Group undertook a public consultation exercise. They carried out an examination of the rationale for Government support for organic farming and the mechanisms for delivering aid. They considered the amount of aid required to convert and run, an organic business. This was based on estimated costings from seven farming scenarios comparing conversion to organic farming with remaining in conventional production. No information refers exclusively to Wales.

The report explained the OAS, the development and structure of the organic sector, the organic sector in Europe and elsewhere and what they saw as the future of organic production. Responses to the consultation exercise suggested that payment rates were too low and that existing organic land should also qualify for the payments. The Review Group concluded that, although organic farming brought environmental benefits, subsidising organic farming was not necessarily the best way
to achieve these benefits. The benefit not delivered by other farming systems was the absence of pesticides and the impact of this on biodiversity. In spite of potential profitability, conversion to organic production was slow and given the environmental benefits there could be a case for aid to speed the process.

The report analysed the different mechanisms for support: the existing flat rate system, tendering and competitive flat rate payments. Although each system had advantages, on balance, the simple flat rate scheme was considered to be the best in the circumstances. The costing exercise was done in some detail for specialist dairy, mainly dairy, mainly arable, stockless arable, lowland livestock, upland livestock and hill livestock farms. Horticultural crops were also considered. The results are set out in Appendix 2 as well as Chapters 7 and 8. The Group proposed some changes to the structure and rules of the scheme and also suggested that more resources should be given to advisory services and information provision.

Principal Review Recommendations were:

- the simple flat rate aid system was the most practicable. However, where a single countrywide agri-environment scheme is the priority, there may be a case for bringing organic conversion into the scheme if a satisfactory method can be found of assessing applications for organic conversion, both against one another and against other environmental options;
- total aid should be increased from £250/ha to £450/ha for land eligible for the AAPS and to £350/ha for ineligible land, excluding rough grazing. For all unimproved grassland aid should be set at £50/ha;
- horticultural units should receive the same aid as other producers, but land in permanent crops should be paid as land eligible for AAPS;
- payments should be set in Sterling, and paid annually. A schedule of payments over the five years was suggested;
- the revised payment rate should not be applied to land already in the scheme;
- grassland in the scheme should be grazed primarily with organic livestock;
- participants should be paid a lump sum of £300 in the first year, £200 in the second and £100 in the third towards the initial costs of conversion such as certification and inspection;
- the 300 hectare limit for any one unit should be retained;
- participants should be prohibited from ploughing unimproved grassland of conservation value, introducing new or improved drainage affecting areas of significant conservation value, levelling ridge and furrow fields and cultivating ancient monument and archaeological sites currently under permanent grass;
- there should be no capital grants under the scheme, but priority should be given to participants in competitive agri-environment schemes; and,
- advisory services and information for potential organic farmers should be strengthened. Demonstration projects should be considered.
Almost all these recommendations have been accepted into the Organic Farming Scheme.

A3.3.3. Evidence from other countries

A3.3.3.1. Economic evaluation of the Organic Farming Scheme


Evaluation Objectives:

- to take stock of what the OFS had achieved and how the policy might evolve;
- consider the underlying rationale behind public support for organic farming and assess to what extent OFS’s initial objectives are still valid;
- to assess the effectiveness of the scheme in meeting its environmental and supply-control objectives;
- assess to what extent the scheme provided value for money;
- examine the nature and extent of any knock-on or unexpected side effects of the scheme; and
- consider the scope for cost effective improvements to the scheme and make recommendations on the future direction of government support for organic farming.

Methodology: The evaluation was based on a literature review; a postal survey of OFS participants, non-organic farmers and farmers who had enquired about the scheme but had not subsequently converted to organic conversion; a telephone survey of stakeholders; and, expert interviews.

The evaluation concluded that there was a sound rationale to assist conversion to organic farming. The size of the industry was still considered to be below the threshold required to guarantee quality and continuity of supply and provide other benefits of size and scale. There was adequate information and advice on conversion, but marketing remained something of a problem. The scheme itself was felt to work well, payment rates appeared adequate and the scheme was popular with farmers. There was evidence from the survey that organic farming increases employment, particularly of part-time and casual labour. No direct measurements of environmental gains were undertaken or reported, but there was some anecdotal evidence of change.

A number of recommendations included:

- some review and possible adjustment of payment rates to meet changing conditions;
- payments should not be time-limited and should be extended to established organic farmers;
- a stronger link should be made between environmental gain and organic farming. Environmental goals should be clearly spelled out and perhaps moderate environmental conditions attached to payments; and,
- more resources provided for research and development for the organic sector.
A3.3.3.2. ERDP evidence assessment


This report includes a very full section on the Organic Farming Scheme. It draws from the report reviewed above and also reviews in some depth the evidence for wider public benefits of organic agriculture, namely biodiversity, landscape, soil quality, ground and water surface quality, climate and air quality, pesticides and food quality and safety, animal health and welfare and rural employment. It also sets out the rationale for public assistance for organic agriculture in some detail.
A3.4. Tir Mynydd

A3.4.1. Introduction and objectives

The Hill Livestock Compensatory Allowance (HLCA) was operated for the last time in Wales in 2000. It was superseded in 2001 by Tir Mynydd which has the similar objective of ensuring continued agricultural land use in upland areas to maintain the social fabric of upland communities. It also explicitly seeks to preserve and protect the environment through the promotion of sustainable farming systems. The RDP Wales, however, states that the ‘contribution of compensatory payments will continue to be primarily social rather than environmental’. It is equivalent to the Hill Farming Allowance Scheme (HFA) in England. Compensation payments are made on an area basis and payments can be enhanced by up to 20% if certain environmental criteria are met. A number of performance indicators are proposed:

- number of beneficiaries of compensation allowances;
- number of hectares covered by compensatory allowances;
- average amount of payment (per holding and per hectare);
- total public expenditure;
- percentage of those areas covered by compensatory allowances (of which mountain areas, other less favoured areas, areas with environmental restrictions, areas of rotational cropping);
- stocking rates; and,
- classified agricultural surfaces with additional environmental actions.

A3.4.2. Evaluation evidence

A3.4.2.1. LFA policy in Wales: a review of the socio-economic and environmental effects of the HLCA Scheme


**Scheme Objectives:** The HLCA was introduced in 1976 to maintain the viability of livestock farming in Less Favoured Areas (LFA), to help to maintain the population in LFAs and to conserve the hill and upland environment. It has particular relevance to Wales where over 77% of the total agricultural area falls within the boundary of the LFA and 69% of farms are situated either wholly or mainly within it. Since 1984 a distinction has been made between Disadvantaged (DA) and Severely Disadvantaged (SDA) areas and HLCA payments varied accordingly.
Evaluation Objectives:

- to examine the rationale for providing Government support to livestock farmers in the Welsh LFA;
- to assess the effects of the HLCA scheme in Wales against the stated objectives of maintaining the viability of livestock farming in the LFA, maintaining populations in, and conserving the environmental value of, those areas; and,
- to consider whether the scheme represented value for money.

Methodology: The report provides an analysis of agricultural, economic, demographic and environmental information to give the context for HLCA policy and to discover how effective it had been. A questionnaire survey was undertaken using 145 farms participating in the Farm Business Survey of Wales, 119 in the LFA and 26 non-LFA. The aim was to learn how significant the HLCA payments and the objectives of the scheme were to farmers and what their attitudes to its operation were. In addition, within the LFA, case studies consisting of 16 in-depth interviews were done in two different areas, one SDA and the other DA, to gain an insight into economic and social change in LFA from the viewpoint of farmers and their families. In practice the majority were done within the SDA, but a wide range of holding types and sizes were represented. The implications of possible changes to policy were then investigated through a quantitative evaluation of possible options and the use of scenario analysis. References, together with an environmental bibliography, are provided, along with appendices including methodological explanation, sample questionnaires and statistical tables.

Although the HLCA Scheme has been superseded by Tir Mynydd, its findings provide a useful insight into the workings of a scheme which, to all intents and purposes, has the same aims as Tir Mynydd, although the basis of payment is different and precedence is now given to social and environmental objectives rather than farm production.

This study was carried out in 1997 and the most recent data available to it were for 1996. In statistical terms it can contribute only to a baseline study. However, it does provide a ‘snapshot’ of the situation on Welsh hill farms in the mid-1990s: sheep and cattle numbers and trends, farm type, agricultural output and the distribution of financial support among farms and between schemes. The impact of the scheme on population, employment, society and the economy is analysed in Chapter 3 and once again this forms a useful basis for analysis of the new scheme and the derivation of performance indicators. The evidence for environmental degradation associated with the HLCA is also discussed in Chapter 3. Although much of the evidence points to environmental damage associated with agricultural activity, particularly overgrazing, the complex nature of the situation makes it difficult to isolate the impact of one factor, such as HLCA. No quantification was available on which to base further studies.

The empirical investigations produced qualitative output in the form of farmer attitudes and impressions. The payments were considered important as economic, and to some extent social, support with relatively little weight given to any environmental objectives. The scheme was not
without its critics, but the in-depth studies suggested that the payments were vital to survival, particularly for the smaller farms. The farm income position is what influences a farmer's reaction to agri-environment schemes and to the environment in general. The future was seen as one of inevitably larger farms and there was no certainty that future generations would want to stay working on the family farm. The opportunities for farm diversification and pluriactivity in LFA are limited.

The final sections of the report consider options for policy change using firstly a simulation approach and then scenario analysis, the alternatives being: area based policy, modulated policy, cross-compliant policy and labour subsidy. None of the alternatives was entirely satisfactory and the authors of the report concluded that the existing headage-based system was the 'least bad' alternative, with the proviso that local environmental schemes should be instituted and some tapering of payments introduced.

Since the study was published the policy has indeed been modified, but to an area-based system with payment tapering and with farm level environmental incentives introduced. Whether the policy analysis in this evaluation could contribute substantially to the mid-term RDP evaluation is debatable.

The report's final statement was ‘the unpalatable, yet familiar outcome of this policy analysis is that two objectives cannot be satisfactorily be achieved through the operation of a single policy instrument’. In view of the even more ambitious rural development objectives of the Tir Mynydd Scheme this should be borne in mind.

Performance indicators: there was no specific mention of performance indicators in the evaluation. This is a function of both the time in which it was done and its remit. However, the RDP Wales will measure the progress of its policies by using performance indicators, some of these (mainly input indicators) are stated in the RDP Wales document 2000 and it is likely that a mid-term evaluation will use these and further output and impact indicators as recommended in the ex-ante report. The database used is, however, equivalent to that used by the team evaluating the England HLCA who were confident it could be used to derive indicators on agricultural aspects of the scheme. Although the need for indicators of employment and population in LFA are not proposed in the RDP Wales the data in this evaluation might make some measure of change possible. At the time of the study no quantitative environmental monitoring was available so this study is not a source of environmental baseline data.

A3.4.3. Evidence from other countries

Evaluations of the HLCA in England, Scotland and Northern Ireland were carried out at about the same time as that in Wales. The Scottish, Welsh and Northern Ireland evaluations were published in March 1998, the English evaluation in October 1997. The rationale for the HLCA scheme was the same in all four countries and the objectives of the evaluations were identical. Scotland, however, is much closer to Wales in that 85% of its agricultural area and 64% of holdings are in LFAs. In Northern Ireland about 65% of agricultural land is in LFAs. The working of the scheme thus has a
much more profound impact on both agricultural and other sectors of the economy in Wales, Scotland and Northern Ireland than it does in England. Of course, its impact on the environment is also much more widespread and significant.

**A3.4.3.1. Economic evaluation of the HLCA Scheme in Scotland**


The scheme, its rationale and the objectives of the evaluation were the same as that for Wales.

**Methodology:** Use of data bases, farmer survey by telephone (sample size 267), focus groups, submissions from interested bodies.

No mention was made of performance indicators. Within the environmental section the application of predictive models of vegetation change as a support tool to monitor the effectiveness of environmental policies was discussed, although the conclusion was that more development of the techniques was necessary. (These may now, 2003, have been improved.) Although the structure and emphasis differed somewhat between the two evaluations the conclusions were broadly similar.

The rationale for LFA support was still valid, but it was expected that social and environmental objectives would have precedence over farming interests in any future policy. Livestock farming was, however, the most appropriate vehicle through which the policy objectives could be achieved. HLCA had contributed to the continuation of livestock farming and maintaining viable populations in LFAs and was well regarded by farmers. The scheme had contributed to farm viability and secured employment in associated upstream and downstream businesses.

**A3.4.3.2. Economic evaluation of the HLCA Scheme in England**


The scheme, its rationale and the objectives of the evaluation were the same as those for Wales and Scotland.

**Methodology:** analysis of databases affecting the scheme, a full literature review, postal and interview surveys of farmers and consultations with all major interest groups. The alternatives to HLCA were also explored.

The evaluation concluded that the rationale for the scheme was more a political than an economic judgement, particularly on equity grounds. The benefits of maintaining the LFA farming system and its associated landscape and community features had to be balanced against possible environmental damage linked with a headage payment scheme. The scheme had been effective in ensuring the
continuation of livestock farming in the hills. The population of the hills had been rising, although the dependence of upland communities on agriculture was falling so the scheme’s impact had perhaps not been crucial. It was not possible to measure the achievements of the scheme in environmental terms as no performance indicators were in place. If the scheme were to be removed it would accelerate the decline of small and medium-sized farms. These would be absorbed by larger holdings with no appreciable fall in output and probably no significant environmental impact. A major change in the population of the hills would be unlikely, as currently there was net inward migration.

There were a number of suggestions for improvements: targeting the most disadvantaged holdings, modulation and administrative simplification. Of the possible alternatives, the report favoured upland environmental schemes rather than direct payments or area payments.

The evaluation made specific mention of performance indicators. There were felt to be sufficient outcome indicators available on the agricultural aspects of the scheme, but there were limitations to the demographic data. The evaluation was not a source of environmental indicators due to the lack of specific measurement of the impact of the scheme.

**A3.4.3.3. A socio-economic evaluation of the HLCA Scheme in Northern Ireland**


The scheme, its rationale and the objectives of the evaluation are like those of the other three countries. Department of Agriculture Northern Ireland (DANI), however, felt that the scheme aims were too broad and imprecise to be evaluated properly. It regarded the objectives having been met if:

- the decline in the agricultural workforce in the LFA had been significantly less marked than that of the agricultural workforce in the lowlands;
- the trend in income for LFA cattle and sheep farms was not significantly out of line with the trend for lowland farms (all types); and,
- hill land is managed in ways which do not detract from its wildlife, conservation and landscape value.

**Methodology:** qualitative evidence was gathered from focus group interviews of LFA farmers and structured interviews with key informants from seven interested bodies. Quantitative analysis comprised a literature review, a review of socio-economic trends in LFAs and sectoral input-output modelling and farm-level programming to quantify the effects of possible change in the HLCA scheme.

The evaluation provides a comprehensive view of farming in LFAs in Northern Ireland in the mid-1990s. It also gives a range of opinions and ideas on the implementation of the scheme and possible
changes. What stood out was that farms in the Northern Ireland LFA are significantly smaller than those in LFA in other parts of the UK. Over 50% are ‘very small’, i.e. not capable of providing full-time employment for one person. The average income on farms in Northern Ireland LFA is less than half that of similar farms in Great Britain. The absolute level of dependence on direct transfer payments is very high.

The authors of the report recognise that the scheme ‘encapsulates quite difficult policy dilemmas and trade-offs which are certainly not easy to resolve’. (They provide a useful discussion of the philosophy underlying this scheme.) Their conclusion regarding DANI objectives was:

- the HLCA has maintained employment in LFAs and contributed to the maintenance of a particular type of farming;
- Net Farm Incomes of LFA farms have followed a similar pattern to those in non-LFA and are better than those of comparable farm types in the lowlands. However, the absolute level of farm and household income in LFA is well below that in non-LFA; and,
- on the environmental issue there was a lack of hard evidence and a divergence of views. On balance it was concluded that ‘the operation of the HLCA itself has not in general terms detracted from the wildlife, conservation and landscape values of hill and upland areas in Northern Ireland’.

A3.4.3.4. ERDP Evidence Assessment

ERDP Evidence Assessment (2002) CRER, CJC Consulting and Segal Quince Wicksteed.

In the light of the evidence of the HLCA Evaluation for England this study suggested some gaps in the information needed to assess the Hill Farming Allowance Scheme:

- there is a difficulty, in the face of other payments, to identify the specific contribution of HFA to the continuation of land use or environmental impact;
- the system of payments does not reflect targeted environmental outcomes; and,
- local factors suggest that a more specific and environmentally managed system would be beneficial.

The report cited the Countryside Survey 2000 which provided evidence of the state of upland habitats. A specific module of work on a survey of uplands in England and Wales involved a higher intensity of sampling in the 2000 survey. It was suggested that this could act as a baseline for monitoring change in the future.
A3.5. Processing and Marketing Grant Scheme

A3.5.1. Introduction and objectives

The improvement and rationalisation of the processing and marketing of agricultural products in Wales are key components of the Welsh RDP. Support for the measures is provided through the Processing and Marketing Grant Scheme 2000. It builds on an earlier scheme which ran from 1993 to 1999. Specifically the new grant will assist:

- the construction of new buildings;
- the refurbishment of old buildings; and,
- the purchase of new equipment.

The original scheme, the UK Processing and Marketing Grant Scheme, operated from 1991 to 1993 and from 1994 to 1999 and two evaluations of the scheme have been undertaken. The first, Evaluation of the European Agriculture Guidance and Guarantee Fund Processing and Marketing Grants: 1991-93 and 1994-99 was done in early 1998 by Segal Quince Wicksteed Limited and published in December 1998. A final evaluation, Review of the 1994-99 UK Agriculture Processing and Marketing Grant Scheme was undertaken by DTZ Pieda Consulting in June 2002. SEERAD commissioned both reports, but the evaluations refer to the working of schemes in Great Britain. The scheme in Northern Ireland was assessed separately. The first evaluation guided the development of the present PMG scheme as set out in the RDP Wales. The findings of the second evaluation post-dated the RDP, but its findings were broadly similar to those of the earlier study and may now have been incorporated into the scheme. It does, however, present its findings by individual country, so it has greater relevance to the mid-term assessment for Wales.

Scheme Objectives: to facilitate the improvement and rationalisation of the treatment, processing and marketing of agricultural products, with the aim of assisting agri-business firms further up the value added ladder. The purpose was to provide primary producers with a greater share of the resulting economic benefits in a sustainable manner.


- to facilitate the production and marketing of new products or high quality products including those organically grown;
- to further long-term structural improvements and relieve market intervention mechanisms;
- promote projects located in regions faced with special problems;
- improve or rationalise marketing channels or processing procedures for agricultural products;
- improve the quality, presentation and preparation of products and encourage a better use of by-products; and,
• promote the application of new processing techniques, including the development of new products, new markets and innovative investments.

Added for 1994-99:

• contribute to the adjustment of sectors facing new situations as a result of the reforms of the CAP;
• help facilitate the adoption of new technologies relating to environmental protection; and,
• encourage the improvement and monitoring of quality and health conditions.

A3.5.2. Evaluation evidence


The 1991-93 programme covered the whole of the UK and was subject to an ex-post evaluation. The 1994-99 programme covered Objective 1, 5a, and 5b areas in the UK. The evaluation covered projects approved in Scotland and Wales up to November 1997 and in England up to December 1996 when it was discontinued. Northern Ireland and the Highlands and Islands of Scotland were evaluated in the Intermediate Assessments of the Objective B programmes.

Evaluation objectives 1991-93: to establish the economic impact of the programme taking into account the impact of successful applications, the efficiency and effectiveness of awards, the stimulation of investment, the effectiveness of scheme administration and the analysis of unsuccessful projects. In addition, the net additional outputs and impacts were assessed from a sample of projects and the physical activity and gross intermediate economic outputs were collated from a monitoring survey.

1994-99: To assess the progress of the programme towards its stated objectives and to determine whether the processes involved were the most appropriate.

Methodology: a survey of 140 assisted businesses was undertaken across the two programmes and this was representative of both programmes, the countries within the UK, the sector-based measures and the type of project and scale of award. Fifty of the interviews were conducted face-to-face and 90 by telephone. A survey of unsuccessful business applicants in the 1994-99 programme was carried out (although ultimately only nine were secured). Interviews were conducted with the administrators of the programmes within Government departments. Consultations were undertaken with industry organisations and bodies that assist in the implementation of the programme.
The appendices include a number of case studies, a comparison of the sample population, with a breakdown by geographical region, an analysis of demand and supply trends, sample questionnaires, the sectors and measures in the 1991-93 and 1994-99 programmes and an economic impact assessment.

The analysis concluded that the PMG scheme was largely successful in both phases, although a greater emphasis on new technologies, particularly associated with environmental protection, would have been desirable. The economic impact was positive with regard to job creation, sales and private investment. Several recommendations were made to improve scheme performance:

- simplify the objectives of the programme;
- adopt a more proactive marketing approach;
- adjust selection criteria to give more weight to additionality, innovation and co-ordination with other schemes;
- extend the scope of the programme to include smaller projects;
- extend geographical coverage;
- speed up decision making; and,
- improve monitoring and performance measurement.

**Financial and Output Monitoring:** the evaluation found that although financial claims and payments were monitored closely, as were physical checks before and after project completion, there was little in the way of output or performance monitoring except in Wales where reports from beneficiaries on achievements after two years of the project were required. Beneficiaries were visited, by WOAD or FRCA, about halfway through the conditions period and sometimes again within the five year period. This was considered to be a good way of capturing monitoring data.

Certain of the impact indicators set out by SPD for the 1994-99 programme were felt to be too complex and difficult to measure besides varying between countries. The report recommended a series of new measures attributable to the assisted project and consistent across the whole of Great Britain, such as turnover, employment created and safeguarded, changes in labour productivity and impact on suppliers should be included. These and other indicators relating to quality assurance should be monitored at the level of the individual business by monitoring reports carried out two years after project completion, as had been done in Wales.

It is not clear how useful the findings of this study can be to the Mid-term Evaluation of the RDP Wales. Some of the findings are expressed by individual country, but the majority is aggregated. Perhaps if the original survey data are available then the Welsh projects could be identified, but there were relatively few of them (Appendix C).
A3.5.2.2. Review of the 1994-99 agricultural Processing and Marketing Grant Scheme


This was a final evaluation of the scheme commissioned by SEERAD, but reporting on the scheme across the whole UK, excluding Objective 1 areas.

**Evaluation objective:** to assess the results and impacts of the PMG scheme intervention over the period 1994-99 giving consideration to the basic producer, processing and marketing sector and at the national level.

A number of factors complicated this evaluation. Firstly, the mid-term assessment (see above) had been done barely a year before the end of the scheme and this study could add little on the promotion and administration of the scheme. Secondly, the scheme terminated in England in March 1996 and any primary research could only involve beneficiaries of the scheme in Scotland and Wales 1995-99. The mid-term evaluation reported only GB wide data making it difficult to show differences between individual countries. This evaluation therefore draws heavily on the mid-term evaluation of the 1994-99 scheme in terms of: projects awarded, size of awards, etc., scheme promotion and administration and the scheme outcomes recorded in 1998 for Sales and Gross Value Added (GVA).

**Methodology:** the study produced a review of the agri-food sector, it developed indicators and target levels for the programme and reviewed the GB PMG scheme data. A survey of projects in Scotland and Wales was undertaken, the populations drawn from SEERAD and NAWAD databases and stratified into the different agri-food sub-sectors. This was mainly on a face-to-face basis. Telephone interviews were conducted with ten unsuccessful applicants to the scheme in Scotland, none were possible in Wales. Finally, other public sector bodies were contacted to gauge the level of support given to the sector other than the PMG.

The analysis of scheme data is extremely useful since much it is given by country. Thus the situation in Wales and a comparison with Scotland is provided.

The report concluded that:

- against a background of a much more competitive market environment the PMG has helped companies to survive. It has enabled them to react more quickly, invest on a larger scale and to achieve higher standards than would otherwise be possible;
- scheme promotion could be improved by more formal means, better targeting and improvements to scheme literature;
- administration procedures could be more effective (particularly in Wales). Some streamlining and simplification of programme objectives was recommended and greater importance given to
additionality, innovation, co-ordination with other schemes and environmental impact in the ranking and scoring of projects. The lower project limit of £70,000 should be removed;

- SOAFED worked most flexibly with applicants, while only Wales required a report two years from the date of project completion. Both these approaches should be used by both countries. Monitoring and Evaluation data collected should be quantifiable, attributable to the project and easy to collect. There should be standard impact indicators across the programme which relate directly to data collected in the monitoring and evaluation process; and,
- scheme performance overall was good in relation to its targets and economic impact. The only recommendation in this regard was that the reasons for project rejection should be collected by scheme administrators in future.

Some of the recommendations were adopted in the PMG Scheme from 2000:

- the minimum project cost was lowered to £40,000;
- the progress of projects is to be monitored by annual progress reports and two years after completion, a final report;
- during the lifetime of the grant visits will be made to assess progress against targets; and,
- the project will be visited after receipt of the final report and a detailed assessment undertaken.

Indicators (as given in the RDP 2000) are:

- number of projects;
- green investments/investment undertaken (%);
- total amount of cost borne by beneficiaries;
- total amount of eligible cost;
- total public expenditure of which EAGGF contribution; and,
- jobs created.

**A3.5.3. Evidence from other countries**

**A3.5.3.1. Mid-term evaluation of the Northern Ireland Single Programme for Agriculture and Rural Development (SPARD)**


This evaluation includes an assessment of the PMG along with other rural development measures. The aims and objectives of the measure in Northern Ireland were identical to those in the rest of the UK. It was jointly administered by DANI and Northern Ireland’s business support agencies, the Industrial Development Board and Local Enterprise Development Unit (LEDU) the agency which deals with smaller projects. The scheme did not open until November 1995 due to bureaucratic delays and a significant underspend was envisaged.
Administration: the application and approval system was considered effective. Because there was a degree of interaction with specialist business agencies, businesses were getting specialist help that would not be available from DANI. No monitoring had been undertaken, but the proposed reporting to the business agencies was intended as a basis for measuring the impact of the scheme.

Indicators: scheme information collected by DANI was to be used to produce Output and Performance Indicators.

Output Indicators:

- number of projects approved;
- number of projects implemented; and,
- total investment.

Performance indicators:

- net value added per Full-Time Employee (FTE);
- gross profit as a percentage of sales;
- net value added as a percentage of sales;
- net value added per £1,000 input costs;
- rate of return on capital employed (%); and,
- capital employed per £1,000 sales.

The evaluators felt that there was some duplication between performance indicators and suggested that the 'net value added as a percentage of sales' and 'per £1,000 of costs sales' indicators should be dropped at measure level, but retained for individual company reporting. In addition there could be scope to introduce an indicator that reflects the development of market awareness.

After the slow start the PMG was expected to have positive socio-economic impacts. Good baseline data was available to calculate aggregated impacts by the end of the programme.

A3.5.3.2. ERDP Evidence Assessment

ERDP Evidence Assessment (2002) CRER, CJC Consulting and Segal Quince Wicksteed.

This study reviewed the studies cited above and reached a similar conclusion that the original PMG scheme was successful in meeting its objectives. There was, however, no evidence of the impact of the scheme on the wider public or a profile of its benefits over time. It agreed with the recommendations of the Segal Quince Wicksteed and Scottish Agricultural College evaluations also cited above. In addition it gives some early uptake information on the new PMG Scheme for England. This scheme runs from 2001-2006 and £44 million from Government and EU funds are available. Its objectives are very similar to the earlier scheme but like its equivalent in Wales, it is essentially a
capital support measure to contribute to the costs of new buildings, the refurbishment of old buildings and the purchase of new equipment. It will not result in the provision of key marketing skills. Non-capital grant aid for marketing of agricultural produce is being provided under the Rural Enterprise Scheme. The target for uptake of the new PMG is to help 370 businesses and create 2,200 Full Time Equivalent jobs by 2007. By August 2000 £5 million had been offered to 80 projects ranging from a beef breeding programme to a study of the optimum time to harvest apples and pears. It was too early to evaluate the efficiency, effectiveness and costs of the scheme.
A3.6. LEADER+

A3.6.1. Introduction and objectives

The LEADER (Liaison Entre Actions de Development de L’Economie Rurale) programme for Wales was set up in 1994. LEADER I was a new approach to rural development policy that was territorially based, integrated and participative. The programme encouraged innovative grass-roots rural development. LEADER II was an economic development programme which focused on innovation, transferability and the development of trans-national links within the EU. There are 8 LEADER groups in Wales: Antur Cwm Taf/Tywi (ACCT); Antur Teifi; Cadwyn; Cymad; Menter Preseli, Menter Mon, Menter Powys; and South Pembrokeshire Action for Rural Communities (SPARC).

The LEADER Plus community initiative was introduced in 2000. It offers the opportunity to build upon the experience of Welsh LEADER groups and develop further community initiatives responsive to the needs of rural Wales. All rural areas will be eligible with some provisos. It will promote integrated schemes conceived and implemented by active partnerships operating at local level. It aims to encourage thinking about the long-term potential of an area and original strategies for sustainable development, particularly:

- enhancing the natural and cultural heritage;
- reinforcing the economic environment, in order to contribute to job creation; and,
- improving the organisational abilities of communities.

Project selection is through competitive bidding and the grant a maximum of 50% of eligible cost.

A3.6.2. Evaluation evidence

A3.6.2.1. Mid-term evaluation of the LEADER II Programme for Wales

Mid-Term Evaluation of the LEADER II Programme for Wales (1998), Roger Tym and Partners for the Welsh European Programme Executive.

The activities of the LEADER II programme are defined as:

- Measure A: acquiring skills;
- Measure B: rural innovation programme; and,
- Measure C: trans-national co-operation.
Evaluation objectives:

- to assess the progress the programme is making towards achieving its stated objectives;
- to determine the extent to which the programme remains relevant to the current conditions within the programme;
- to assess the relative effectiveness of the LEADER II approach to rural economic development;
- to assess the appropriateness of the Programme’s implementation and monitoring mechanisms;
- to identify synergy between LEADER II and the various European Structural Fund Programmes, in particular Objective 5b;
- to identify linkages with domestic economic development initiatives; and,
- to make recommendations for achieving the most efficient and effective use of the remaining resources available under the initiative.

These were reduced to four key areas:

- the progress of the Programme towards its objectives;
- an appraisal of the LEADER II approach to rural community development;
- an assessment of whether the rationale of the programme remained valid; and,
- an assessment of whether the processes involved in its operation were the most appropriate.

Methodology: an overview and analysis of the Programme in Wales to consider strategy and structure, its continuing relevance, its priorities, trans-national links, partnerships and the influence of LEADER I. A survey of a sample of projects drawn from all eight LEADER areas. Consultations with project managers and beneficiaries.

The report sets out in some detail the background to the Programme: aims, objectives, measures, sub-measures, management and organisational arrangements, actions, responsibilities, etc. for the whole scheme and then for each group. Three different funds were involved, ERDF, EAGGF and ESF and the secretariat and payment functions split between WEPE, the Welsh Office and the Department for Education and Employment (DfEE). LEADER reported to the Rural Wales Objective 5(b) Monitoring Committee and the 5(b) Technical Group had responsibility for making recommendations on annual Business Plans and the Chair of the 5(b) Monitoring Committee had delegated authority for Business Plan approvals. The eight LEADER groups were themselves diverse in both structure and approach.

Against this complex background the report contained detailed analysis and recommendations which can only be briefly summarised here. The recommendations were focused on a possible LEADER III programme.
Progress towards stated objectives: in terms of outputs, progress seems to have been good, but the system of 175 indicators for ERDF and EAGGF projects was excessively complex and the report suggests a major reform using a simplified system of 25 indicators plus information or training in their use. The achievement of targets in the area of agricultural diversification, tourism development and projects that generate jobs and private sector investment should improved. On the financial side, spend against allocations had been poor and efforts were required to reduce delays in Business Plan approval and it was suggested that successful groups should share their experience, particularly over ESF projects. Efforts should be made to avoid delays in submitting audited accounts. The programme objectives, such as community involvement in rural development, were being met, but there needed to be greater dissemination of best practice. Although it was felt that there was potential project transferability across Wales and Europe, in practice little had occurred. The Welsh LEADER Network should play a leading role in this, possibly using the European Rural Observatory information systems. A Technical Assistance budget could be established to support this.

Approach to rural community development: the structure, management and approach of the eight Groups were very different. For instance, four of the Groups were Limited Companies, one a Local Enterprise Agency and one a Community Development Trust. A geographical community approach was used by some groups while others looked at community of interest. Groups might identify project themes rather than specific projects. While this diversity was seen as a strength it was recommended that the Groups should co-operate to share experience. The experience that had been gained from LEADER I was not always used to advantage. If LEADER II was to be followed by LEADER III there was a need for a more positive effort to benefit from experience and ensure continuity.

The Rationale for the Programme: there was no evidence that the problems facing rural Wales were decreasing and the crisis in the agricultural sector was in fact worsening. Thus the Scheme remained valid. There was a need for better information in Business Plans to set local needs in the overall context.

Are the Processes involved in the Programme the most appropriate?: the Business Plan system was felt to be an effective means of regular reporting and a reference point for monitoring. There had been delays in approvals, a new process had improved matters, but a consistent approach between ERDF, EAGGF and ESF was needed. Business Plan content could be improved to make them a more useful tool in promotion and management of the programme rather than simply the means of securing funding. A recommended Business Plan format should be developed. Management structures were complex, involving several agencies with different responsibilities which made it difficult to obtain an overview of the Programme in Wales. LEADER needed more status in the reporting structure of the 5(b) Monitoring Committee. Terms of reference and training were needed to aid Group management. On Funding and Administration there were a number of areas where improvement could be made. Guidance should be provided on administrative and financial systems. A ceiling of 10% on administration costs was felt to be low and might be reviewed. The Groups had problems with cash flow and VAT that should be addressed at the appropriate level.
The quarterly returns submitted to the Welsh Office were a valuable discipline for Groups and it was also important that audited accounts were submitted on time. The exchange rate between the ECU and the pound not only fluctuated, so changing LEADER allocations, but at the time of the report each fund was using a different rate. Although the exchange rate was out of the control of any LEADER organisation it should be possible to fix the rate between the three funds.
A3.7. Forestry

A3.7.1. Introduction and objectives

Forestry measures for both agricultural and non-agricultural land will continue in Wales through the Woodland Grant Scheme (WGS) operated by the Forestry Commission and the Farm Woodland Premium Scheme (FWPS) operated by NAWAD. Both are established schemes that exist throughout the UK.

Scheme Objectives: The WGS aims to encourage the planting of woodland and forests to increase the output of wood, improve the landscape, improve woodland biodiversity and offer opportunities for recreation and sport. It also seeks to encourage the sustainable management of forests and woodland, to provide jobs and improve the local economy and to provide an alternative use for land other than agriculture.

The FWPS is designed to encourage the creation of new woodlands on agricultural land with the aim of enhancing the environment. It provides additional payments to farmers over and above those of the WGS to compensate for agricultural income foregone. It also seeks to make farmers aware of the value of woodland as a productive resource and a sustainable land use.

A3.7.2. Evaluation evidence


Evaluation objectives: to evaluate the economic, social and environmental impacts of new woodland created through the Woodland Grant Scheme and the Farm Woodland Premium Scheme in Wales. The three principal aims were to:

• assess the success of the delivery of the objectives of the Wales Woodland Strategy, UK Biodiversity Action Plan, Wales Rural Development Programme and the EU Structural Fund Programme;
• contribute to the mid-term evaluation of the WRDP and structural fund Single Programming Documents due to take place in 2002/03; and,
• assess the efficiency of delivery and factors affecting uptake of the scheme.
Methodology: The evaluation was carried out in four stages:

- a scoping study defined the boundaries of the project and identified the current policy objectives against which the performance of the WGS and FWPS were assessed;
- the records of WGS and FWPS were analysed to provide the characteristics of the new woodland and a sample of land owners and managers were interviewed to give their experience of the schemes. Interviews, 98 in all, were conducted with successful and unsuccessful applicants to both schemes, with agents and with non-participants;
- consultations were held with stakeholders, the Forestry Commission and the Agriculture Department staff who administer the scheme; and,
- a desk study related these findings to the objectives of the evaluation.

The study starts with a useful section on the data sources available and their limitations and a full discussion of the public strategic policies that are important to woodland creation in Wales. These strategies are:

- the UK Forest Standard;
- Woodland for Wales Strategy;
- Wales Rural Development Programme;
- Structural Fund Objectives;
- Wales Biodiversity Action Plan; and,
- Planning Policy Wales.

The study found that none of these strategies gives performance targets in terms of areas or locations of woods and they generally place emphasis on the management of existing woodland rather than the creation of woodland. New woodlands did, however, contribute to the expansion and linkage of native woodlands, provide alternative uses for farmland to expand the economic base of rural areas, provide peaceful recreation areas and enhance degraded landscape.

The evaluation presents an analysis of the outputs of the two schemes in terms of area approved and planted, its regional breakdown, the amount of aid, the size of woodland blocks, means of establishment, species type, and type of property. It also provides data on the Community Woodland Contribution, Community Forest Premium Locational Supplement and Challenge Funded Plans. Individual blocks of woodland were found to have been small in size and widely dispersed. The study concludes that ‘the outputs of the WGS and FWPS in terms of new woodland created in Wales have been modest, both in terms of woodland area and in terms of woodland management activity grant aided by the WGS’. A study of the motivation of applicants, taken from the application forms and interview material, suggested that environmental benefits were most important though rather less so to farmers than other grant recipients. Economic objectives and recreational use of land and other social benefits were rarely of great importance. The impact of the woodland in
relation to the rest of a holding and the farm business was an important consideration to landowners.

This evaluation did not directly measure the economic impacts of woodland creation, but used the findings of a number of other studies to determine what the impacts were likely to have been. They concluded that due to the very long-term nature of the activity economic benefits, from timber, employment, recreation or tourism are likely to be very limited for a considerable time. Furthermore the small scale of much of the WGS and FWPS planting made these benefits even more difficult to secure. The study produced rather speculative estimates of the number of jobs that the schemes may create and the contribution that could be made to the Welsh economy from recreation, tourism and field sports. Other benefits such as increases in property values, improvement to the environment and landscape were not assigned a monetary value.

The evaluation findings on the environmental impacts of the schemes suggested that the outcomes had been no more than modest. In spite of encouragement given to WGS participants to adopt greater environmental sensitivity in woodland design, positive signs of this could not be identified. The expansion of particular semi-natural woodland types and the connection of existing woodland are scheme objectives, yet in practice they were not apparent. Currently a more proactive approach is being pursued by the interested agencies to achieve these aims. The potential benefit of natural regeneration was not being fully realised.

The social impacts of the WGS scheme (the FWPS does not have stated social objectives) rest largely on the provision of opportunities for recreation and sport with a contribution to landscape improvement. Public access had been approved on over 700 hectares, largely to woodland aided by the Community Woodland Contribution and much is situated near centres of population. A properly maintained infra-structure of car parks, paths, etc. would make the woodlands much more suitable for public recreation and it is suggested that grants should be made available for this. There had been several large woodland projects on former colliery sites but it was felt that in future such planting would depend on new industrial sites becoming available rather on existing derelict sites. Plans involving industrial land had generally received one of the community-related supplements showing that recreation was seen as an objective on these sites.

The efficiency of the schemes was judged against their uptake, the activation of plans and administrative efficiency. The impact of advice from public bodies and professional agents was also considered. There is finally an analysis of the impact of the competitive bidding process used in the period of challenge funded plans.

It was felt that some more targeted promotion of the schemes would encourage more woodland creation with better design and spatial distribution. The level of establishment grant is not a major consideration for WGS uptake although it could influence the scale and quality of planting. The low level of FWPS payments when related to AAPS and EPS payments was a disincentive. Scheme applicants have several sources of advice: Forestry Commission Woodland Officers; Local
Authorities; Coed Cymru officers; as well as professional agents who generally help to prepare applications. Given the apparent lack of knowledge and awareness of woodland establishment and management among farmers it is likely that the available advice is important. As the study had established that the environmental and social objectives of the schemes could be met by more targeted uptake and by better design of plans, it was felt that Woodland Officers and Coed Cymru officers should be actively delivering this advice.

An analysis of the activation of approved plans showed that activation varied during the period 1991-92 and 1998-99 both over time and between types of property. There was felt to be some merit in promoting a close working relationship between Forestry Commission Woodland Officers and the most active professional agents in their area to improve activation of plans.

The evaluation carries out a detailed analysis of the application process particularly the time lapsed between application and approval which has lengthened from 120 days in 1995 to 230 in 2002. Although there are some unavoidable factors involved there is scope for reorganisation and rationalisation of administrative structures. The administrative costs of the scheme seem in line with those in England although the unit cost is relatively high due to the small average size of plan in Wales. Unit costs may increase further if the schemes are actively promoted and there is emphasis on higher quality plans and the collection of data to measure progress against targets.

The final section of the report summarises and draws conclusions from the findings of the evaluation and makes 19 firm Recommendations:

1. The Forestry Commission (FC) and Agriculture Departments (AD) should develop a clear spatial strategy for woodland creation that integrates with the Planning Policy Wales and other spatial strategies.
2. The WGS application process should be amended so that each WGS plan is more explicitly focused on meeting one or more of the public objectives that are appropriate in each area.
3. The FC should maintain the current structure of establishment grants available under the WGS but should review the payment levels with a view to upgrading them in line with inflation.
4. The FC should identify the additional costs incurred in meeting the range of different design requirements involved in meeting the objectives of the Schemes.
5. The WGS Better Land Supplement and FWPS annual payments compare unfavourably with the income available from agricultural subsidies. The FC and AD should follow the CAP mid-term review with a re-assessment of annual payments.
6. The FC should maintain close dialogue with the key agents submitting WGS and FWPS applications to ensure that design objectives and spatial strategy are understood.
7. The FC should use the suggested spatial strategy to discuss with other public bodies the opportunity for using project officers to promote the Schemes and advise applicants on woodland creation and subsequent management to meet local objectives.
8. The FC, AD and Welsh Development Agency (WDA) must ensure that land-owners creating new woodlands are more aware of the variety of markets available for timber and the design and management requirements needed to meet these market demands.

9. The FC should use the suggested spatial strategy to work with the Wales Tourist Board (WTB) and WDA to promote the creation of new woodland in areas of high tourism activity where this is compatible with the landscape objectives of the area.

10. The FC and AD should work with the CCW to ensure that the spatial strategy suggested in 1 takes account of or adopts the targets being set for the creation of new native woodland by the Wales Biodiversity Group (WBG).

11. The FC should consider the merits and practicality of recording genetic provenance of planting stock used in WGS plans.

12. The FC should examine the efficacy of natural regeneration establishment techniques being used by WGS and identify what can be done to improve their success.

13. The FC should work with Local Authorities and Local Access Forums to ensure that the spatial strategy suggested in 1 identifies areas where new woodland designed for informal public access and recreation is appropriate.

14. The FC should consider making available additional capital grants to encourage the provision of access infrastructure to new woodlands that are designed to provide new public access.

15. The FC should work proactively with the WDA and Local Authorities to identify future areas of industrial land that will become available for woodland creation and ensure that woodland, with recreational access as appropriate, is considered fully by the sites developer as an after-use.

16. The FC and AD should re-examine the time allocated to the different stages of the application process, improving management control to ensure that deadlines are met. WGS guidance notes should be supplemented with a flow chart explaining the stages in the application process.

17. The AD and FC should explore the scope for all of the pre-contract checks on FWPS applications to be done in FC Conservancy Offices through remote ‘read-only’ access to the AD IACS database.

18. The AD should consider moving responsibility for paying all FWPS claims to the Llandrindod Wells divisional Office which currently handles half of the Schemes and is centrally placed in Wales.

19. The major part of the WGS data analysis and reporting function currently contracted to FC HQ Country Services in Edinburgh should be devolved to the National Office in Aberystwyth, enabling greater local control in target assessment and setting of the schemes.

**A3.7.3. Evidence from other countries**

**A3.7.3.1. Evaluation of Woodland Creation in England under the Woodland Grant Scheme and the Farm Woodland Premium Scheme**

**Evaluation Objectives:** To undertake a full economic, social and environmental evaluation of the new planting aspects of the WGS and the operation of the FWPS in England in relation to the England Forest Strategy, the UK Biodiversity and habitat Action Plans, the ERDP and the EU Structural Funds Objectives. More specifically it reviews:

- the underlying rationale for the schemes;
- the effectiveness of the schemes in delivering their initial outputs and intended economic, social and environmental outcomes;
- the efficiency of the schemes;
- how woodland creation compares with other ERDP schemes in delivering sustainable development objectives;
- factors influencing uptake of the schemes; and,
- how effective the schemes are in delivering policy objectives.

**Methodology:** The evaluation studied new planting over the period 1992/93 to 2000/01. It carried out a literature review and a postal survey of a sample of scheme participants, non-proceeding applicants and 50 stakeholders.

The study concluded that there was a strong case for grant support for woodland creation and on the evidence available the WGS and FWPS compared well with other ERDP schemes in their potential to contribute to sustainable rural development. The benefits of tree planting, however, can only be realised in the long-term and it was too early for them to be in evidence. Data was produced that could be used as indicators of output and to some extent scheme efficiency. Environmental benefits, community involvement and access arrangements were reported, but no monitoring took place and there was no benchmark data on which to assess change. One of the principal recommendations of the report was that long-term monitoring of woodland benefits and impacts should be undertaken and an improved database designed to facilitate improved monitoring and evaluation. Detailed monitoring prescriptions for environmental outputs is given as an appendix to the report.

**A3.7.3.2. Impacts of the Woodland Grant Scheme and Farm Woodland Premium Scheme in Scotland**


**Evaluation Objectives:** to assess the extent to which the WGS and the FWPS were meeting their objectives and were in keeping with broader development objectives in Scotland. The aim of the research was to identify and assess the economic, environmental, social and community, and administrative impacts of forestry and farm woodlands under grant schemes.
Methodology: a study of previous evaluations, Forestry Commission studies and academic literature, an analysis of WGS and FWPS databases and interviews or surveys of scheme entrants, non-entrants, forestry agents, stakeholders and technical experts.

The evaluation found that the WGS had delivered on all the scheme’s objectives. Scheme administration and advice was good on the whole although some aspects could be improved. The additionality of the fixed incentives was high. Greater effectiveness could be achieved through:

- discretionary selection for planting based on scoring of expected benefits;
- more targeted initiatives with challenge funding or special supplements;
- a greater concentration of expenditure on the enhancement of existing woodlands particularly in relation to achieving environmental objectives; and,
- the introduction of ‘regional’ priorities into WGS through differential scoring of applications and incentive rates.

The FWPS was considered central to woodland expansion. Although it is specifically to compensate farmers for income foregone, it derives its mechanisms for achieving its objectives of landscape improvement, habitat provision and increase in biodiversity from the WGS. There is, therefore, a case for more integration of the two schemes.

It was proposed that the FWPS should be evaluated as an RDP mechanism alongside other RDP schemes such as RSS with stronger targeting of environmental objectives.

Performance indicators were not mentioned in this evaluation.

A3.7.3.3. An evaluation of the Farm Woodland Premium Scheme in Northern Ireland

An Evaluation of the Farm Woodland Premium Scheme in Northern Ireland (1995) Canopy for DANI.

Evaluation Objectives: to determine the impact of the FWPS on the farm business and to investigate the environmental aspects of the scheme.

Methodology: a sample survey of scheme participants and non-participants. The 50 participants were interviewed on the socio-economic impacts of the scheme and the woodland was inspected. The inspection reported on both the silvicultural and environmental aspects of the area planted. (It appears that no literature review or broader data analysis was undertaken to provide a context for this evaluation.)

The findings of the survey indicated that the WGS/FWPS was a success. Farmers were enthusiastic and placed a great value on the woodland for landscape enhancement and the creation of wildlife habitats. The administration of the scheme and the level of payments were considered good and
there was clear evidence of additionality. Planting tended to occur on poorer areas of the holding and there was a tendency to intensify production elsewhere. There was some indication that farmers, though enthusiastic, were not always carrying out maintenance activities well through lack of knowledge of forestry and woodland management. It was suggested that an information and guidance system should be put in place.

No adverse environmental impacts were reported and all woodlands had resulted in improvements in species and habitat diversity.

A3.7.3.4. ERDP Evidence Assessment

ERDP Evidence Assessment (2002) CRER, CJC Consulting and Segal Quince Wicksteed.

ERDP gives a national priority to ‘the sustainable management of England’s woods and forests, and, where appropriate, a steady and landscape sensitive expansion of tree cover’.

The ERDP evidence assessment states the case for intervention in forestry to correct for market failure and to some extent to correct the distorting effect of CAP on the value of land. Grant aid is given ‘to procure additional public benefits in a cost-effective way’. There is a discussion of the cost-benefit and valuation studies done on woodland particularly regarding the public benefits to be had from recreation and amenity. Valuations supported the development of woodlands with public access but also showed that there were significant landscape and amenity benefits of woodland to non-users. The economic value of bio-diversity in woodland needs further research to provide guidelines for policy. Similarly there is little cost-benefit evidence available of the total value of forests.

This study cites the PACEC (2000) investigation into the contribution of forestry to the English economy. It gave an estimate of total gross output of forestry as £2,939 million with a gross output multiplier of 2.71 and 34,100 jobs of which 26,450 were rural and local jobs. New planting and forest management, especially the small scale woods on farms will generate employment. Over the long-term timber harvesting can generate even more employment but planting for amenity or environmental gain will provide fewer jobs.

The evaluations reviewed earlier in this section were not available to the ERDP assessment but the findings from the available research were in line with the subsequent evaluation findings. Landscape and wildlife were the main priorities of farmers planting woodland. Farmers were deterred from planting by lack of experience or dislike of forestry, loss of farm income, loss of capital value and inadequate incentives.

The new mechanisms of the WGS which now has discretionary entry based on a scoring system are discussed in relation to their delivery of the Forestry Strategy and their impact on applications for the FWPS. It was felt that the new scoring system could make it difficult to obtain grant aid for small
amenity woods on farms particularly those outside rural priority areas. But on the whole the scoring system and the Challenge Funding, introduced in 1995, were felt to have increased the efficiency and effectiveness of the WGS.
A3.8. Article 33 – to promote the adaptation and development of rural areas

Article 33 of the council regulations provides a menu of 13 possible measures (see page 342 RDPW). The level of funding available has restricted these to 5 measures in Wales:

- basic services for the rural economy and population;
- renovation and development of villages and protection and conservation of the rural heritage;
- diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative incomes;
- encouragement for tourist and craft activities; and,
- protection of the environment in connection with agriculture, forestry and landscape conservation as well as with the improvement of animal welfare.

The measures must provide for sustainable development that improves the quality of life of those living and working in rural communities. There are specific linkages between the measures supported by Article 33, Objective 2 and Leader +.

A series of indicators have been proposed:

- number of projects;
- number of beneficiaries;
- total cost borne by beneficiaries;
- total amount of eligible costs;
- total amount of support per reference unit;
- number of units receiving support; and,
- total public expenditure (of which EAGGF contribution).

Village renovation:

- number of rural buildings restored.

Diversification of agricultural activities:

- number of initiatives established;
- number of promotional activities supported;
- number of farmer beneficiaries;
- number of farmers under the age of 40 assisted;
- number of alternative livestock enterprises created; and,
- number of jobs created.
Encouragement of tourism and craft activities:

- number of new handicraft workshops created;
- additional bed space created;
- number of tourists visiting infrastructure; and,
- number of farm tourism projects undertaken.

Protection of the environment:

- tonnes of agricultural waste recycled;
- area of land protected by public access projects;
- number of public access projects with linkages to tourism/community initiatives; and,
- number of public access projects with specific provision for the disabled.

Article 33 is broadly equivalent to The Rural Enterprise Scheme in England that provides assistance for projects that help to develop more sustainable, diversified and enterprising rural economies and communities. Although its primary aim is to help farmers adapt to changing markets and develop new business opportunities, it has the broader aim of supporting the adaptation and development of the rural economy, community, heritage and environment. Five of its nine aims are the same as the five given above for Article 33.
A3.9. Investments in Agricultural Holdings

Articles 4 to 7 of Council regulations allow for support for investment in agricultural holdings to contribute to the improvement of agricultural incomes and of living, working and production conditions to:

- reduce production costs;
- to improve and re-deploy production;
- to increase quality;
- to preserve and improve the natural environmental, hygiene conditions and animal welfare standards; and,
- to promote the diversification of farm activities.

In Wales three grant schemes have been introduced and these are discussed in the following subsections.

A3.9.1. The Farm Improvement Grant

This will help farmers adopt best practice to make animal welfare, hygiene and product quality improvements and to enhance, protect and maintain the environment of the farm:

- Preserving and enhancing the natural environment. Farmers who do not qualify for Tir Gofal, but want to carry out conservation works such as hedge or traditional building renovation will be eligible.
- Pollution and Waste Management. To aid farmers who undertake these issues in an environmentally friendly way over and above their statutory requirements.
- Animal welfare, stock and crop management. Where there are demands for higher standards than those required by statute, aid may be available.

A3.9.2. The Farm Enterprise Grant

This grant will give assistance for a range of activities directed at diversification for and towards agriculture to widen the employment base on and off farm for farmers and their family members. Examples are:

- new farm enterprises not currently on the farm;
- horse livery and riding schools; and,
- setting up of farm shops and pick-your-own (PYO).

The scheme will also encompass support for Bio-mass/Energy crops such as Miscanthus (but not SRC as this falls under the provision of Forestry). Grants may be provided for planting costs, machinery purchase and development, on-farm storage facilities, and support for producer groups.
A3.9.3. The Small Food Processors Grant

This grant will assist farmers to start up new, and develop existing, small-scale added value processing on the farm. The construction of new and renovation of existing buildings and the purchase of equipment for projects costing up to £40,000 will be eligible for the grant. It will be restricted to individuals with registered holdings.

The eligibility for all three grants requires that the farm business must be viable and must comply with minimum standards of environment, hygiene and animal welfare. The farmer must provide 45% of total eligible cost and the project cost must be in excess of £1500. Maximum rate of grant is 40% of costs or 50% in LFA. For young farmers the max rates will be 45% and 55%.

A set of Performance Indicators for this measure is given on page 214 of the WRDP.

The Energy Crops Scheme in England encompasses both SRC and Miscanthus. Its rationale is the same as that in Wales – to provide an alternative to fossil fuels and as an alternative farm enterprise. Grants are provided for the same activities.

Measures to promote agricultural diversification are part of the Rural Enterprise Scheme that includes measures to promote agricultural diversification and diversification into non-agricultural activities.
A3.10. Training – Farming Adaptation

A3.10.1. Introduction

Article 9 of the regulations allows for support for training to contribute to the improvement of occupational skills and the competence of farmers and other persons involved in agricultural and forestry activities. The beneficiaries are to be farmers, members of their families, farm workers, forest holders and forestry workers.

In agriculture courses will be directed at encouraging qualitative reorientation of production, the application of production practices compatible with the maintenance and enhancement of the landscape, the protection of the environment, hygiene standards and animal welfare and the acquisition of skills needed to manage an economically viable farm. Emphasis will be given to continual professional development.

There will be a programme of participant training under Tir Gofal. Training will also be available for new enterprises, organic farming, diversification, food processing and marketing.

In forestry the application of forest management practices to improve the economic, ecological or social function of forests will be central to the programme. Appropriate training will also be available for farmers involved with bio-mass production.

The new training programmes will build on existing training provision in Wales, but greater flexibility and some innovation will be needed to match these with perceived training needs.

Quantitative Performance indicators:

- number of training actions;
- number of participants;
- average number of training days received per participant;
- total amount of costs borne by beneficiaries;
- total amount of eligible costs; and,
- total public expenditure (including EAGGF contribution).

Qualitative Performance Indicator:

- standards will be specified for the effectiveness of training services provided. Training will also be assessed against these standards.

The equivalent scheme in England is the Vocational Training Scheme. This was set up in 2000 for a seven-year period to improve the occupational skills and competence of farmers and others involved in farming and forestry activities. The rationale for the measure is ‘to provide training to help the
agriculture and forestry workforce to take up and make the most of the rural development opportunities provided in the ERDP. It is acknowledged that other training courses exist, but that they may not be geared to the specific needs of rural development nor sufficiently accessible to encourage participation.

**Farming Connect**

This is a service set up to help farming families in Wales to develop their businesses by providing advice, information and training. A series of checks are carried out by consultants, free of charge, to assess different aspects of the farm business: financial, technical, skills level and environmental opportunities to produce a Farm Business Development Plan. In addition, training courses, for example, in computer skills are provided and a network of Development Centres and Demonstration Farms are available to show how existing and new technology and ideas are put into practice. Farming Connect is not funded by the RDP Wales, although it is a gateway to some RDP schemes.

In England, besides the VTS, the Free Business Advice to Farmers scheme, set up in 2001, has some similarities with Farming Connect although it is much more limited in scope. Farmers are entitled to a day of a planning consultant’s time, worth £800, for a planning feasibility study to help them apply for a farm diversification grant under the Rural Enterprise Scheme.

**A3.10.2. Evaluation Evidence**

The following are evaluations and consultation documents that may throw some light on the Schemes outlined above. Several of these studies have produced a wealth of evidence and comment which it is impossible to summarise. What is given here is a guide to the broad aims and contents of the reports.

**Review of Vocational Training and Education for the Agricultural and Land-Based Sectors (2002)**

The objectives of the review are to:

- ascertain the extent to which the current provision of vocational training and education are delivering in line with predicted future industry needs and on the broad agenda as established in Farming for the Future; and,
- explore how providers, ELWa and the industry can more effectively work together to provide learners with education and training that meets their requirements and those future requirements of the industry. These include:
  - methods and mechanisms of provision;
  - access – notably financial and geographical barriers to learning;
  - raising standards of management and delivery;
• inter-provider and stakeholder networks;
• marketing to students and industry; and,
• initial entrants and lifelong learning / continuing professional development.

**Methodology:** The report built on a number of earlier studies, two were key documents, *Future Skills Wales: Agriculture and Farm Enterprise Sector and Lantra Skills Foresight 2001/ Sector Skills Development Plan for Wales*. Field research was carried out to obtain data for analysis which included: visiting and meeting with most FEIs (Further Education Institutions) involved in land-based training, meeting HEI (Higher Education Institution) representatives, conducting focus groups with schools, college students and farmers and having discussions with farmers, YFC representatives and industry representatives and specialists. Statistical analysis was undertaken of Farm Business Development Review Skills Checks undertaken through Farming Connect and of enrolments on different qualifications within FEIs. The Steering Group made a study tour of Northern Ireland and there were internal meetings with ELWa staff.

The report has a section on each of these lines of enquiry and finishes with a SWOT analysis on land-based provision before its conclusions and recommendations.

The key issues identified were: excessive competition between FEIs; changing enrolment patterns; the credibility of the courses provided by FEIs and work-based learning routes; qualifications were regarded as a fallback rather than an effective contribution to operating a business; insufficient co-ordination between FEIs and HEIs; and, the need for a strategic lead on skills development. Other issues were that the potential of the significant land-based facilities maintained by FEIs was not being realised in relation to industry development, there was a widespread view that careers advice for the land-based sector was too negative and Farming Connect has created new structures within which the contribution of FEIs needs to be fully articulated. Finally it was acknowledged that suggesting changes to the delivery of agricultural vocational training and education is a particularly sensitive political and institutional issue.

The key recommendations were:

- to establish 6 networks based on the specific expertise and resources of FEIs each should have a Network Lead FEI institution. These would be Dairy Production, Beef and Sheep Production, Forestry, Horticulture, Small Animal/Animal Care and Equine studies;
- a Land-based Learning Strategic Planning Group should be established;
- a national strategy for continuous professional development for the agricultural sector should be established which co-ordinates with Farming Connect activities;
- full-time level 3 provision in agriculture should be focused on two FEIs and burseries provided for residential costs;
- FEIs should work together to develop common learning resources;
- establish best practice in the provision of work-based learning within the sector and in the FEI provision to school based students in the 14-19 continuum;
• establish quality assured work placement providers;
• create a more strategic interface between FEIs and HEIs on the development of land-based learning provision;
• expand the potential of FEI-based teaching facilities to support broader learning agendas, specifically Entry level 1 and 2 learning provision;
• promoting and setting targets for FEI staff development; and,
• exploring the development of multi-skill qualifications which reflect the changing employment opportunities facing many in the agricultural sector.

These recommendations are expanded upon in Sections A – F which are found at the end of the report. The recommendations are intended to fit in with broader reforms being undertaken by National Council – ELWa.

The report provides a comprehensive account of land-based sector training and education provision in Wales and is supported by Appendices providing many of the key statistics.

A3.10.3. Evidence from other countries

A3.10.3.1. ERDP Evidence Assessment

ERDP Evidence Assessment (2002). CRER, CJC Consulting and Segal Quince Wicksteed.

The Rural Enterprise Scheme, Vocational Training Scheme, the Energy Crops Scheme and Free Business Advice to Farmers are all new schemes and there is little if any evidence available on which to base specific assessments. The ERDP assessment does however set the scene for the new schemes. It provides what evidence there is which gives some insight into how the new schemes could perform and what evidence is needed to assess them appropriately. In all cases it calls for evaluations of the different schemes to be made, emphasising the need to include the impact of the scheme on wider rural development, the attitude of the wider public to the environment, the profile of benefits delivered over time and the administrative costs of the scheme.

The Rural Enterprise Scheme

The scheme provides help for projects to develop more sustainable, diversified and enterprising rural economies and communities. It is intended to be built upon the former Objective 5b scheme in England for which some evaluation studies are available. Essentially these studies found that the Objective 5b programmes had worked well and there was still a need for them. However, the schemes should be more carefully targeted. Several other studies emphasised the links between agriculture and rural life and suggested that further reform of agricultural policy was needed to link it with rural development if schemes such as RES were to work effectively. But, there were conflicting
views which argued that there should be a separation between policies for people living in rural areas and policies relating to food production.

A total of £150 million EU and government funding has been allocated to the scheme in England between 2001 and 2006, the majority earmarked for regional budgets. The RES targets are to assist 6,000-7,000 projects and 200 village initiatives and create 4,000-6,000 full time equivalent jobs by 2007. By the end of 2000, 123 applications had been received the majority (46) for diversification projects and 25 for tourist and craft activities.

**Vocational Training scheme**

The rationale for this measure is to provide training to help agriculture and forestry workers take up and make the most of the rural development opportunities provided in the ERDP. The scheme has been allocated £22 million for the period up to 2007. It has a target of providing 48,000 full cost equivalent training days. By mid 2001, 36,000 days of training had been approved.

The study found no evidence of the impact of training provision on business performance. Gasson and Hill had found higher levels of training were associated with greater on-farm innovation and technology transfer. An evaluation of the validity of funding Lantra found that it was essential for the agricultural and horticultural sector to have a National Training Organisation to represent its interests and co-ordinate its training infrastructure. Lantra already run training courses for the land based sector so the VTS should co-ordinate with existing schemes.

**Energy Crops Scheme**

The rationale for this scheme is fully discussed in the ERDP assessment. It explains Government energy policy and sets the ECS within it. In addition, energy crops represent a non-food, diversified enterprise for farmers and may provide some environmental benefits compared with conventional arable crops. There may also be employment benefits in rural areas.

£29m million has been allocated to the scheme over the seven years 2000/1-2006/7. There was little uptake of the scheme by the end of 2000.

The assessment emphasises the dependence of the scheme on the economics of providing energy from these crops. A requirement for entry to the scheme is for the grower to have a contract for energy end use but the lack of bio-mass power stations has made this very difficult of not impossible to fulfil.

When the scheme is evaluated it is recommended that the evaluation should include the whole supply chain for energy from these crops and their place in energy policy as a whole.
Free Business Advice to Farmers

The scheme entitles farmers to a day of a planning consultants time, worth up to £800, for a planning feasibility study to help them apply for a farm diversification grant under the RES. There already exists the Farm Business Advice Service run by the Small Business Service which offers farmers three days of free business advice. Since its launch in 2000, over 7,000 farmers have requested advice and 2,800 have received it so far. A similar five-day scheme was set up in response to the Foot and Mouth disease crisis. It is suggested that there is a need for targeting the schemes to farmers most likely to benefit. The NFU has set up a scheme to offer half a day of free advice from a qualified legal adviser to tenant farmers who want a rent reduction.

No specific evaluation evidence on schemes that promote business advice to farmers was found but a number of other schemes offering conservation advice to farmers have been investigated. These were found to have met their objectives of increasing farmers’ awareness of environmental practices and influencing their actions. They represented value for money. No evidence was available however on the impacts of the schemes on wider rural issues.


The aim of the research was ‘to review the state of farm diversification in England analysing, in particular, the developments during the past decade. The key aim was to identify the importance of diversified enterprises to farm business viability’. Another important aim was to up-date the research done on farm diversification by Exeter University in the late 1980s.

The study is not a scheme evaluation but an in-depth study of an increasingly important aspect of English farming. Further farm diversification is one of the policy aims of both the RDPW and the ERDP.

Methodology: A postal survey was undertaken. 5,500 questionnaires were sent out, of the 2,800 replies, 1,716 indicated some form of diversified activity. An interview survey was carried out on a random sample of 225 of these.

The quantity of information provided in this report makes it impractical to summarise the actual findings, but a list of the study objectives provides a key to the information supplied by this very comprehensive report:

- to provide a review of the major studies of farm diversification in England carried out during the last decade since the previous national study;
- to examine how farm diversification has evolved over that period;
- to examine the nature and extent of the contribution of non-farming activities on agricultural holdings in England;
to examine financial outlays and returns for diversified activities;
• to compare the relative economic performance of different activities;
• to examine what farm based resources are currently allocated to diversified activities, in particular with regard to labour and land;
• to examine the importance of diversified activities to the total incomes of farm households;
• to examine the extent to which the Rural Enterprise Scheme has stimulated increased interest in farm diversification since October 2000; and,
• to consider the outlook for developments in farm diversification.

The results of the survey and its analysis are very fully presented in the report which includes 139 tables and 4 figures in the main text and additional material in the appendices. It provides a very comprehensive account of the state of farm diversification in England at the end of the 20th century and makes some recommendations about the direction of future research.

But perhaps the most interesting and valuable sections of the report are at the beginning and the end. There is a preliminary discussion of the background to farm diversification - the policy issues, the nature of diversification in the 1990s, the definition of diversification and the typology of farm diversification activities. The conclusion is a very thoughtful examination of how diversification has evolved within a changing agricultural economy, within the farm business and farm family and as part of the wider context of rural change.

English Agriculture Opportunities for Change Diversification (2000) ADAS.

This is not a scheme evaluation. The report forms part of a wider project ‘English Agriculture: Opportunities for Change’ with the aim to ‘gain a better understanding of possible options for English agriculture both in the context of national and European Union policies and other drivers of change over a 10-20 year horizon’. This study had the brief to:

• provide an understanding of the market opportunities for ‘alternative sources of agriculturally based income from new or diversified crops and products. This would include both upstream and down stream diversification; and,
• provide practical case studies and exemplars based on a working knowledge of the potential for new business opportunities.

Methodology: An examination of published academic, government NGO and other literature. Use of ADAS data and research and the experience of ADAS consultants and others working in this field.

The report starts with a section on the current state of diversification. The findings of a number of studies and surveys were used most notably the ADAS Farmers Voice Survey carried out in 1999 in England and Wales which is reported very fully (the 2003 Exeter study was not available). There is an analysis of the impact on farm businesses that suggests what influences farmers to change and adapt and what type of businesses are the most likely to diversify. Then, five exemplars of different
approaches to adding value or supplying new markets are considered and the economic, social and environmental aspects of each are discussed:

- environmentally friendly farming;
- non-food artisan crops;
- industrial crops;
- adding value to crops; and,
- adding value to livestock.

Within these groups more specific examples and case studies are provided.

How the process of change is brought about through technology transfer, research and development and training is examined. Finally the report makes a number of recommendations on how farm diversification can be developed and promoted successfully. The work is more prescriptive than the Exeter 2003 study. Whereas the Exeter study does not seek to promote diversification, and in fact has reservations about its universal application as a cure for farming ills, this report sets out to suggest ways in which it can be promoted.

Socio-Economic Evaluation of the Capital Grant Element of the Farm Diversification Grant Scheme (1994) Wye College and CEAS for MAFF.

The Farm Diversification Grant Scheme (FDGS) was introduced in 1988 to help farmers to broaden their sources of on-farm income beyond the traditional farming activity. Capital grants were provided to develop non-farming income sources and grants were also available for feasibility and marketing studies (grants ceased to be available after January 1993).

**Evaluation Objectives:** To assess the success of the capital grants element of the Scheme in meeting its objectives. It assessed the:

- financial return from diversification;
- long term viability of the diversified activities;
- factors which determine the success of diversified activities;
- conditions of the scheme which were of most and least importance in affecting take-up;
- effectiveness of the scheme in providing assistance to younger farmers; and,
- efficiency and effectiveness of the scheme as inferred in the term value for money.

**Methodology:** a literature review was undertaken to provide the background to the FDGS. Three surveys were undertaken; a participant sample of 305 farms, a non-participant sample of 300 and 17 case studies.
The evaluation found that the average change in income due to the scheme was £5,650. Most farmers felt that the enterprises had a long-term future. Success depended on a number of factors including enthusiasm, hard work, family stability and luck. Enterprises that developed from small beginnings were most likely to succeed. There would have been greater scheme uptake if the rate of grant had been higher and the conditions less restrictive. The scheme was not effective in providing assistance to younger farmers. The scheme did not really provide value for money as the majority of the enterprises would have gone ahead anyway. Diversification did help farmers to utilise labour more efficiently and some new jobs were created.

The study concluded that 'there was little evidence of market failure in the development of diversified activities on farms. It is therefore hard to understand why this particular scheme had been developed.' Possibly an information programme on setting up and running a diversified activity would have been more appropriate. One useful aspect of the scheme may have been to give some legitimacy to the idea of diversification on farms as a positive move rather than an admission of failure to farm successfully.


The study was carried out for Defra in 2001 with the objectives to:

- define the nature and types of farm restructuring and to describe and quantify how farm businesses have restructured over the last five years;
- identify those factors which drive and help restructuring, and those which hinder and slow down the process;
- predict the likely structural changes in farm business over the next five years;
- assess and quantify as far as possible the implications of restructuring for farming practices and farm businesses, those working in agriculture, the wider rural economy and the rural environment; and,
- consider the implications for future policy options.

Methodology: The nature of restructuring and the key drivers of change were investigated through a literature review and a discussion with a panel of experts. An indicative quantification of the patterns and processes of restructuring in recent past and near future was obtained from a survey of farmers in six study areas, and small surveys of land agents involved in land and milk quota sales and local government officers dealing with planning applications from farmers in those areas. The environmental and economic implications were estimated from survey data and from focus groups from the study areas. A panel of experts assessed the implications of restructuring and its consequences for government policy.

The research had a regional focus and the six study areas were chosen to represent different types of countryside and different farming systems. The Peak District (Bakewell area), The High Weald
(Heathfield area), East Midlands (Newark area), Cumbria (Orton Fells area), Mid-Devon (Witheridge area) and North Norfolk (Fakenham area).

The length and detail of this report make it impractical to summarise the actual findings, but the report is organised along the following lines.

After defining and discussing agricultural restructuring the report describes the different drivers of this change. These can be global, national, regional or at the farm level. Farmers are using many different strategies to adapt and the process and pattern of restructuring on the sample of 255 farms is fully analysed in the main body of the report. Firstly the indicators of restructuring, changing farm size and land management, changing labour practices, and the deployment and redeployment of capital are investigated. In the following section the particular types of restructuring are identified along with trends in the redeployment of resources and what appear to be the main drivers and the barriers to change. Then there is a detailed analysis of restructuring seen at study area level. The environmental and economic effects are then considered.

The final Chapter provides both a summary and conclusions and suggests a number of information and research needs.

**Key Drivers of Economic Development and Inclusion in Rural Areas.** (2002) Defra.

'It is now widely accepted that agriculture is no longer the main economic driver in rural economies and that the traditional analytical framework that saw rural areas through an agricultural perspective is out of date. Rural economies have undergone a process of uneven change over many years driven by different sets of internal and external drivers'.

Changes taking place in rural areas, economic, social and demographic and the changed objectives of Government policy towards rural affairs point to the need for a wider economic analysis than that traditionally carried out by MAFF. Defra have sought to improve their rural evidence base with two studies. One identified the key rural statistics that Defra needed and proposed a strategy for obtaining them. This is the second study which seeks to determine what the key drivers of economic change in rural England are, to advise on the gaps in information and to recommend the next steps to take.

**Methodology:** A series of discussions was held with stakeholders to find what they saw as the key socio-economic questions facing rural England with regard to economic development and social inclusion. An initial paper was drafted summarising these and consultations held with Defra. The available socio-economic literature, from England and other countries, was then reviewed to provide answers to the questions where possible and to identify gaps in the literature. Suggestions were then made as to how Defra and key stakeholders might fill these gaps.
The report is organised in a number of sections:

- the analytical framework;
- processes of change;
- economic growth;
- leading and lagging areas;
- linkages
- social exclusion;
- rural regeneration;
- policy levers.

Each section begins with a statement of the key questions, followed by what evidence is available in the literature and ends with recommendations for further research.

There is a full Summary and Conclusions section that brings the findings together emphasising the gaps in knowledge and finally suggesting priorities. One priority is that Defra economic analysis should be more territorially and less sector based than it has been. In addition, the wide range of Government departments and agencies with an interest in rural development policy should work more closely together to co-ordinate their data collection and analysis: ‘this would help in the development of a more coherent and comparable evidence base for rural areas across the country’.

The most important areas of research needed to fill gaps in the evidence base are felt to be:

- achieving a better understanding of the inter-linkages between key industries in rural areas such as tourism, the local service sector and agriculture, possibly on a regional rather than a national basis;
- gaining a better understanding of the extent of social exclusion in rural areas. Firstly, whether it is the dispersed nature of social exclusion in rural areas and its lack of visibility in areas of apparent affluence, which cause it to be underestimated. Secondly how the level of social exclusion in rural areas compares with the level found in urban areas;
- gaining a better understanding of the informal linkages and networks in economic development on rural areas. Studying the leading and lagging areas in England in economic terms could be a useful way of doing this; and,
- developing a methodology to provide more robust estimates of the importance of the quality of the environment to economic development and regeneration in rural areas.
A3.11. Objective 5b Measures

The Objective 5b programme operated in parts of Wales between 1988 and 1999. The rural measures within the programme have now been incorporated into other parts of the Wales RDP 2000-2006. There is a full description of the original Objective 5b programme in Part 2, 'Impacts of previous programming', pps. 133 to 138 of the Wales RDP. This includes a review of the findings of two evaluations which were made of the measures: