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Your ref:
Our ref:

CONSULTATION ON THE RURAL DEVELOPMENT PROGRAMME FOR SCOTLAND 2007 - 2013

Responding to this consultation paper

We are inviting written responses to this consultation paper by 27 June 2006. **Please send your response to:**

RDProgramme@scotland.gsi.gov.uk

or

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If you have any queries please contact Zoë Woods on 0131 244 3376.

We would be grateful if you could clearly indicate in your response which questions or parts of the consultation paper you are responding to using the consultation questionnaire attached, as this will aid our analysis of the responses received.

This consultation, and all other SE consultation exercises, can be viewed online at <http://www.scotland.gov.uk/consultations>. You can telephone Freephone 0800 77 1234 to find out where your nearest public internet access point is.

The Scottish Executive now has an email alert system for SE consultations (SEconsult). This system allows stakeholder individuals and organisations to register and receive a weekly email containing details of all new SE consultations (including web links). SEconsult complements, but in no way replaces SE distribution lists, and is designed to allow stakeholders to keep up to date with all SE consultations activity, and therefore be alerted at the earliest opportunity to those of most interest. We would encourage you to register.

Access to consultation responses

We will make all responses available to the public in the Scottish Executive Library by 25 July 2006 and on the Scottish Executive consultation web pages by 1 August 2006, unless confidentiality is requested. All responses not marked confidential will be checked for any potentially defamatory material before being logged in the library or placed on the website.

CONSULTATION QUESTIONNAIRE

Please complete the details below and attach it with your response. This will help ensure we handle your response appropriately:

Name:

Postal Address:

Consultation title:

1. Are you responding as: (please tick one box)

- (a) an individual (go to 2a/b)
(b) **on behalf of** a group or organisation (go to 2c)

2a. INDIVIDUALS:

Do you agree to your response being made available to the public (in SE library and/or on SE website)?

- Yes (go to 2b below)
No, not at all

2b. Where **confidentiality is not requested**, we will make your response available to the public on the following basis (**please tick one** of the following boxes)

- Yes, make my response, name and address all available
Yes, make my response available, but not my name or address
Yes, make my response and name available, but not my address

2c ON BEHALF OF GROUPS OR ORGANISATIONS:

Your name and address as respondees **will be** made available to the public (in the SE library and/or on SE website). Are you content for your response to be made available also?

- Yes
No

SHARING RESPONSES/FUTURE ENGAGEMENT

3. We will share your response internally with other SE policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for the Scottish Executive to contact you again in the future in relation to this consultation response?

- Yes
No

RESPONSE FORM FOR THE SCOTTISH RURAL DEVELOPMENT PROGRAMME 2007-2013

1. Do you agree with the “historic payments” system proposed for LFAs?

Yes No

Please explain your answer and, if appropriate, provide alternative suggestions.

2. Do you agree with the suggested approach for ensuring that payments are only made in respect of land that is being actively farmed?

Yes No

Please explain your answer and, if appropriate, provide alternative suggestions.

3. Do you agree with the proposals to give greater weight to “very fragile areas” and to increase the minimum payment?

Yes No

Please explain your answer and, if appropriate, provide alternative suggestions.

4. Do you agree with the national objectives identified in Annex C?

Yes, completely	<input type="checkbox"/>	No, for the most part	<input type="checkbox"/>
Yes, for the most part	<input type="checkbox"/>	Not at all	<input type="checkbox"/>
To some extent	<input type="checkbox"/>		

Please comment on any objectives that you feel are particularly important.

5. Do you agree with the proposed integration of schemes into LMCs?

Yes No, for the most part
Yes, for the most part No
Please explain your answer.

6. Are the proposed lists of Tier 2 and Tier 3 measures in Annexes D and E suitable for the delivery of LMC objectives on:

i economic issues Yes No
ii social issues Yes No
iii environmental issues? Yes No

Please explain your answers.

7. Is there an appropriate balance between the proposed economic, social and environmental measures for LMCs?

Yes No
Please explain your answer.

8. Do the proposed measures encourage an integrated approach compatible with sustainable development?

Yes No
To some extent
Please explain your answer.

9. Should there be a mechanism for ensuring that land managers adopt a spread of measures from Tier 2?

Yes No

Please explain your answer.

10. Do you agree with the list of capital items as proposed in Annex G?

Yes No

Please explain your answer.

11. Should the LEADER mechanism be used to deliver across all the Axes?

Yes No

Please explain your answer.

12. How can LMCs and LEADER be administered to deliver mutually supportive approaches to rural development?

13. Do you agree with the proposed Rural Development Framework approach?

Yes No

Please explain your answer.

14. Do you think that the proposed RPAC approach would be an effective means of delivering regional and local priorities while meeting national objectives? Please explain your answer

Yes No

15. Would RPACs be an appropriate approach for applications under all of the Axes?

Please explain your answer with reference to specific Axes

16. Which interests do you think should be represented on the RPACs?

17. Do you agree with the proposed system of guidance on regional and local priorities to enable greater targeting in the SRDP? Please explain your answer

Yes, completely No, for the most part
Yes, for the most part Not at all
To some extent

18 a) Do you agree with the range of topics that the guidance will cover? Please explain your answer

- | | | | |
|------------------------|--------------------------|-----------------------|--------------------------|
| Yes, completely | <input type="checkbox"/> | No, for the most part | <input type="checkbox"/> |
| Yes, for the most part | <input type="checkbox"/> | Not at all | <input type="checkbox"/> |
| To some extent | <input type="checkbox"/> | | |

18b) Should the guidance adopt the same approach across all three Axes?

- Yes No

Please explain your answer

19. What mechanisms could be put in place to ensure that the advice provided is of a high standard that will help achieve the policy outcomes expected?

20. What areas of activity should the SRDP support in order to ensure that it complements activities supported through other funding streams?

21. Do you have a view as to the potential impact of this programme on equality groups, such as those relating to gender, ethnicity, disability, sexual orientation, age and faith or belief?

The Scottish Executive Consultation Process

Consultation is an essential and important aspect of Scottish Executive working methods. Given the wide-ranging areas of work of the Scottish Executive, there are many varied types of consultation. However, in general Scottish Executive consultation exercises aim to provide opportunities for all those who wish to express their opinions on a proposed area of work to do so in ways which will inform and enhance that work.

While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body. Consultation exercises may involve seeking views in a number of different ways, such as public meetings, focus groups or questionnaire exercises.

Typically, Scottish Executive consultations involve a written paper inviting answers to specific questions or more general views about the material presented. Written papers are distributed to organisations and individuals with an interest in the area of consultation, and they are also placed on the Scottish Executive web site enabling a wider audience to access the paper and submit their responses¹. Copies of all the responses received to consultation exercises (except those where the individual or organisation requested confidentiality) are placed in the Scottish Executive library at Saughton House, Edinburgh (K Spur, Saughton House, Broomhouse Drive, Edinburgh, EH11 3XD, telephone 0131 244 4552).

The views and suggestions detailed in consultation responses are analysed and used as part of the decision making process. Depending on the nature of the consultation exercise the responses received may:

- indicate the need for policy development or review
- inform the development of a particular policy
- help decisions to be made between alternative policy proposals
- be used to finalise legislation before it is implemented

If you have any comments about how this consultation exercise has been conducted, please send them to Zoë Woods at the address above, alternatively, you may email your comments to rdstrategy@scotland.gsi.gov.uk

¹ <http://www.scotland.gov.uk/consultations>



Rural Development Programme for Scotland 2007-2013

Consultation

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Consultation

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The Kindrochaid Highland cattle image, Cover top left, was provided by Robin Bignal.

**Consultation on the
SCOTLAND RURAL DEVELOPMENT PROGRAMME 2007-13**

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FOREWORD

A NEW ERA FOR RURAL DEVELOPMENT

In preparing a new Scottish Development Plan and Programme we are establishing a most important tool for delivery over the next 7 years. It's a rare opportunity and there are big decisions to take as we shape a new approach to meet our need for sustainable rural development. There will be new incentives for land managers and others to earn a return from investments designed to secure public benefits for Scotland.

We are already leading the way in Britain and Europe with our Land Management Contracts. The animal health improvement elements of the Tier 2 menu scheme, the support for accreditation memberships, and payments to encourage access are all part of a distinctive Scottish approach.

In devising the remaining parts of the Land Management Contracts, we must be equally innovative and forward looking. In particular, we must aim to create a rural development policy that capitalises on the assets of rural Scotland – its resourceful people and its outstanding landscapes and natural heritage. It must be an approach that is clearly part of the delivery of national outcomes, such as reduced pollution, flood management, action to address global warming, and biodiversity. But it must also be one that respects regional and local priorities and the need to join initiatives to achieve sustainable development.

The rural dimension should be implicit in all the policy of the Scottish Executive. All those engaged in designing and delivering services should be reflecting the special needs that arise with distance from urban places. Beyond that there is a need for investment in rural development in the shape of:

- payments to sustain the environment and other rural infrastructure (which provide public value for people and for businesses who can capitalise on a good environment); and,
- one-off investments in rural development projects (overcoming market failure and enabling businesses to move away from long term dependence on government funds).

Our proposed investment approach therefore comprises several elements.

- Assistance to farmers up to 2013 as they adjust from the previous commodity grant schemes and plan for a future when less money is likely to be available from the state (the single farm payment in Land Management Contracts Tier 1).

- Payments to farmers and crofters in recognition of the structural disadvantage of operating in remote areas designed to sustain traditional agricultural landscapes and local communities (the Less Favoured Areas Support Scheme).
- Payments for modest economic, social and environmental measures at the choice of the individual farmer or crofter (the menu scheme under Tier 2 of the Land Management Contracts).
- Larger investments in targeted activities contributing to national objectives under one of three headings: improving the competitiveness of the agricultural and forestry sector; improving the environment and the countryside; and improving the quality of life in rural areas and diversification of the rural economy (the competitive scheme under Tier 3 of Land Management Contracts).
- Investments in social, economic or environmental schemes worked up through local community development (the LEADER approach).
- Specific grant schemes, where justified, delivering outputs than cannot be achieved by use of the Tier 3 approach.

The innovative potential of the Tier 3 approach will give us more to be proud of in Scotland, and I will welcome your views on this aspect in particular. Not only will we be able to capitalise on bringing in the community dimension of LEADER, but also we can link support for land managers with national policy priorities. That way they can deliver not only the food and other countryside products for consumers, but they can also deliver public goods and earn a fair return from doing so.

In short, our proposals would see:

- Land managers and communities encouraged to develop ideas and bring them forward if they can be shown to have the potential to deliver the goals in the national plan – water framework directive implementation, climate change strategy, flood protection, economic development and improved services in rural areas, increased domestic food processing and biodiversity;
- Clarity from the Scottish Executive about the outcomes to be delivered and the outputs that can contribute to that delivery, as well as about the relative policy priorities;
- Compliance with the minimum spend targets set by the European Union for each of the three Axes (see above) and under LEADER;
- An administrative approach in which our comprehensive scheme does not overlap with, but clearly complements assistance available under other schemes – with clarity of approach at both the national and regional level; applicants will need to study national and local guidance and shape their proposals accordingly; and,
- A national focus that sees funds deployed on national priorities, assessed by local panels with wide representation including community representatives, and administered by SEERAD regional offices as part of an “On the Ground” approach bringing all the relevant agencies together.

This is an ambitious agenda and full of potential – a place-based approach, available to capitalise on local strengths. How far we can go with it will depend on the budget we set for the overall programme from EU and domestic sources. But it is already clear that the budget will not be enough to achieve all the outputs that stakeholders are looking for. We can overcome that in some respects by transferring funds by additional voluntary modulation from the single farm payment and making them available for rural development.. We can also

create a more effective programme, more easily accessible to applicants, by wrapping some of the current separate schemes into the Land Management Contracts Tier 3 whilst maintaining the full range of purposes that those grants currently meet. That would lead to simpler, more responsive decisions in which projects would be judged for their wider contribution in a wider context; and in which simpler paperwork allows staff from all parts of the SEERAD family to come together in an efficient grant management process – the so-called On the Ground approach to rural development.

I believe that this is indeed the start of a new era for rural development policy. Even with the limited funds likely to be available, we should be able to engage many thousands of land managers, farmers, crofters and others to work with us as we tackle some of the big challenges that face rural Scotland and its people. I look forward to your contributions to shaping an exciting agenda.

A handwritten signature in black ink, appearing to read 'Ross Finnie', with a small dot at the end.

ROSS FINNIE MSP
Minister for Environment and Rural Development

PART 1

PURPOSE

1. This consultation paper invites your views on the content of the 2007-13 Scotland Rural Development Programme (SRDP). The SRDP will set Scottish Ministers' goals for sustainable rural development and the types of support that will be available to help achieve these goals over the next 7 years using European Union funds - particularly the European Agricultural Fund for Rural Development (EAFRD) - and co-funding from the Scottish Executive.

INTRODUCTION

2. We recently consulted on the strategic approach to the 2007-13 SRDP. That Strategy will form part of a UK National Strategy Plan which must be submitted to the European Commission (EC) prior to submission of the 2007-13 SRDP in summer 2006. This second consultation focuses on the content of the SRDP including the mechanisms and agency arrangements to deliver funding.

3. The paper is structured as follows.

Part 1 provides a brief overview of the strategic context of the SRDP.

Part 2 sets out the schemes that we propose to use to implement the SRDP, including (in an annex) a list of proposed measures.

Part 3 gives information on how the Programme will be put into action.

4. This paper has been sent to organisations with an interest in rural communities, land-use, the environment and rural development. It is also available online at www.scotland.gov.uk/consultations/.

5. Written responses to this consultation are invited by **27 June 2006**, although you are encouraged to respond prior to this deadline if possible. You are invited to respond to the specific questions identified in this document, although we welcome comments on any further issues that you feel are important. Responses are requested in the order of the questions asked (although you do not have to answer all of them). Any additional comments can be made at the end of your response.

Written responses should be sent to:

Zoe Woods

Scottish Executive Environment and Rural Affairs Department

Pentland House (Area 1E)

Robb's Loan

Edinburgh EH14 1TY

Electronic responses should be sent to *RDProgramme@scotland.gsi.gov.uk*

Freedom of Information

6. The Scottish Executive intends to publish the responses to this document. Where respondents have given permission for their response to be made public, we intend to publish the name and address (or part of the address) of the author along with the response, as this gives credibility to the consultation exercise. It is therefore important that you let us know how you wish your response to be handled. If you do not wish to be identified as the author of your response, or do not wish your response to be published, please state this expressly in writing to us. We will regard your response as confidential, and we will treat it accordingly.

7. You should be aware that the Scottish Executive is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and the Environmental Information (Scotland) Regulations 2004 and would therefore have to consider any request made to it under the Act or the Regulations for information relating to responses made to this document.

Strategic Context

8. The strategic context for the 2007-13 SRDP is set out in the consultation paper on the strategic plan in Scotland. The paper presents the guiding principles that govern EU support for rural development, and the strategic outcomes and priorities that are desired in Scotland. A copy of the paper can be found at www.scotland.gov.uk/consultations although the consultation period is now closed.

9. The EU regulatory framework for supporting rural development between 2007 and 2013 is provided in the new Rural Development Regulation (RDR) (1698/2005) and in the associated Transitional and Implementing Regulations that are currently in draft form. The RDR, and the funding that it provides through EAFRD, along with linked domestic funding, represent a significant incentive to achieve public policy goals, through land management and business and community development across rural Scotland. A copy of the Regulation can be found at: http://europa.eu.int.comm/agriculture/rur/index_en.htm.

10. The new Regulation emphasises the need for a strategic approach to the development of Rural Development Programmes (RDPs). This approach will be essential to ensure that resources are spent most effectively and deliver public value. Our proposals for the SRDP are based on meeting strategic rural priorities in Scotland, as set out in the consultation on the Strategic Plan, and guided by the EU Strategic Guidelines on Rural Development. These guidelines state that the main principle behind rural development policy is to combine strong economic performance with sustainable use of natural resources. Member States are also required to ensure that their RDPs are designed in a way that is properly integrated with other domestic and EU funding programmes (i.e. Structural Fund and European Fisheries Fund programmes) and related domestic spending. The Strategic Guidelines can be found at: http://europa.eu.int/comm/agriculture/capreform/rdguidelines/index_en.htm.

11. We have proposed three themes for the Strategic Plan in Scotland:

- Theme 1 – Underpinning performance and quality in the agriculture, food processing and forestry sectors
- Theme 2 – Enhancing rural landscapes and the natural heritage
- Theme 3 – Promoting a more diverse rural economy and thriving rural communities.

These themes are drawn from the strategic aims of the new RDR and are designed to address the priorities and challenges facing rural Scotland. They will contribute to Partnership Agreement commitments and address objectives in key strategic areas such as adding value in the rural economy, in particular agriculture and forestry, biodiversity, climate change, the water environment, animal health and welfare and community development and sustainability.

12. The recently published agriculture strategy (*A Forward Strategy for Scottish Agriculture: Next Steps*) emphasises the importance of Scottish agriculture contributing fully towards vibrant rural communities and stronger rural economies through sustainable diversification and continued engagement with the broad spectrum of local communities. It identifies 22 specific actions relating to food production and marketing, rural development, environment and communications. Further, a public consultation is underway at present on a revised *Scottish Forestry Strategy* which emphasises the central role of forests and woodlands in our culture, environment and economy. Where appropriate, actions from these strategies will be promoted through the SRDP.

Setting up Rural Development Programmes

13. Regulation 1698/2005 states that Rural Development Programmes for 2007-13 should be built around three thematic priorities or Axes. These Axes contain 42 ‘measures’ (see Annex A) which show the types of activity that may be funded using the EAFRD. The strategic guidelines indicate that there should be consistency and cohesion within and between the Axes. The measures can contribute to more than one Axis.

14. The three Axes are:

- Improving the competitiveness of agriculture and forestry by supporting the priorities of knowledge transfer, modernisation, innovation and quality in the food chain, and on priority sectors for investment in physical and human capital (Axis 1);
- Improving the environment and the countryside by supporting land management (Axis 2); and
- Improving the quality of life in rural areas and encouraging diversification and growth of economic activity (Axis 3).

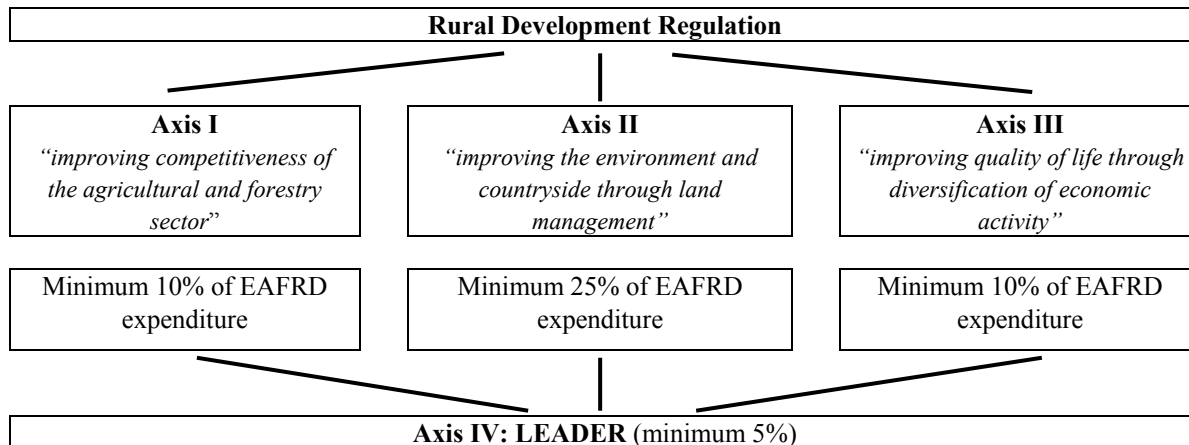
15. There is also a fourth Axis that uses the LEADER approach to deliver a locally-driven approach to innovation and development administered by local partnerships. Axis 4 can be delivered across any one or combination of the three main Axes.

16. The three Axes in the Regulation aim to deliver RDPs that balance wide-ranging objectives for rural development. Member States must allocate minimum proportions of EAFRD resources (including compulsory modulation) to each of the Axes, as follows:

- Axis 1 : 10%
- Axis 2 : 25%
- Axis 3 : 10%
- Axis 4 : 5% (within the minima for Axes 1-3)

These proportions must be borne in mind when considering the balance between different types of measures to be supported in the SRDP. Funding from the EAFRD must be matched by a contribution from national sources.

The distribution of funding between the Axes is shown below.



17. The EU rules require that RDPs are structured around sixteen chapters, set out in the Regulation. These include an overview of the Scottish strategic approach, Scotland’s proposals for the use of Axes and measures, finance, complementarity with other funding streams and arrangements for monitoring and evaluation. A full breakdown of the information required within the Programme is set out in Annex B.

PART 2

CONTENT OF THE SCOTLAND RURAL DEVELOPMENT PROGRAMME 2007-13

18. Rural Scotland has a diverse natural environment and wide variations in the conditions facing its communities and economy. We propose, therefore, that the 2007-13 SRDP should set clear national policy objectives while incorporating flexibility in the design and delivery of schemes to respond to local and regional needs and priorities. We also wish to implement a Programme that delivers co-ordinated support schemes to rural areas and that allows innovation to flourish. Underpinning all our proposals is the principle of sustainability whereby measures achieve complementary outcomes – whether economic, social or environmental – and avoid *net* damage to the natural and cultural environment.

19. In addition to these high-level considerations, we propose that the selection of measures for support in the SRDP be guided by the following principles.

- There should be **evidence** to justify funding.
- Support should be targeted at areas, sectors or communities where there is a **demonstrable and significant need**.
- There should be **no duplication** through other funding streams such as the EU Structural Funds; indeed measures should **complement** other initiatives and be consistent with local authority plans and local economic strategies.
- **Funding should be the most appropriate solution**, either in terms of building capacity or supporting projects.

- Funding must deliver outcomes **that would not happen otherwise** and make a **significant and, wherever possible, measurable improvement**.
- Funding must be delivered at a **reasonable cost** and ensuring proper **accountability** for the resources that are spent.

20. The measures that are selected for the 2007-13 SRDP must comply with the Rural Development Regulation. We will establish a programme of schemes that will build on the quality and competitiveness of farming and forestry and deliver environmental, economic and social benefits for the people and communities of Scotland. The Programme will include measures that can be used to support businesses across the rural economy, including such important sectors as tourism. The Programme will also recognise the high costs and poor access to markets faced in upland and remote areas.

21. We propose that the following schemes provide the main building blocks for the SRDP, although there is also scope to incorporate ‘stand-alone’ schemes that are best delivered through other mechanisms:

- Less Favoured Area Support Scheme (LFASS);
- Land Management Contracts (LMCs); and,
- LEADER.

Less Favoured Area Support Scheme (LFASS)

22. As noted in the consultation paper on the Strategy, the Less Favoured Area Support Scheme (LFASS) contributes to maintenance of economic activity and traditional agricultural landscapes through continued use of agricultural land. It falls within Axis 2 of the new RDR. Less Favoured Areas (LFAs) are an important feature of land-use in Scotland, where they cover 85% of agricultural land. The active management of this land will continue to be necessary as a foundation for the delivery of many of the actions identified under the three themes of the Strategy, including economic and community goals.

23. Pending the outcome of an EU-wide review in 2008, the new Regulation has delayed implementation of major changes in LFA support until 1 January 2010. In general terms, the articles under the RDR for 2000-6 (Regulation 1257/1999) that currently apply to LFA support will continue to apply during the years 2007, 2008 and 2009. We propose that Scotland should have an interim LFA scheme from 2007 until 2009, with limited changes prior to the introduction of a new scheme in 2010. We have been working with stakeholders to explore options on how best to achieve this. In addition, we have commissioned an evaluation of LFASS in Scotland to help inform the way forward from 2010.

24. The proposed interim scheme will use 2006 as a reference year to determine payments per hectare from 2007 to 2009 and the 2005 Single Application Form (SAF) to determine eligible areas. For example (and subject to any adjustments noted below), a land-holder receiving £2,000 for 100 hectares in 2006 would receive £20 per hectare for that land in 2007, 2008 and 2009. Whilst this “historic payments” system would be similar in some ways to the Single Farm Payment, it is important to note that payments would be tied to the land which earned the payment in 2006, and was declared in the 2005 SAF, and would be payable to the current occupier of that land, provided he or she met the scheme requirements. During this interim period, there will be no change in the basis for designating land for LFA support.

25. We propose to introduce safeguards to ensure that payments are only made to those who are actively farming the land, but, if possible, defining eligible activity without being over prescriptive about how the land is being farmed. Farming activity in LFAs is mainly associated with extensive grazing of cattle and sheep. Therefore, a possible approach to gauging continuing activity might be to continue to ask for details of livestock numbers (as declared on the Single Application Form) as a guide to inspection selection. Applicants would also need to continue to fulfil the environmental controls that apply to the present scheme and (in order to satisfy the requirements of the new Regulation) would need to maintain the land in Good Agricultural and Environmental Condition and respect cross-compliance¹, as defined in Regulation (EC) 1782/2003.

Do you agree with the “historic payments” system proposed here? If not, what alternative would you suggest?

Do you agree with the suggested approach for ensuring that payments are only made in respect of land that is being actively farmed? If not, what alternative would you suggest?

26. At present, spending on LFASS amounts to £61 million per year and is paid to approximately 13,000 farmers and crofters. About 18% of LFASS payments are made to farmers or crofters in “very fragile” areas (namely islands), 25% are paid to farmers or crofters in “fragile” areas (mainland areas of disadvantage and high transport costs) and the remaining 57% are paid to farmers in “standard” areas (areas with lower transport costs). A number of stakeholders have stated that the current distribution of payments gives insufficient weight to the permanent disadvantage faced in “very fragile” areas. Given that the scheme for 2007, 2008 and 2009 is an interim scheme, radical changes are not being proposed. We do, however, propose to make some modest changes to give greater weight to “very fragile” areas. This can be done in a cash neutral way by reducing payments in “standard” areas, while increasing payments in “very fragile” areas, and increasing the minimum payment for holdings with at least 10 hectares of eligible land.

Do you agree with the proposals to give greater weight to “very fragile areas” and to increase the minimum payment?

- if so, do you agree with the suggested approach?
- if not, what alternatives would you suggest?

Land Management Contracts

27. The reform to the CAP in 2003 provided the opportunity to introduce a new approach to delivering support to rural Scotland, namely Land Management Contracts (LMCs). LMCs will occupy a central role in the 2007-13 SRDP. Their full introduction will contribute to a sustainable, prosperous land-based sector which plays a key role in rural development and to achieving high standards of land stewardship. It will make payments for the delivery of environmental, economic and social benefits. The full LMC concept has 3 tiers:

¹ Guidance on Cross Compliance is available from SEERAD regional offices or can be downloaded from: <http://www.scotland.gov.uk/Publications/2005/12/0990918/09199>

- **Tier 1 – Single Farm Payment and cross compliance** - securing a basic level of environmental protection, food safety and animal welfare;
- **Tier 2 – LMC Menu Scheme** - delivering widespread benefits leading to economic, social and environmental improvement; and,
- **Tier 3 – under development for 2007** - providing tailored benefits leading to economic, social and environmental enhancement.

The Tier 1 Single Farm Payment provides support that is “decoupled” from food production, encouraging farmers and crofters to make business decisions in response to market conditions. Tier 1 will not form part of the SRDP and is not discussed further in this document. The aims of Tiers 2 and 3 are to provide support to a broader range of land-based activities, including the farmed environment and forestry, and to support other sustainable activities in rural communities.

28. We propose to move to a system where LMCs become the principal gateway to support for land management, business development, diversification and wider rural development measures. Our aspiration is that LMCs enable the Scottish Executive to deliver many of its broad-ranging priorities for rural areas and to achieve a cross-cutting approach to implementing actions across the Axes of the RDR. For example, agri-environment measures on wetland biodiversity can deliver benefits relating to water quality, flood management, soil quality, climate change and tourism. Some measures can also deliver benefits that cut across the Axes; for example, improved nutrient targeting can deliver other environmental benefits under Axis 2, such as improved air quality, and also reduce costs, thereby contributing to the competitiveness objective of Axis 1.

29. We have been working closely with partners – including Forestry Commission Scotland and Scottish Natural Heritage – to implement a common integrated approach to LMCs. In addition, the LEADER approach may support some of the objectives of LMCs, providing support for wide-ranging innovative and community-led projects that come within the scope of the three Axes in Regulation 1698/2005. More detail on the approach to LEADER is provided in Paragraphs 40 to 46.

30. The guiding principles of LMCs are to:

- deliver broad economic, social and environmental policy objectives through an integrated approach to land management;
- provide the basis for moving towards a ‘one stop shop’ for land managers and other rural actors and a joined-up approach to the administration and delivery of rural funding by the Scottish Executive, its agencies and Forestry Commission Scotland;
- work in partnership with Scottish Enterprise and Business Gateway to promote LMCs;
- focus on sustainable land management outcomes, the delivery of public goods and strong rural businesses and communities;
- be available to a wide range of rural businesses (primarily land managers, e.g. farmers, crofters, foresters, sporting estates), whoever is best placed to deliver desired outcomes; and,
- learn from the best parts of existing schemes.

31. A suite of national objectives for LMCs (see Annex C) has been developed with relevant policy colleagues and with stakeholders based on existing policies and the strategic outcomes of the Scottish Executive Environment and Rural Affairs Department (SEERAD). These objectives fit within the objectives of the Strategic Plan for the SRDP and provide the framework for Tiers 2 and 3 of LMCs.

Do you agree with the national objectives identified in Annex C?
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Measures

32. We are working to develop the measures that could be delivered through LMCs. Most of this work is being applied to the development of Tier 3, although we are also considering new Tier 2 measures. We will select measures based on their contribution to SEERAD outcomes and policy priorities as set out in the Strategy. The measures that we propose to be considered in LMCs are set out in Annexes D and E. Annex D lists the types of measure and places these in a strategic context by relating them to strategic themes, policy objectives and the relevant Axes in the RDR. Annex E provides more detail by listing the individual measures and giving a brief description of each. The measures have been worked up through discussions with partners and stakeholders, in particular through the work of three Technical Working Groups that comprise experts from a broad range of government and non-government organisations with a role in rural Scotland. Each of these measures has the potential to contribute to meeting our priority objectives. However, given finite financial resources, we consider that it will be necessary to select from that list those measures which will make the clearest contribution to achieving these priority objectives.

33. We are also examining existing schemes, including those addressing agri-environment, forestry, business development and diversification, processing and marketing and wider rural development objectives. Bringing these into LMCs, in whole or in part, and with suitable adjustment, would provide more flexibility in developing applications for support that provide multiple benefits. It would also mean an easier approach for applicants and more efficiency in delivery. It would allow a wider LMC approach to better meet the policy objectives of the new SRDP. The specific schemes² which are being considered, all or in part, for incorporation into LMCs are shown below and are described in more detail in Annex F:

- Rural Stewardship Scheme;
- Organic Aid Scheme;
- Farm Business Development Scheme;
- Agricultural Business Development Scheme;
- Scottish Forestry Grants Scheme Farmland Premium;
- Scottish Forestry Grant Scheme (in part);
- Scottish Natural Heritage Natural Care Scheme (in part);
- Crofting Counties Agricultural Grant Scheme;
- Crofters Cattle Quality Improvement Scheme;
- Crofting Counties Development Scheme;
- Agriculture Processing and Marketing Grants; and,
- Scottish Rural Partnership Fund.

² Current agreements under these schemes will continue until completion but, in general, new agreements will not be entered into after 31st December 2006.

34. Our proposals for incorporating these schemes with the LMC mechanism are intended to provide a co-ordinated system of support directed at delivering policy objectives. However, it is important to note that these schemes currently deliver important outcomes, in some cases for land managers and businesses in specific areas and/or activities (for example, crofting and forestry). We do not intend our proposals to compromise spending on the outcomes currently achieved by these schemes.

35. We are mindful that LMCs may not be an appropriate mechanism for certain schemes and actions. For example, SNH will still undertake individual management agreements with land managers, in particular where compensatory or one-off arrangements are necessary. Other schemes may be less directly concerned with land management; for example, agriculture processing and marketing grants include support for facilities in urban areas (drawing on Scottish food production from elsewhere) and may sit more comfortably outside LMCs. Further, Forestry Commission Scotland will continue to administer stand-alone measures within the SRDP including the Strategic Timber Transport Scheme.

Do you agree with the proposed integration of schemes into LMCs?
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Tier 2 – LMC Menu Scheme

36. The LMC Menu Scheme was introduced in 2005. There are currently 17 measures available to land managers through the Menu Scheme (see Annex E). The design of the scheme is simple with prescriptive measures and set payment rates that require limited planning. Participation is voluntary, as is the selection of measures at present. The measures cover economic, social and environmental issues. Over 10,000 land managers applied to the scheme in 2005 and are currently undertaking a good spread of measures across the country. The scheme is non-competitive, there is no approval process and individual land managers (and common grazing committees from 2007) can participate within the limit of their individual allowance. The allowance is currently calculated as follows:

- first 10 hectares at £75 per hectare;
- next 90 at £30 per hectare;
- next 900 hectares at £1 per hectare;
- any hectares over 1000 at £0.10 per hectare.

37. Further Tier 2 measures are being considered for 2007. These are also set out in Annex E. We are carrying out a detailed review of the Tier 2 Menu Scheme in the coming months in order to see if improvements are required. The review will take account of recommendations from an analysis of the scheme that was commissioned in 2005.

LMC Tier 3 proposals

38. A major proposal for the 2007-13 SRDP is the introduction of Tier 3 of LMCs. Tier 3 will be competitive, with a range of measures available to both individuals and groups. It will target funding towards delivering the national objectives contained in Annex C and will take account of regional and local priorities.

Are the proposed lists of measures (see Annexes D and E) suitable for the delivery of the range of LMC objectives on:

- i. economic issues
- ii. social issues
- iii. environmental issues?

Is there an appropriate balance between the proposed economic, social and environmental measures for LMCs?

Do the proposed measures encourage an integrated approach compatible with sustainable development?

Should there be a mechanism for ensuring that land managers adopt a spread of measures from Tier 2?

Standard capital items

39. The current schemes operated by SEERAD, Forestry Commission Scotland and Scottish Natural Heritage include payments for a wide range of different capital items (for example stock fences, restoration of dykes and eradication of rhododendron). Generally, payment rates, and the specification for individual items, vary from scheme to scheme. For agri-environment schemes, payment is based on standard payment rates. By comparison, the Scottish Forestry Grants Scheme applies a percentage to a Standard Cost. These differences in approach lead to differing payment rates and is not helpful to land managers and advisers. As part of this overall process of integration and simplification, we propose to produce a list of capital items to be funded through the SRDP with an agreed standard payment rate for each item. This will take the form of a Standard Payment Booklet. A list of the proposed capital items can be found at Annex G.

Do you agree with the list of capital items as proposed in Annex G?

LEADER

40. A significant change under the new Rural Development Regulation is that the EU LEADER programme³ will be brought within the remit of Rural Development Programmes. This change provides for LEADER to form a mainstream part of the SRDP. The inclusion of LEADER provides significant flexibility for the SRDP to support diverse and innovative activities. The Regulation states that LEADER should contribute to the priorities of Axes 1 and 2 and in particular to Axis 3 although projects do not have to fit necessarily within a specific measure identified in the Regulation. Support through LEADER offers the opportunity to achieve outcomes that cross the three Axes, by supporting gains in competitiveness, environmental quality and new business activities, as well as improvements in the quality of life. LEADER should also improve the capacity of local communities to initiate and manage projects, thereby enhancing their potential to sustain locally-based development. In this context, a key focus of LEADER in 2007-13 will be to facilitate capacity-building and locally-based action in rural communities that can be sustained in the future.

41. LEADER is a locally-based approach to economic and community development within rural areas. It is a bottom-up local engagement process through which resources are targeted at those rural areas identified as most in need. Such need might be as a result of socio-economic and demographic factors including levels of employment, population levels and the age profile of local communities. Remoteness and/or fragility also play a significant part. LEADER is currently administered by Local Action Groups which comprise local partnerships of government and non-government organisations and individuals active in local development processes.

42. Regulation 1698/2005 states that the LEADER approach for 2007-2013 must have the following elements:

- an area based local development strategy;
- local public-private partnership known as local action groups (LAGs);
- bottom up approach with decision making powers for LAGs concerning the elaboration and implementation of local development strategies;
- multi-sectoral design and implementation;
- implementation of innovative practises;
- implementation of cooperation projects;
- networking of local partnerships.

43. Delivery of LEADER must be via a partnership approach through LAGs which propose an integrated local development strategy and which are able to demonstrate the ability to define and implement such a strategy. LAGs must be made up of up to 50% public agency partners and more than 50% socio-economic partners (not from the private sector). We propose that LAGs be aligned with the Regional Project Assessment Committees that have been presented in Paragraphs 55 to 57. This will help to achieve co-ordination and consistency between the activities of these bodies, and particularly with the community planning partnerships with which the LAGs need to be better linked. It will ensure that every part of rural Scotland has the opportunity to participate in this form of community development, while still respecting the needs of the more deprived areas.

³ Liaisons Entre Actions de Developpement de L'Economie Rurale or Links Between Actions for the Development of the Rural Economy

44. All of rural Scotland is potentially eligible to engage in the LEADER approach in the 2007-2013 programming period. The European Commission has established demographic limits to guide the size of the areas covered by LAGs. An individual LAG should have a minimum population of 10,000 and a maximum population of 100,000 people. These limits aim to ensure each LAG has adequate human, financial and economic resources (“critical mass”) to support efficient and effective delivery of projects while retaining the local approach that lies at the heart of LEADER. The Commission has indicated that there will be some flexibility in population levels where the population of a clearly defined LAG area is close to the prescribed limits.

45. As indicated in Paragraph 16, at least 5% of the European element of the SRDP budget must be spent using the LEADER approach. Resources have been transferred from the Co-operation element of the Structural Funds to the EAFRD for this purpose. We will also consider how other funds currently managed by SEERAD could be delivered through the LEADER approach. This would place more responsibility with local community planning partnerships and LAGs to co-ordinate priorities for locally-based development, whether economic, social or environmental in nature.

46. LEADER will become an integral part of the 2007-13 SRDP and will have a significant role in contributing to SEERAD outcomes. Responsibility for LEADER will transfer from the Scottish Executive’s Enterprise, Transport and Lifelong Learning Department to the Rural Development portfolio in SEERAD. It is proposed that LEADER should encourage the implementation of integrated, high-quality and original strategies for sustainable development and that there should be a strong focus on partnership and networks of experience. It is expected to prioritise projects featuring innovation or co-operation but may also address small-scale social needs such as youth and developing communities.

Should the LEADER mechanism be used to deliver across all the Axes? Please explain your answer

How can LMCs and LEADER be administered to deliver mutually supportive approaches to rural development?

Rural Development Frameworks

47. We believe that support provided to land managers and other rural businesses should be co-ordinated in a way that adds maximum value in terms of business competitiveness and wider economic, social and environmental outcomes, as envisaged for Tier 3 of LMCs. To ensure that this integrated approach is readily explained in applications and easily monitored, we propose that every application for Tier 3 of LMCs will be associated with a Rural Development Framework, explaining the specific approach to land management planning.

48. This approach is a feature of some existing schemes, whether in the form of a business plan, an organic conversion plan or an environmental audit. As a natural extension of the integration of measures we propose for Tier 3, we have been considering ways to create a set of basic business/project planning arrangements for LMCs to replace the existing mixture of approaches to planning. We believe our proposed new approach is “sufficient for purpose”. It avoids the need for applicants to provide the same information repeatedly when

applying for different schemes and is based on a single form where applicants provide the information necessary to explain why they are seeking funding and what the funding will deliver. This Rural Development Framework would be modular in design with a generic section for all applicants to Tier 3 and a series of optional sections (or modules) to be completed depending on the measure or measures for which funding is being sought. Applicants would only complete the modules relevant to their application.

49. We propose that this approach be described as Rural Development Frameworks, rather than Land Management Plans as has been previously suggested. We believe that this reflects more closely the aims of the approach; specifically, to act as an aid in developing integrated management of land holdings and rural businesses – compatible with the principles of sustainable development - and not to impose bureaucratic burdens on these businesses. The inclusion of an appropriate Framework will be a condition of applying for support under Tier 3.

50. Integrating different activities across a holding or business is at the heart of the LMC concept and a fundamental objective of Rural Development Framework approach. However, many of the outcomes desired from LMCs will only be delivered by co-operative actions across a number of holdings. Particular examples include better water quality, flood management, improved public access, tourism ventures and environmental improvements on a landscape scale. We propose that the processes for planning and developing LMC applications will include a mechanism to encourage co-operative applications that achieve improved co-ordination.

Do you agree with the proposed Rural Development Framework approach?
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PART 3

IMPLEMENTATION OF THE SCOTLAND RURAL DEVELOPMENT PROGRAMME 2007-13

A regional perspective

51. Rural Scotland has diverse landscapes and wildlife, and provides wide-ranging opportunities for public enjoyment of the countryside. Some of its communities are located in remote island and mountain settings, and others lie close to major towns and cities. In these differing circumstances, the nature of public benefits that can be delivered through application to the SRDP will vary too and applicants for support will have very different needs.

52. We have been working in recent months to develop an approach to delivering the SRDP that adequately addresses regional and local circumstances. Tailoring support to the needs of communities across rural Scotland, while also respecting how land managers, businesses and others are best placed to respond, should be a central component of the SRDP, in particular to the delivery of LMC Tier 3. Regional and local stakeholders should therefore play an important part in this process. We recognise that taking account of local or regional perspectives is essential for the delivery of effective schemes that meet the needs of the environment, businesses and rural communities across Scotland.

53. We intend that arrangements are put in place for the 2007-13 SRDP that build on existing regional and local structures, including the SEERAD area networks and those of other agencies, schemes and local authorities, as they increasingly come together under the Scottish Executive's drive for efficiency and SEERAD's On the Ground approach. Through a collaborative approach by SEERAD and its family of agencies, the On the Ground approach encourages flexibility in the delivery of support schemes. It aims to facilitate closer working, integrated support and enhanced service to customers across all schemes and programmes.

54. We propose that the following principles are fundamental to establishing a suitable approach:

- matching local/regional aspirations to national policies, objectives and outcomes;
- efficiency by balancing administrative costs and the delivery of high-quality outcomes;
- evidence that capacity exists at a local, regional and national level to make effective decisions;
- flexibility and simplification in the processes for delivering schemes;
- accountability for the use of funding; and,
- consistency in the assessment of applications and the disbursement of funds.

55. Two specific proposals underpin our approach to ensuring a regional and local dimension to Tier 3 of LMCs:

- Regional Project Assessment Committees (RPACs) to enable a broad range of stakeholders in different areas of rural Scotland to participate in the process of deciding which applications should receive funding; and,
- regional Rural Development Guidance on the outcomes and priorities of relevance in making decisions to fund applications.

56. Our aspiration is that stakeholders with understanding of regional and local needs and priorities will be actively involved in decisions about which applications should receive funding. We propose that a network of RPACs be established across rural Scotland. Membership of these committees will be open to key government agencies, non-government organisations, business and community groups, and will, as much as possible, be based around existing administrative structures. There will be scope for some interest groups, if preferred, to adopt observer status. RPACs would establish priorities for their regions. These priorities would need to meet national objectives and comply with the provisions of the RDR.

57. In terms of how RPACs might operate, the first stage in the assessment process would be for applications (whether for a single measure or a range of measures) to be sent to a single regional contact (the SEERAD regional office). RPACs would initially review the round of applications in order to take an overview. They would liaise with a national committee (comprising government representatives of the RPACs) in order to consider the round of applications against national and international objectives and obligations, and in the light of available funding. RPACs would then assess the applications and make recommendations for funding, although 'clear winners' could be fast-tracked for quicker decisions within local delegations. Depending on the extent to which the measures in an individual application contribute to national and regional objectives, some or all components of the application may be recommended for funding. SEERAD would administer payment of funds to successful applicants. The national committee would also seek to ensure that there is consistency in the assessment process across regions. Flexibility in the system would be encouraged, to allow continuous applications, several assessment rounds and more than one payment window per year, subject to any constraints imposed by EC regulations. Unsuccessful applications that are of a high quality could be re-submitted or roll forward for a subsequent assessment.

58. The decision on the appropriate number and arrangement of regions will be determined on the basis of greatest improvement in efficiency and minimal disruption to established regional structures where these are delivering effectively. Existing networks include the SEERAD regional offices, the Scottish Natural Heritage areas, the Forestry Commission Scotland conservancies, Community Planning Partnerships and LEADER Local Action Groups.

Do you think that the proposed RPAC approach would be an effective means of delivering regional and local priorities while meeting national objectives?

Would RPACs be an appropriate approach for applications under all of the Axes?

Which interests should be represented on the RPACs?

59. We propose that the development and use of Regional Rural Development Guidance will identify local priorities for environmental, social and economic objectives in the SRDP, although a uniform approach to guidance across these objectives may not be appropriate. Work has begun to develop guidance in relation to biodiversity, water, landscape, the built and cultural heritage, forestry and recreation and access. Such guidance will reflect the diversity of Scotland's natural environment and land-use patterns. A regional dimension will also be important in establishing priorities for business development, diversification and other rural development measures, although a flexible approach may be particularly important in

these areas. A regional approach will help enable appropriate alignment with the work of regional and local bodies delivering rural development, including local authorities, the local enterprise network and community planning partnerships. This approach to the SRDP must recognise, however, that regional and local measures contribute to national and international objectives and obligations, and that there is flexibility in the system to adapt to changing needs and priorities during the programming period.

60. Ongoing work on the ecological and land-based elements of the guidance is considering the most appropriate geographic areas for regional guidance. The natural environment and river catchments are two approaches to identifying geographical areas on which ecological regions may be based. We recognise, however, that differing approaches may be needed for guidance across the three Axes and that it is essential that regional and local stakeholders play a full role in developing the guidance. In the coming months, we will work with stakeholders at a regional level to determine the scope and content of the guidance, and to ensure a shared vision and approach in taking the work forward. We aim to complete this process as soon as possible. The guidance will be a user-friendly reference source that is available to assist applicants achieve quality and targeting in their proposals and that is used by RPACs and others in evaluating applications.

Do you agree with the proposed system of guidance on regional and local priorities to enable greater targeting in the SRDP?

Do you agree with the range of topics that the guidance will cover? Should the guidance adopt the same approach across all three Axes?

Advisory network

61. Availability of high quality advice to land managers and businesses is a critical component in ensuring that schemes deliver effective outcomes that meet policy objectives. This is particularly so at a time when increasing demands are being placed on land managers to provide environmental and amenity benefits while maintaining profitable businesses. Advice will help them select the best options for their business and the wider environment, economy and community. In addition, an effective advisory service should maximise awareness of expected outcomes from LMCs, and how to manage for these.

62. There are already a number of bodies and individuals, in the public and private sectors, providing advice to land managers and rural businesses across rural Scotland. We propose that the advisory arrangements for the 2007-13 SRDP build on existing structures and networks. Therefore integration of existing sources of advice, rather than a new service, is central to our approach. The system that is put in place will need to incorporate advisory needs in at least the following areas:

- *EU regulatory requirements.* Council Regulation (EC) No 1782/2003 requires Member States, by 1st January 2007, to set up an advisory system on land and farm management, operated by one or more designated authorities or by private bodies. The system should cover at least statutory management requirements and Good Agricultural and Environmental Condition.
- *National statutory requirements.* SEERAD, Forestry Commission Scotland and associated agencies, including Scottish Natural Heritage, provide advice to ensure compliance with environmental rules and guidelines.

- *LMC and Rural Development Framework requirements.* Agricultural advice is currently provided by independent consultants (with financial support from SEERAD) to land managers for the preparation of agri-environment applications and whole farm reviews. For forestry, support is given to secure advice from consultants through the SFGS, for example for plan preparation. The breadth of activities supported through LMCs in 2007-13 will require an advisory network that supports applicants across relevant economic, social and environmental areas.

63. We propose that greater integration be achieved across these diverse sources of advice to help deliver the broad-ranging policy objectives of the SRDP, and especially LMCs. The joined-up approach requires joined-up advice. The recent Agriculture Strategy includes proposals to establish a single gateway for advice of this kind. In terms of the people giving advice, we need a combination of broad guidance and specialist advisers to whom applicants can be referred on technical matters. For example, integration of the Scottish Forestry Grants Scheme and Natural Care into LMCs will require specialist support from Forestry Commission Scotland and Scottish Natural Heritage to ensure that the right management is put in place. The same principle will apply to other schemes (or the relevant parts) that may be brought within the SRDP. We will develop arrangements to ensure that access to this breadth of expertise is available to address key government priority issues.

What mechanisms could be put in place to ensure that the advice provided is of a high standard that will help achieve the policy outcomes expected?

Applications

64. We also propose to simplify the application/approvals and claims process for LMCs as far as possible within the terms of the Implementing Regulations for the new RDR (which are yet to be finalised). We intend, where there are clear benefits, to link applications to the IACS Single Application Form and to Rural Development Frameworks (see Paragraphs 48-50). We await final regulatory requirements from the European Commission on this issue, but it appears that Axis 2 applications may have to be made through IACS. If so, a twin-track approach to applications is likely to be needed, through which applications for support under Axes 1 and 3 would be made separately.

Finance

65. The meeting of EU Heads of Government in Brussels in December 2005 agreed a Financial Perspective for the European Union from 2007-13. A total of 69.75 billion Euros was allocated to rural development spending under Pillar 2 of the Common Agricultural Policy. This is substantially less than the 88.7 billion Euros that the European Commission had originally sought and, combined with a shift of resources to Member States in Eastern Europe, will result in significantly reduced allocations to Member States in the EU-15.

66. Based on estimates from Defra, we believe that Scotland's allocation of **EU monies** will be reduced by approximately 20% compared to 2000-6. In *real terms* (i.e. if inflation is taken into account), this reduction becomes greater. However, given that monies from EU funds only account for a proportion of the funds in the SRDP – approximately 30% in 2000-6 – the reduction will represent a smaller impact on the total SRDP budget.

67. Another major influence on the size of the 2007-13 SRDP budget will be the allocation of Scottish Executive resources agreed as part of the 2007 Spending Review. Agreement to the Scottish Executive funds to support the SRDP needs to be reached later this year to demonstrate how the Programme will be delivered. A tight financial situation is expected for Spending Review 2007, so new resources to support schemes under the SRDP are unlikely.

68. We are currently examining options for bringing resources into the SRDP, in particular to fund Tier 3 of LMCs. As indicated in paragraphs 33 to 35, we propose to bring schemes that are currently outside the 2000-6 Programme within the scope of the 2007-13 SRDP. We intend the inclusion of such funds to deliver a balanced and integrated suite of measures, and to improve administrative efficiency by bringing the funds together.

69. Modulation enables Member States to redirect Common Agricultural Policy resources to rural development measures under Pillar 2. It has been previously agreed that by 2007 compulsory modulation and voluntary modulation will each reach 5%, giving a combined rate of 10%. This amount is match-funded from domestic sources. The Financial Perspective agreed in December 2005 allows Member States to increase rates of **voluntary** modulation to a maximum of 20% without the need for match-funding any increase from domestic funds.

70. We propose to increase voluntary modulation during the 2007-13 programming period beyond the 5% level currently agreed for 2007. Given the tight financial situation for domestic funds, it is unlikely that any additional match-funding will be available from domestic sources to match these increases. A higher rate of voluntary modulation will help us to meet key policy priorities across all areas of rural development including, for example, actions on climate change and diffuse water pollution. No change in the rate of compulsory modulation is envisaged at this stage.

71. We believe that increases in voluntary modulation should be implemented in a way that respects pressures on the stability of farm incomes. We propose that a stepped increase in voluntary modulation be adopted between 2007 and 2013 and that sharp rises in the modulation rate are avoided.

72. Final agreement on the EU Financial Perspective requires ratification by the European Parliament, which may not be forthcoming until May. Discussions are ongoing between officials in the UK and the European Commission about the final allocation of rural development monies to the UK. In the meantime, we cannot be certain of the our allocation of monies from EAFRD. We are unable, therefore, to publish precise details on the amounts of funding that will be available for the 2007-13 SRDP. However, if possible, we will present more detail on funding during the consultation period, including at public meetings which be held around Scotland as part of the consultation.

73. The balance of spending between Axes and objectives is a critical aspect of funding for the 2007-13 SRDP. We are required to spend the required proportions of EU monies across the three Axes under Regulation 1698/2005 (see Paragraph 16). We are also committed to maintaining spending to meet our key national and international policy objectives and obligations, for example on agri-environment, forestry, business development and diversification and other rural development measures.

Co-ordination with other funding streams

74. In order to maximise the added value from the 2007-13 SRDP, we will seek to ensure that measures supported in the Programme complement funding available through other channels in a co-ordinated way. Such channels include EU funds, primarily the Structural and Cohesion Funds and the European Fisheries Fund, and domestic funds including support from economic and social development agencies, local authorities and environmental bodies. Clear demarcation between the SRDP and these funding streams will allow potential recipients to understand the role of support from the SRDP in a wider context. Further to this consultation and ongoing discussions with partners and stakeholders, we will set out in the SRDP the split of responsibilities, in terms of funding, between the Programme and other relevant streams of funding. This will be important across wide-ranging activities in economic (e.g. downstream processing), social (e.g. rural services) and environmental areas (e.g. Natura 2000).

75. There will be a decrease in EU funds available in Scotland for both the SRDP and Structural Funds programmes in the 2007-13 programming period. It is, therefore, particularly important that these funds are used in a co-ordinated way in order to maximise their collective impacts. In taking this forward, we will build on the good cross-fertilisation that there is at present between the Structural Funds Forum and the equivalent fora for rural development and fisheries.

76. The consultation on the Strategy set out ways in which demarcation can be achieved between the SRDP and other sources of funding. We do not add further to these proposals here.

What areas of activity should the SRDP support in order to ensure that it complements activities supported through other funding streams?

Monitoring and Evaluation

77. We propose that a systematic process of monitoring and evaluation should be integral to the 2007-13 SRDP in order to assess progress towards policy objectives and outcomes and to examine whether the resources for the Programme are being used effectively.

Monitoring

78. The new RDR advocates a strategic approach to monitoring. The basis for reporting on progress will be a common monitoring and evaluation framework (CMEF) which will be established in cooperation with the Member States. The CMEF will provide a specified list of common indicators and a common methodology to encourage consistency across Member States. The use of a common set of indicators across Member States is intended to enable the outcomes of individual RDPs to be aggregated across the EU in order to assess progress in achieving EU priorities. The Regulation also allows for the specification of additional indicators that reflect national and/or regional needs or that monitor objectives that are specific to the programme area. The CMEF indicators – as proposed by the European Commission - can be found in Annex H of this document.

79. In accordance with the new RDR, a Monitoring Committee will be set up in Scotland to assess – using the CMEF – the effectiveness of the measures implemented under the SRDP⁴. We intend membership of the Committee to include representatives from the Scottish Executive (as the Managing Authority), Forestry Commission Scotland, local authorities, social and economic development agencies, environmental bodies and non-governmental organisations.

Evaluation

80. In addition to monitoring the progress of the SRDP, we will evaluate the impacts of the measures supported in the Programme. Our evaluations will assess the SRDP against policy priorities set out in the Strategic Plan and the outcomes used to assess the activities of the Scottish Executive Environment and Rural Affairs Department. They will be used to inform future programmes. Following the provisions of Regulation 1698/2005, we will commission independent *ex ante*, mid-term and *ex post* evaluations (see Articles 85, 86 and 87 of the Regulation) of the SRDP. The results of these evaluations will be placed in the public domain.

81. As part of our strategic approach to evaluation, we intend to evaluate key components of the schemes supported through the SRDP. In particular, we have made substantial investments in recent years in agri-environment schemes; uptake has increased dramatically and we are now facing significant funding and delivery issues. We propose that a major review of these schemes be carried out during the 2007-13 SRDP, most likely in 2008, to consider and prepare a strategy for the future support of agri-environment schemes. As indicated in Paragraph 23, we have also commissioned an evaluation of the Less Favoured Areas Support Scheme.

82. The Rural Development Programme for Scotland 2007-2013 may have impacts on businesses and therefore it is necessary to assess the likely impacts of the programme through a Regulatory Impact Assessment (RIA). The RIA assesses the impact of the programme and its implementation, and in particular the likely impact upon small and micro businesses. A partial RIA forms part of this consultation and is published on the website (www.scotland.gov.uk/consultations/). Comments on the partial RIA are invited from all consultees. Organisations that represent businesses, as well as individual businesses, are encouraged to respond to this part of the consultation. Responses to the consultation will be used to develop a full RIA.

83. A Strategic Environmental Assessment (SEA) of the 2007-13 SRDP is being carried out, in accordance with EC Directive 2001/42⁵. An SEA is the process for evaluating the environmental impacts of any proposed programme that is likely to have significant effects on the environment. It informs the decision making process, and aims to improve the final programme in order to promote sustainable development. In addition, the process seeks to increase public involvement in environmental decision-making.

⁴ Each of the UK administrations will constitute individual Monitoring Committees to oversee National Rural Development Programmes.

⁵ The Directive is implemented through the Environmental Assessment of Plans and Programmes (Scotland) Regulations. A copy of the SEA regulations can be found at: www.scotland-legislation.hms.gov.uk/legislation/Scotland/ssi2004/20040258.htm.

84. Following consultation with statutory authorities on the scoping phase of the SEA (as required in the Directive), we shall put out the full SEA report to public consultation in mid-May. The SEA consultation will be placed on the Scottish Executive website (www.scotland.gov.uk/consultations), alongside the consultation on the SRDP and the Regulatory Impact Assessment, and a press release will be issued. If you require a hard copy please refer to the contact details in Paragraph 5, or alternatively contact your SEERAD Area Office.

Publicity

85. The 2007-13 SRDP will represent a major investment in rural Scotland and we propose that the content of the Strategy and the Programme and their desired outcomes be widely communicated. We will set up a Communication Plan, in accordance with the draft Implementing Regulations.

86. We will inform relevant stakeholders of the possibilities offered by the Programme and the rules for gaining access to programme funding. These stakeholders include potential beneficiaries, professional organisations, economic and social partner organisations, bodies involved in promoting equality, and non-governmental organisations, including environmental organisations.

87. In addition to distributing consultation documents on both the National Strategy Plan and the Scottish Rural Development Programme, we will carry out a series of public meetings around Scotland in the spring and early summer of 2006. These meetings will provide an opportunity for regional and local views to be expressed on our proposals for the SRDP. Key stakeholder groups have been identified at an early stage in the preparation of these documents and have had the opportunity to feed into the process at key stages. We acknowledge that some social and ethnic groups may be under-represented through the key agencies and stakeholders. With regard to race equality, migrant labour is an increasingly pertinent issue in rural areas. We will attempt through the consultation process to make provision for the involvement of such groups.

88. Final versions of the Strategy and the Programme documents will be made available online and in paper copy. The Programme document will contain information on the level of EU funding allocated to Scotland. Notice of the consultations and final publications will be disseminated through press releases. In addition, all published documents will be lodged in the libraries of the Scottish Parliament and the Scottish Executive.

89. We will publicise any updates or modifications to the SRDP via the SRDP web section of the Scottish Executive website which can be accessed at www.scotland.gov.uk/Topics/Rural/RDR/Intro.

90. In accordance with European regulations, all publicity relating to activity supported by European monies must include the appropriate logos and text.

91. Finally, we will use the Rural Network – under Article 68 of Regulation 1698/2005 - as a means of communication during the next Programming period.

Equality/Discrimination

92. The Scottish Executive has a proactive role in promoting equality and encouraging measures that reduce disadvantage, discrimination and prejudice. The new RDR states under Article 8 that “Member States and the Commission shall promote equality between men and women and shall ensure that any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation is prevented during the various stages of programme implementation.” The Scottish Executive has a voluntary commitment to the advancement of equality for gender, ethnicity, disability, sexual orientation, age and faith or belief. In addition, it is required under law to assess the impact of new policies on race equality; from the end of 2006, these requirements will be extended to disability and gender.

93. The following legislation in the United Kingdom applies to the provisions of the RDR set out above. The UK is a signatory to the UN Declaration of Human Rights, the European Convention on Human Rights, the Human Rights Act 1998, and has passed domestic legislation to protect the rights of individuals who risk potential discrimination on the basis of their sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. Equality between men and women will be ensured, also by complying with the Sex Discrimination Act and the Equal Pay Act⁶. These laws apply across the UK. New regulations that outlaw age discrimination at work will be introduced in October 2006.

Do you have a view as to the potential impact of this programme on equality groups, such as those relating to gender, ethnicity, disability, sexual orientation, age and faith or belief?

⁶ Discrimination based on sex, racial or ethnic origin or beliefs, disability or sexual orientation will be avoided by reference to the Race Relations Act and the Commission for Racial Equality, the Disability Discrimination Act and the Disability Rights Commission, and The Employment Equality (sexual orientation) Regulations.

LIST OF QUESTIONS

1. Do you agree with the “historic payments” system proposed for LFAs?
2. Do you agree with the suggested approach for ensuring that payments are only made in respect of land that is being actively farmed?
3. Do you agree with the proposals to give greater weight to “very fragile areas” and to increase the minimum payment?
4. Do you agree with the national objectives identified in Annex C?
5. Do you agree with the proposed integration of schemes into LMCs?
6. Are the proposed lists of Tier 2 and Tier 3 measures in Annexes D and E suitable for the delivery of LMC objectives on:
 - i. economic issues
 - ii social issues
 - iii environmental issues?
7. Is there an appropriate balance between the proposed economic, social and environmental measures for LMCs?
8. Do the proposed measures encourage an integrated approach compatible with sustainable development?
9. Should there be a mechanism for ensuring that land managers adopt a spread of measures from Tier 2?
10. Do you agree with the list of capital items as proposed in Annex G?
11. Should the LEADER mechanism be used to deliver across all the Axes?
12. How can LMCs and LEADER be administered to deliver mutually supportive approaches to rural development?
13. Do you agree with the proposed Rural Development Framework approach?
14. Do you think that the proposed RPAC approach would be an effective means of delivering regional and local priorities while meeting national objectives?
15. Would RPACs be an appropriate approach for applications under all of the Axes?
16. Which interests do you think should be represented on the RPACs?
17. Do you agree with the proposed system of guidance on regional and local priorities to enable greater targeting in the SRDP?
- 18a) Do you agree with the range of topics that the guidance will cover?
- 18b) Should the guidance adopt the same approach across all three Axes?

19. What mechanisms could be put in place to ensure that the advice provided is of a high standard that will help achieve the policy outcomes expected?
20. What areas of activity should the SRDP support in order to ensure that it complements activities supported through other funding streams?
21. Do you have a view as to the potential impact of this programme on equality groups, such as those relating to gender, ethnicity, disability, sexual orientation, age and faith or belief?

ANNEX A

RURAL DEVELOPMENT MEASURES UNDER THE RURAL DEVELOPMENT REGULATION (1698/2005)

Axis 1 Improving the competitiveness of the agricultural and forestry sector

(a) Measures aimed at promoting knowledge and improving human potential through:

- 1 vocational training and information actions, including diffusion of scientific knowledge and innovative practices, for persons engaged in the agricultural, food and forestry sectors;
- 2 setting up of young farmers;
- 3 early retirement of farmers and farm workers;
- 4 use of advisory services by farmers and forest holders; and,
- 5 setting up of farm management, farm relief and farm advisory services, as well as of forestry advisory services.

(b) Measures aimed at restructuring and developing physical potential and promoting innovation through:

- 6 modernisation of agricultural holdings;
- 7 improving the economic value of forests;
- 8 adding value to agricultural and forestry products;
- 9 cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector;
- 10 improving and developing infrastructure related to the development and adaptation of agriculture and forestry; and,
- 11 restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention actions.

(c) Measures aimed at improving the quality of agricultural production and products by:

- 12 helping farmers to adapt to demanding standards based on Community legislation;
- 13 supporting farmers who participate in food quality schemes; and,
- 14 supporting producer groups for information and promotion activities for products under food quality schemes.

(d) Transitional measures for the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia concerning:

- 15 supporting semi-subsistence agricultural holdings undergoing restructuring; and,
- 16 supporting setting up of producer groups.

Axis 2 Improving the environment and the countryside

(a) Measures targeting the sustainable use of agricultural land through:

- 17 natural handicap payments to farmers in mountain areas;
- 18 payments to farmers in areas with handicaps, other than mountain areas;

- 19 Natura 2000 payments and payments linked to directive 2000/60/EC;
- 20 agri-environment payments;
- 21 animal welfare payments; and,
- 22 support for non-productive investments.

(b) Measures targeting the sustainable use of forestry land through:

- 23 first afforestation of agricultural land;
- 24 first establishment of agro forestry systems on agricultural land;
- 25 first afforestation of non-agricultural land;
- 26 Natura 2000 payments;
- 27 forest-environment payments;
- 28 restoring forestry potential and introducing prevention actions; and,
- 29 support for non-productive investments.

Axis 3 The quality of life in rural areas and diversification of the rural economy

(a) Measures to diversify the rural economy, comprising:

- 30 diversification into non-agricultural activities;
- 31 support for the creation and development of micro-enterprises with a view to promoting entrepreneurship and developing the economic fabric; and,
- 32 encouragement of tourism activities.

(b) Measures to improve the quality of life in rural areas, comprising:

- 33 basic services for the economy and rural population;
- 34 village renewal and development; and,
- 35 conservation and upgrading of the rural heritage.

(c) Training, skills acquisition and animation

- 36 training and information for economic actors operating in the fields covered by axis 3; and,
- 37 skills acquisition and animation with a view to preparing and implementing a local development strategy.

Axis 4 Leader

- 38 implementing local development strategies with a view to achieving the objectives of one or more of the three other axes;
- 39 implementing cooperation projects involving the objectives selected under point 38; and,
- 40 running the local action group, acquiring skills and animating the territory as referred to in Article 59.

Technical Assistance

- 41 provision for the European Network for Rural Development; and,
- 42 provision for a National rural network.

ANNEX B

CONTENT OF A RURAL DEVELOPMENT PROGRAMME

1. Title of rural development programme
2. Member State and administrative region (if relevant)
3. Analysis of the situation in terms of strengths and weaknesses, the strategy chosen to meet them and the ex-ante evaluation
4. Justification of the priorities chosen having regard to the Community strategic guidelines and the national strategy plan as well as the expected impact according to the ex-ante evaluation
5. Information on the axes and measures proposed for each axis and their description
6. A financing plan, comprising two tables:
 - Annual Contribution from the EAFRD (in EUR)
 - Financial plan by axis (in EUR total period)
7. Indicative breakdown by Rural Development Measure (in EUR, total period)
8. Where applicable, a table on additional national financing per axis, distinguishing the measures concerned as identified in Regulation (EC) No 1698/2005
9. The elements needed for the appraisal under competition rules and, when applicable, the list of aid schemes authorised under Articles 87, 88 and 89 of the Treaty to be used for the implementation of the programmes
10. Information on the complementarity with the measures financed by the other CAP instruments, through Cohesion policy as well as by the Community support instrument for fisheries
11. Designation of competent authorities and bodies responsible
12. A description of the monitoring and evaluation systems, as well as the composition of the Monitoring Committee
13. Provisions to ensure that the programme is publicised
14. The designation of the partners consulted and the results of the consultation
15. Equality between men and women and non discrimination
16. Technical assistance operations

ANNEX C

OBJECTIVES FOR LAND MANAGEMENT CONTRACTS

The objectives for LMCs are presented under three broad headings that demonstrate the scope of LMCs; natural resources, countryside issues and business development. The table below links these objectives to the relevant policy issue and to SEERAD outcomes.

NATURAL RESOURCES		
SEERAD Outcome	Issue	Objective
Sustainable development and biodiversity respected in actions across Scotland.	Biodiversity	<p><u>Overall national objective</u> To support the conservation and enhancement of biodiversity, through measures which halt and reverse loss and deterioration, and to promote the long-term stability and resilience of Scotland's biological environment, including its capacity to regenerate and adapt.</p> <p><u>Delivery</u> Bring the special features of SSSIs, Natura sites and Ramsar sites into, and maintain them in, favourable condition. Undertake targeted action for habitats and species in the wider countryside, in particular Biodiversity Action Plan priorities Improve connectivity between designated sites and develop habitat networks in the wider countryside. Support, promote and develop high nature value farming, crofting and forestry. Address threats to biodiversity from climate change and invasive non-native species.</p>
	Soils	<p><u>Overall national objective</u> To protect and manage soils in keeping with principles of sustainable development.</p> <p><u>Delivery</u> Conserve and enhance soil properties beyond GAEC requirements. Protect soils as part of the cultural heritage and landscape. Protect soils of high conservation value. Encourage relevant land management changes, such as cultivation practice, livestock levels and woodland creation.</p>
Rivers and beaches free of unacceptable pollution	Water (Quality and Pollution Control)	<p><u>Overall national objective</u> To support the achievement of the good water status objective of the Water Framework Directive (WFD)*.</p> <p><u>Delivery</u> Achieve and maintain good chemical and ecological quality in surface waters and good chemical quality in groundwater water bodies, in accordance with the WFD. Bring about a substantial reduction in diffuse pollution from agriculture and forestry using measures for the control of diffuse pollution. Achieve the standards required by the Bathing Waters Directive. Achieve acceptable levels of nitrates in surface waters and groundwaters in accordance with the Nitrates Directive</p> <p>*Note: Achieving the standards required by the Shellfish Waters and Freshwater Fish Directives are part of achieving WFD targets.</p>

Communities protected from flooding, climate change and other environmental hazards	Water (Flood Risk Management)	<p><u>Overall national objective</u> To increase uptake of measures that assist in delivering sustainable flood management.</p> <p><u>Delivery</u> Provision of sustainable flood management options through use of natural habitats. Protecting, using and restoring natural systems and soft engineering techniques as means of achieving sustainable flood management. Encourage changes in land management, such as cultivation practice, livestock levels and woodland creation to manage flood risk.</p>
	Climate Change	<p><u>Overall national objective</u> To promote measures aimed both at minimising emissions of greenhouse gases and adapting to consequences of climate change in support of the Scottish Climate Change Programme.</p> <p><u>Delivery</u> Mitigation measures which assist in reducing greenhouse gas emissions, particularly through measures which deliver wider biodiversity benefits (eg restoration and protection of natural carbon stores such as peat bogs and woodlands; enhancement and conserving of soil organic matter; targeting of fertiliser applications). Adaptation measures which assist in addressing the impacts of climate change, particularly inland flooding and coastal sea level rise, and measures which assist species and habitats to adapt to changing climate (eg landscape scale provision of suitable habitat; sustainable flood management using natural habitats).</p>
Clean air	Air Quality	<p><u>Overall national objective</u> To reduce air pollutant emissions in line with UK Air Quality Strategy and UK requirements under the National Emission Ceilings Directive and Gothenburg targets.</p> <p><u>Delivery</u> Reduce ammonia and particle emissions from agricultural activities through measures aimed at targeting nutrient inputs.</p>

COUNTRYSIDE ISSUES		
Well maintained landscapes benefiting people and business	Access	<p><u>Overall national objective</u> To increase people’s quality of life through confident participation in and enjoyment of responsible outdoor access in a welcoming countryside.</p> <p><u>Delivery</u> To deliver outdoor access opportunities through an enhanced role for land managers, working individually and collectively, in providing a welcoming countryside that is integrated within their other land management operations and which satisfy identified community needs</p>
	Landscape	<p><u>Overall national objective</u> To safeguard and enhance the distinct identity, the diverse character and special qualities of Scotland’s landscapes</p> <p><u>Delivery</u> To ensure that tomorrow’s landscapes contribute positively to peoples environment and are at least as attractive and valued as they are today.</p>
	Built and Cultural Heritage	<p><u>National objective</u> The distinct cultural and historic identity of each area, as represented by its significant sites, monuments and rural buildings (“heritage assets”) is recognised, valued and safeguarded.</p> <p><u>Delivery</u> Heritage assets are used sustainably to promote appropriate economic, recreational and educational objectives.</p>
Farm diversification and other rural development benefiting communities	Education	To raise awareness, respect and understanding of our countryside, food and farming through “first hand” experience
BUSINESS DEVELOPMENT		
Farm diversification and other rural development benefiting communities & Well treated and healthy domestic and farm animals	A thriving and growing rural land based business community.	<p>Growth of existing land based businesses including Animal Health and Welfare issues</p> <p>Encouraging and retaining new entrants to land based businesses</p> <p>Development of a skilled labour force</p> <p>Increased collaboration and integration with other businesses and communities</p> <p>Increased diversification</p> <p>Increased capacity to add value to primary products</p> <p>Improving the supply chain by encouraging market development and vertical integration</p>
Sustainable agriculture, forestry and fisheries, competitive in markets and contributing to local economies	Enhancement of the rural land based business community’s social and environmental performance.	<p>Development and increased use of renewable energy</p> <p>Resource and waste management improvements</p> <p>Increased IT capability</p> <p>More targeted research and development with improved dissemination and transfer of information</p> <p>Improvements in transport, storage and distribution</p> <p>Provision of affordable housing</p>

ANNEX D

PROPOSED TYPES OF MEASURES FOR LAND MANAGEMENT CONTRACTS

Background

Individual measures under each Axis of the RDR and theme of the SRDP Strategic Plan have been developed by technical working groups on:

- Natural Resources;
- Countryside Issues; and,
- Business Development.

In the following table, these individual measures have been grouped together as similar types of measures. The table is presented as follows.

- The priorities from the SRDP Strategic Plan are listed.
- Under each priority are listed the types of measures that will help deliver this priority (there is necessarily some repetition as many types of measures will contribute to more than one priority).
- Against each type of measure there is an indication of which aspects of the Rural Development Regulation it will deliver – which of the RDR axes and RDR measures it will contribute to (necessarily each group of measures will deliver across more than one RDR axis and RDR measure).

It is intended that this approach shows how the types of measure being proposed fit within the strategic policy context provided by the three Axes of the RDR and by the themes and priorities that we proposed in the earlier consultation on the Strategic Plan in Scotland.

The table should also be compared with that in Annex F in order to see how specific measures fit within the broader, strategic context.

Themes, priorities and types of measures which will deliver the priority outcomes	Axis in Rural Development Regulation (1698/2005)		
	1	2	3
<p>Theme 1: Underpinning performance and quality in the agriculture, food processing and forestry sectors</p> <p><i>Priority outcome: Enhance the competitive performance of producers</i></p> <ul style="list-style-type: none"> • Support for diversification within agriculture and forestry • Support for diversification outwith agriculture and forestry • Investment in holdings • Handicap payment – LFASS • Skills development • Improving animal welfare • Infrastructure provision • Support for organic farming • Forest management planning 	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p>
<p><i>Priority outcome: Develop market focus</i></p> <ul style="list-style-type: none"> • Support for diversification within agriculture and forestry • Investment in holdings • Support for woodland planting (for biomass) 	<p>✓</p> <p>✓</p>	<p>✓</p>	
<p><i>Priority outcome: Add value and improve supply chain linkages</i></p> <ul style="list-style-type: none"> • Support for diversification within agriculture and forestry • Support for diversification outwith agriculture and forestry • Investment in holdings 	<p>✓</p> <p>✓</p>		<p>✓</p>
<p><i>Priority outcome: Improve the performance of processors</i></p> <ul style="list-style-type: none"> • Support for diversification within agriculture and forestry • Support for diversification outwith agriculture and forestry 	<p>✓</p>		<p>✓</p>
<p><i>Priority outcome: Promote an environmentally sustainable industry</i></p> <ul style="list-style-type: none"> • Support for diversification within agriculture and forestry • Support for woodland planting (for biomass) • Conservation of genetic resources • Investment in holdings • Measures for pollution control and resource management 	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p>	

<p>Theme 2: Enhancing rural landscapes and the natural heritage</p> <p><i>Priority outcome: Maintain traditional agricultural landscapes in less favoured areas</i></p> <ul style="list-style-type: none"> • Investment in holdings • Conservation of genetic resources • Measures to maintain landscape character • Grassland management for plant and bird interest • Management of field boundaries • Improving animal welfare • Measures for small units • Handicap payment – LFASS 	<p>✓</p>	<p>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</p>	
<p><i>Priority outcome: Protect and enhance wildlife and biodiversity</i></p> <ul style="list-style-type: none"> • Grassland and heathland management for plant interest • Management of wet areas • Moorland management • Support for organic farming • Conservation of genetic resources • Control of problem species • Management for birds • Management of field boundaries • Management of woodland and scrub • Cropping for biodiversity • Measures for small units • Measures for pollution control and resource management • Skills development 		<p>✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓</p>	
<ul style="list-style-type: none"> • Forest management planning 		<p>✓</p>	
<p><i>Priority outcome: Promote sustainable forest management</i></p> <ul style="list-style-type: none"> • Investment in holdings • Support for diversification within agriculture and forestry • Control of problem species • Management of woodland and scrub • Woodland creation • Skills development 	<p>✓ ✓</p>	<p>✓ ✓ ✓ ✓ ✓</p>	
<ul style="list-style-type: none"> • Forest management planning 		<p>✓</p>	

<p><i>Priority outcome: Reduce water pollution, support good water quality and achieve effective management of water resources in and around Scotland</i></p> <ul style="list-style-type: none"> • Measures for pollution control and resource management • Land management planning to control pollution • Management of wet areas • Grassland management for soils 	✓	✓ ✓ ✓ ✓	
<p><i>Priority outcome: Tackling climate change and meeting relevant international and UK commitments</i></p> <ul style="list-style-type: none"> • Woodland creation • Management of wet areas • Measures for pollution control and resource management • Measures for agriculture and forestry to adapt to change • Flood management planning • Investment in holdings • Grassland management for protection of soils 		✓ ✓ ✓ ✓ ✓ ✓ ✓	
<p><i>Priority outcome: Safeguard and enhance landscapes and the historic environment</i></p> <ul style="list-style-type: none"> • Measures to maintain landscape character • Management of field boundaries • Management of wet areas • Moorland management • Woodland creation • Measures for landscape – built environment • Support for amenity tree planting • Management of woodland and scrub 		✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓	✓ ✓ ✓

<p>Theme 3: Promoting a more diverse rural economy and thriving rural communities</p> <p><i>Priority outcome: Achieve a thriving and growing business community</i></p> <ul style="list-style-type: none"> • Support for diversification outwith agriculture and forestry • Tourism and education • Public access provision 		✓	✓ ✓ ✓
<p><i>Priority outcome: Promote public access and understanding of the countryside</i></p> <ul style="list-style-type: none"> • Measures to maintain landscape character • Support for diversification outwith agriculture and forestry • Public access provision • Tourism and education • Community involvement • Management of woodland and scrub 		✓ ✓	✓ ✓ ✓ ✓ ✓
<p><i>Priority outcome: Building capacity in rural communities</i></p> <ul style="list-style-type: none"> • Skills development • Support for diversification outwith agriculture and forestry • Community involvement • Management of woodland and scrub 	✓		✓ ✓ ✓ ✓
<p><i>Priority outcome: Develop the social and environmental performance of rural businesses</i></p> <ul style="list-style-type: none"> • Support for diversification within agriculture and forestry • Support for diversification outwith agriculture and forestry • Measures to maintain landscape character 	✓		✓ ✓
<p><i>Priority outcome: Supporting rural services and infrastructure</i></p> <ul style="list-style-type: none"> • Measures for the built environment in the landscape • Amenity tree planting • Support for diversification outwith agriculture and forestry • Investment in holdings • Provision of rural services and facilities • Skills development 	✓ ✓ ✓	✓	✓ ✓ ✓ ✓ ✓ ✓

ANNEX E

PROPOSED LIST OF INDIVIDUAL TIER 2 AND TIER 3 MEASURES FOR LMCs

The table in Annex D shows how the range of measures proposed contributes to the different SRDP strategy themes and Axes in the EU Rural development regulation.

The following table in this annex lists proposed Tier 2 and Tier 3 measures in order to provide a more detailed breakdown and explanation of the types of measures that are set out in Annex E. It shows the individual measures or management options and a brief description of the activity to be supported or outcome expected.

In the development of the proposals so far, a large number of measures have been put forward for LMCs – mainly through a series of technical working groups which have drawn together a wide range of stakeholders. The main criteria which have been used to determine whether or not measures have been included in the lists below are:

1. How well a suggested measure fits within the scope of the EU Rural Development Regulation
2. Does a suggested measure contribute to delivering any of the Scottish Executive's policy outcomes?
3. Do the actions required go above and beyond the requirements of existing legislation and GAEC?
4. Can it be verified?

Tier 2 measures

Types of measures and individual measures	Brief description of individual measures
<i>Animal Welfare</i>	
<ul style="list-style-type: none"> Animal health and welfare programme 	Support towards the cost of implementing a farm specific animal health and welfare programme with additional voluntary options of benchmarking, biosecurity, sampling and forage analysis available if required.
<i>Cropping for biodiversity</i>	
<ul style="list-style-type: none"> Introduction or retention of extensive cropping ☆	Encouraging spring sowing of crops in the LFA to reduce nitrate losses and retain stubble over the winter months to provide feeding and breeding areas for seed eating birds.
<ul style="list-style-type: none"> Spring cropping ☆	Encouraging spring sowing of crops outwith the LFA to reduce nitrate losses and retain stubble over the winter months to provide feeding and breeding areas for seed eating birds.
<ul style="list-style-type: none"> Biodiversity cropping on in-bye 	Encouraging traditional crop rotations in the LFA to provide feeding and breeding areas for seed eating birds. An additional premium payment for additional activities which provide feed sources for birds.
<ul style="list-style-type: none"> Retention of winter stubbles 	Support for retaining stubbles over the winter to provide cover and feed for birds.
<ul style="list-style-type: none"> Wild bird seed mixture/unharvested crops 	Create patches of bird seed sites and cover through sowing a mixture of seed bearing crops and retaining the crop unharvested over the winter.
<ul style="list-style-type: none"> Management of cropped machair ☆	Support for traditional cropping of previously cultivated machair land, providing a feeding and breeding ground for birds and encourage a range of annual plants to grow and flower as the area reverts to grassland.
<i>Field Boundaries</i>	
<ul style="list-style-type: none"> Management of grass margins and beetlebanks in arable fields ☆	Creation of grass strips around or across fields on which insects can overwinter and breed.
<ul style="list-style-type: none"> Management of conservation headlands ☆	Leaving headlands free of herbicides and insecticides to allow natural development of a varied flora within the headland, which will create favourable conditions for insects, small mammals and birds.
<ul style="list-style-type: none"> Management of hedgerows ☆	Enhancement of existing hedgerows through a controlled cutting regime for the benefit of invertebrates, small mammals and birds.
<ul style="list-style-type: none"> Linear features - hedges 	Management of existing hedgerows through controlled cutting and reinstatement as appropriate.
<ul style="list-style-type: none"> Linear features - dykes 	Maintenance of existing dykes in good condition to retain important landscape features.
<i>Grassland management for plant interest</i>	
<ul style="list-style-type: none"> Management of rush pasture 	Creation of a mosaic of rush and open pasture to encourage greater plant diversity and improved habitats for birds.

<i>Investment in holdings</i>	
<ul style="list-style-type: none"> • Insurance provision- natural disasters ☆ 	Assistance with the cost of insuring against damage to land from natural disasters such as flash flooding, drought and hurricanes and the cost of returning the land to its pre-disaster condition.
<ul style="list-style-type: none"> • Modernisation through information technology ☆ 	Provision of electronic management equipment including hardware and software to improve the performance of agricultural and forestry businesses. Includes precision farming equipment, electronic weigh crates and ear tag readers and forest planning equipment.
<ul style="list-style-type: none"> • Water and waste treatment provision ☆ 	Improvements to farm water supply infrastructure and waste treatment facilities (excluding livestock manure/slurry) for land based businesses to improve their efficiency.
<ul style="list-style-type: none"> • Management of forest seed stocks ☆ 	Support to encourage the production and use of genetically appropriate planting stocks through encouragement of the registration and management of seed stands.
<ul style="list-style-type: none"> • Access for sustainable forest management ☆ 	Promoting sustainable forest management through creation of access to isolated woodland areas to enable thinning and continuous silviculture to take place.
<ul style="list-style-type: none"> • Quality assurance membership 	Encouraging high quality production through encouraging membership of quality assurance schemes.
<i>Landscape –built environment</i>	
<ul style="list-style-type: none"> • Protection and conservation of rural vernacular buildings ☆ 	Support for developing local businesses (especially those involved in tourism and traditional crafts) by repairing and weatherproofing rural buildings which are in a poor state, especially to improve the safety of their structure and their contribution to the character of the landscape.
<i>Management of wet areas</i>	
<ul style="list-style-type: none"> • Linear features - ditches 	Support for managing ditches by sensitive clearing when required to enhance their value as a habitat.
<i>Management of woodland and scrub</i>	
<ul style="list-style-type: none"> • Management of small woodlands 	To increase the area of woodlands under active management to increase their value as part of the holding and the wider landscape.
<ul style="list-style-type: none"> • Management of scrub and tall herb communities ☆ 	Support for enhancing and extending areas of natural scrub vegetation, to benefit the flora and fauna which live in a scrub habitat.
<i>Moorland management</i>	
<ul style="list-style-type: none"> • Management of moorland grazing 	Support for changes in management practices to benefit a wide range of habitats and species found on moorland.
<ul style="list-style-type: none"> • Summer cattle grazing 	Support for maintaining or restoring the balance between heather and the coarser moorland grasses through cattle grazing.
<ul style="list-style-type: none"> • Management of muirburn 	Support to identify and record sensitive areas not to be burnt; and in order to reduce the likelihood of wild fires, to record control and safety precautions used

<i>Pollution control and management</i>	
• Nutrient management	Decrease diffuse pollution on in-bye improved ground through matching fertiliser applications to crop requirements.
• Buffer areas	Creation of a network of wildlife corridors, reductions in diffuse pollution and enhancement of habitats and features through creation of grass buffer strips around sites.
<i>Public access provision</i>	
• Improving access	Improvement of existing access routes to improve the standard of paths and help the public enjoy access to Scotland's countryside.
<i>Skills development</i>	
• Training	Support for increasing the skills present within agriculture and forestry, through contribution to the cost of training which improves occupational skills and knowledge.
<i>Tourism and education</i>	
• Installation of tourist information and interpretation boards ☆	Support for the installation of information and interpretation boards to raise public awareness of local land use, support local tourist attractions, educate the community on local wildlife and responsible access to the countryside.
• Farm and woodland visits	Support for increasing public awareness of land management through hosting educational experiences for children and young people and other members of the public.
• Talks by land managers	Support for increasing public awareness of land management through informative talks for children and young people and other members of the public.
<i>Woodland creation</i>	
• Small scale woodland creation <1 hectare ☆	Support for new woodland planting which is less than 1 hectare in size, providing benefits for habitats and species as well as helping to mitigate climate change and enhance the landscape – for example to screen buildings, and create and emphasise features in the landscape.

☆ Additional measures proposed for 2007

Tier 3 measures

Types of measures and individual measures	Brief description of individual measures
<i>Investment in holdings</i>	
<ul style="list-style-type: none"> Investment to aid restructuring 	Provision or upgrading of buildings, infrastructure and information technology for restructuring agriculture or forestry
<ul style="list-style-type: none"> Support for renewable energy 	Installation of small scale renewable energy capacity for agricultural and forestry businesses
<ul style="list-style-type: none"> Adaptation to legislative standards by young farmers 	Adaptation of businesses by young farmers to existing demanding standards based on community legislation
<ul style="list-style-type: none"> Improvements in the economic value of forests 	Support for operations to improve the economic potential of forests, such as re-spacing and pruning.
<ul style="list-style-type: none"> Cattle quality improvement on croft land 	Support for preparing and implementing collaborative plans for improving the genetics of cattle on croft land – including support towards bringing in high quality bulls and an emphasis on monitoring improvements in cattle quality
<i>Support for diversification within agriculture and forestry</i>	
<ul style="list-style-type: none"> New or upgraded buildings and structures 	Provision or upgrading of buildings and related structures for diversification within agriculture or forestry
<ul style="list-style-type: none"> Alternative agricultural production 	Restructuring of agricultural businesses into alternative systems e.g. buffalo farming
<ul style="list-style-type: none"> New machinery and equipment for adding value 	Provision of machinery and equipment for processes which will add value to agricultural and forestry products.
<ul style="list-style-type: none"> Cooperation between producers and processors 	Cooperation between primary producers, between primary producers and processors and/or third parties which improves the competitiveness of rural businesses.
<ul style="list-style-type: none"> Market research to support restructuring 	Feasibility studies and market research as part of projects involving diversification within agriculture and forestry.
<ul style="list-style-type: none"> Provision of information technology 	Provision of information technology equipment, software and support to assist with diversification and restructuring within agriculture and forestry.
<ul style="list-style-type: none"> Provision and upgrading of infrastructure 	Provision and upgrading of infrastructure related to access to farm and forest land, energy supplies and water management.

<i>Support for diversification outwith agriculture and forestry</i>	
<ul style="list-style-type: none"> • New or upgraded buildings and structures 	Provision or upgrading of buildings and related structures for diversification outwith agriculture or forestry
<ul style="list-style-type: none"> • Creation of micro enterprises 	Support for the creation and development of micro-enterprises with a view to promoting entrepreneurship and the economic fabric of the rural economy.
<ul style="list-style-type: none"> • New and innovative uses of land 	Support for the change of use of agricultural land as part of a diversification project.
<ul style="list-style-type: none"> • Market research to support diversification 	Feasibility studies and market research as part of projects involving diversification outwith agriculture and forestry.
<ul style="list-style-type: none"> • Provision of information technology 	Provision of information technology equipment, software and support to assist with diversification outwith agriculture and forestry.
<ul style="list-style-type: none"> • New or upgraded tourist accommodation 	Development of new small scale tourism accommodation, conversion of redundant buildings for tourism and upgrading existing tourist accommodation.
<ul style="list-style-type: none"> • Tourist visitor facilities 	Provision of tourist visitor facilities and small scale infrastructure.
<ul style="list-style-type: none"> • Support for renewable energy 	Installation of small scale renewable energy capacity for rural communities and diversified businesses.
<i>Provision of rural services and facilities</i>	
<ul style="list-style-type: none"> • Provision of rural services 	Support for setting up of basic services, including cultural and leisure activities.
<ul style="list-style-type: none"> • Provision of leisure, recreation, sporting, catering and other community facilities 	Provision of recreational and community infrastructure for the rural population
<ul style="list-style-type: none"> • Conversion of redundant rural buildings for rent 	Conversion of redundant farm buildings for residential letting
<ul style="list-style-type: none"> • Local development strategy production 	Production of collaborative local development strategies encompassing Axis 3 measures, including promotion, training events and implementation of the strategy by public/private partnerships (excluding LEADER groups)
<i>Skills development</i>	
<ul style="list-style-type: none"> • Training 	Vocational training for persons engaged in the agricultural, food and forestry sectors
<ul style="list-style-type: none"> • Training in countryside management 	Support for training and other skills development to help land managers deliver Axis 2 outcomes most effectively
<ul style="list-style-type: none"> • Training for diversification outwith agriculture 	Training for persons engaged in operations covered by Axis 3
<i>Landscape – Built environment</i>	
<ul style="list-style-type: none"> • Make safe, restore and repair built features 	Repairs to rural buildings (which are not SAMS) of traditional character for the area to keep them wind- and water-tight
<ul style="list-style-type: none"> • Management of Sites of archaeological or historic Interest 	To improve the condition of features or areas of historical or archaeological interest.
<ul style="list-style-type: none"> • Retain and reinstate built features associated with boundaries 	Maintain and rebuild locally distinctive built features that contribute to the landscape character such as dykes, gateposts, gate piers, mounting stands, mile markers and stone stiles

<i>Maintaining landscape character</i>	
<ul style="list-style-type: none"> View enhancement 	Works to open up and retain key views from public roads, accessible historic features, access routes (core path networks) and destination points, including tree and scrub clearance
<ul style="list-style-type: none"> Maintaining a mosaic of semi-natural habitats 	To maintain a mosaic of traditional semi-natural habitats on farmland that contributes to landscape diversity of an area
<ul style="list-style-type: none"> Creation of new landscape features 	To create and manage new natural features in the landscape appropriate to the setting which have the potential to enhance public enjoyment, such as horse chestnuts for conkers, bramble and raspberry thickets, blackthorn and hazelnut copses.
<ul style="list-style-type: none"> Tree protection and management in a designed landscape 	Protect and replace individual trees, avenues and other small-scale woodland features which contribute to the historic character of a designed landscape
<ul style="list-style-type: none"> Screening farm and forestry structures 	Management works to integrate agricultural and forestry structures into the landscape – including planting trees and hedges, building walls, creating earth mounds and (in some cases) re-siting
<i>Public access provision</i>	
<ul style="list-style-type: none"> Creation and upgrading of paths 	To improve the amount and quality of path and track provision to help people visit the countryside, and to assist with land management – including access for water-based recreation, and sensitive access to areas of high nature value
<ul style="list-style-type: none"> Maintenance of existing paths and tracks for public access 	To maintain existing paths and tracks that do or could meet a local demand for public access – including clearing vegetation and on-going upkeep of the path surface
<ul style="list-style-type: none"> Managing land adjacent to settlements for community access 	Manage fields close to the edges of settlement for both informal open space for use by communities, and for agricultural purposes
<ul style="list-style-type: none"> Managing land for community events 	Make land available for regular community events and activities – including preparing as a venue and restoring to pre-existing condition.
<ul style="list-style-type: none"> Road noise and light reduction 	Establish and manage a planted strip, hedge, wall, earth mound or combination of these to reduce the impacts of noise, water spray, headlight glare and visible traffic movement on the public who use access tracks on land bordering class A or busy B roads.
<i>Education and tourism</i>	
<ul style="list-style-type: none"> Information and awareness raising for visitors 	To improve public understanding of the relationship between farming and forestry and the countryside – for example through the provision of on-site displays and interpretation, farm visits and exhibitions, open-days, guided walks, and interpretative trails
<ul style="list-style-type: none"> Visitor management and monitoring 	Visitor management, monitor visitor numbers and provide basic amenities – for example car parks, benches, picnic tables, facilitating safe access to viewpoints, toilets, dog exercise areas, litter collection/recycling facilities

<i>Climate change</i>	
<ul style="list-style-type: none"> Constructed farm wetlands 	Support for the construction of farm wetlands to reduce risk of flooding.
<ul style="list-style-type: none"> Sustainable flood management 	Support to reduce grazing pressure to promote natural colonisation of tree cover in headwaters, re-establish meanders or create two-stage channels and increase floodplain roughness. The SEPA Second Generation Flood Map will be available to facilitate the consideration of sustainable flood management measures.
<ul style="list-style-type: none"> Peat bog restoration 	Restoration of peat bog to benefit biodiversity and help mitigate climate change.
<i>Conservation of genetic resources</i>	
<ul style="list-style-type: none"> Preservation of genetic diversity 	Preservation and enhancement of genetic diversity of livestock and plant stock of rare breeds and species at risk
<i>Control of problem species</i>	
<ul style="list-style-type: none"> Mammal and bird control 	Restricted to certain sites or areas - control of species such as mink and grey squirrels and only eligible in association with habitat management for particular species, for example otters, hen harriers or red squirrels.
<ul style="list-style-type: none"> Control of invasive and or non-native species 	Control of non-native and/or invasive plants and animals to support the protection of designated sites, BAP priority species and habitats – for example, control of bracken, giant hogweed, Japanese knotweed and rhododendron.
<ul style="list-style-type: none"> Deer management 	Reduction and management of deer numbers on and around designated and other high priority sites considered to be at risk from adverse impacts by deer.
<i>Cropping for biodiversity</i>	
<ul style="list-style-type: none"> Introduction or retention of extensive cropping 	Encouraging spring sowing of extensively-managed crops in the LFA to reduce nitrate losses and retain stubble over the winter months to provide feeding and breeding areas for seed eating birds.
<ul style="list-style-type: none"> Spring cropping 	Encouraging spring sowing of crops outwith the LFA to reduce nitrate losses and retain stubble over the winter months to provide feeding and breeding areas for seed-eating birds.
<ul style="list-style-type: none"> Biodiversity cropping on in by 	Encouraging traditional crop rotations in the LFA to provide feeding and breeding areas for seed eating birds. An additional premium payment for additional activities which provide feed sources for birds.
<ul style="list-style-type: none"> Wild bird seed mix/unharvested crop 	Create patches of bird seed sites and cover through sowing a mixture of seed bearing crops and retaining the crop unharvested over the winter.
<ul style="list-style-type: none"> Enhanced management of set-aside 	Enhanced set aside option for farmland birds and arable weeds including sowing wild bird seed mixtures.
<ul style="list-style-type: none"> Managing arable crops in strips 	Support for sowing crops in strips – both along contours to prevent surface erosion, and to provide a more diverse habitat for wildlife.

<i>Field Boundaries</i>	
<ul style="list-style-type: none"> • Management of extended hedgerows 	Support for creation of hedges with adjacent undisturbed grass margins, enhancing this habitat to support a range of plants, invertebrates, birds and small mammals.
<ul style="list-style-type: none"> • Ditch management as a landscape feature 	Reinforce and delineate field patterns through protection of existing trees and scrub vegetation in a ditch-side strip and encourage further regeneration of appropriate species
<ul style="list-style-type: none"> • Maintaining gorse hedges for landscape 	To strengthen and delineate field pattern through management of field-edge gorse scrub and prevent encroachment into the field.
<ul style="list-style-type: none"> • Managing hedges in designed landscapes 	To maintain and enhance formal hedges which are key features of the designed landscape and which contribute to the setting of individual features and significant elements
<ul style="list-style-type: none"> • Managing hedges as landscape features 	To enhance the setting of settlement, built structures and farmsteads, by management of formal hedges
<ul style="list-style-type: none"> • Management of grass margin or beetlebanks in arable fields 	Creation of grass strips around or across fields on which insects can overwinter and breed.
<i>Grassland and heathland management for plant interest</i>	
<ul style="list-style-type: none"> • Management of species rich grassland 	Support for encouraging the growth and spread of flowering plants and other species in natural grassland, which act as a food supply for insects and a seed source for the continuation of the species.
<ul style="list-style-type: none"> • Bracken eradication programme for species-rich grassland 	Eradication of bracken from areas of species rich grassland, coastal or lowland heath to allow the other vegetation to re-establish.
<ul style="list-style-type: none"> • Creation, restoration and management of Species rich grassland 	To convert arable or restore improved grassland to species diverse grassland to increase the diversity of flowering plants and other species to create a habitat and feeding area for a variety of invertebrates, birds and mammals.
<ul style="list-style-type: none"> • Management of coastal heath 	To encourage the regeneration of native heathland plants and small grassland herbs found on coastal heaths.
<ul style="list-style-type: none"> • Management of lowland heath 	To maintain the open nature of native lowland heath to encourage the regeneration of characteristic native plants and provide breeding and feeding grounds for associated wildlife
<ul style="list-style-type: none"> • Management of habitat mosaics 	Support to maintain a mosaic of traditional semi-natural habitats on farmland that contributes to landscape diversity of an area
<ul style="list-style-type: none"> • Retention of cattle in marginal areas 	To encourage the creation of mosaics by using cattle of traditional or native breeds as a grazing management tool, providing significant benefits for both the natural heritage and the local economy.
<i>Grassland management for soils</i>	
<ul style="list-style-type: none"> • Restoration and management of upland peat soils 	Restoration and management of upland peat soils to mitigate climate change and benefit biodiversity.
<ul style="list-style-type: none"> • Arable reversion to unfertilised grassland 	Reversion of arable land to unfertilised grassland to prevent erosion or run-off.
<ul style="list-style-type: none"> • Arable reversion to grassland 	Reversion of arable land to grassland with low fertiliser input to prevent erosion or run-off
<ul style="list-style-type: none"> • Erosion control on intensively managed grassland 	Prevention of erosion or run-off from intensively managed improved grassland

<i>Management for birds and other priority species</i>	
<ul style="list-style-type: none"> • Extensive management of mown grassland for birds 	To encourage the management of hay and silage fields for the protection of ground nesting birds, their eggs and fledglings.
<ul style="list-style-type: none"> • Management of open grazed grassland for birds 	To encourage the management of grazing land for the protection of ground nesting birds, their eggs and fledglings.
<ul style="list-style-type: none"> • Extensive management of mown grassland for corncrakes 	To encourage the management of hay and silage fields for the protection of corncrakes, their eggs and fledglings.
<ul style="list-style-type: none"> • Creation and management of early and late cover for corncrakes 	To encourage the management of grasslands for the protection of corncrakes, their eggs and fledglings.
<ul style="list-style-type: none"> • Management of wet grassland for waders 	To provide suitable breeding and feeding grounds for wading birds and provide protection for their eggs and fledglings.
<i>Management of wet areas</i>	
<ul style="list-style-type: none"> • Creation, restoration and management of wetlands 	To create, restore and manage wetlands which are beneficial for biodiversity, the landscape and help with flood management.
<ul style="list-style-type: none"> • Management of lowland raised bogs 	To enhance areas of lowland raised bogs to promote biodiversity and wetland functions.
<ul style="list-style-type: none"> • Creation and management of water margins 	To enhance and protect wet and dry water margins from erosion and pollution and permit development of tall waterside vegetation to stabilise the banks and provide habitats for invertebrates and other species.
<ul style="list-style-type: none"> • Management of flood plains 	To create and manage a mosaic of wash lands and dry lands by allowing the watercourse to overflow onto its natural floodplain.
<ul style="list-style-type: none"> • Management of basin and valley mire buffer areas 	To conserve and enhance the buffer zone surrounding basin and valley mires by maintaining water levels and preventing enrichment by run-off from fields.
<i>Management of woodland and scrub</i>	
<ul style="list-style-type: none"> • Management of ancient wood pasture 	To enhance and extend sites within existing ancient wood pasture to ensure continuity of habitats which support a range of invertebrates, birds, plants and other wildlife.
<ul style="list-style-type: none"> • Forest environment payments 	For sustainable management of native woodlands and areas subject to high public pressure, and for the introduction of low - impact silvicultural systems.
<ul style="list-style-type: none"> • Woodland improvement 	To support management operations to increase or enhance priority woodland habitats and species.
<ul style="list-style-type: none"> • Woodland restructuring 	To promote the diversification of woodland structure and composition for delivery of environmental and other public benefits
<i>Woodland Creation</i>	
<ul style="list-style-type: none"> • Woodland creation >1 hectare 	Woodland creation for public benefits. Includes farmland premium element and short rotation coppice establishment option.

<i>Measures for small units</i>	
<ul style="list-style-type: none"> • Conservation management plan with special measures for small units 	To encourage a mosaic of habitats of conservation value across small unit and within the crofting counties encourage community effort, through a management plan to maintain or enhance areas of conservation interest within the boundary of the crofting community.
<ul style="list-style-type: none"> • Retention or introduction of cattle of native or traditional breeds 	To encourage the creation of mosaics by using cattle of traditional or native breeds as a grazing management tool, providing significant benefits for both the natural heritage and the local economy.
<i>Moorland management</i>	
<ul style="list-style-type: none"> • Moorland management 	To encourage changes in management practices to benefit a diverse range of habitats within a moorland of conservation interest, including feeding and breeding sites for birds and animals a wide range of insects and plants.
<ul style="list-style-type: none"> • Moorland – stock disposal 	To encourage regeneration of suppressed heather and or moorland vegetation of conservation interest by reduction of sheep numbers on the holding.
<ul style="list-style-type: none"> • Moorland – stock control 	To encourage regeneration of suppressed heather and or moorland vegetation of conservation interest by reduction of sheep numbers from sites at certain times of year.
<ul style="list-style-type: none"> • Muirburn and heather swiping 	To create blocks of heather at different growth stages through a planned programme of burning or swiping.
<ul style="list-style-type: none"> • Supplementary food provision for raptors 	To provide food for hen harriers during the nesting season or provision of carrion for golden eagles in the winter to aid their survival.
<ul style="list-style-type: none"> • Wardening (restricted availability) 	To provide support for land managers on in priority areas to assist with protection of eagles.
<ul style="list-style-type: none"> • Sheep management (restricted availability) 	To carry out enhanced sheep management including additional shepherding to reduce predation on sheep flocks by sea eagles.
<ul style="list-style-type: none"> • Creation and management of nest sites for raptors 	Creation of nesting sites on moorland for raptors to allow them to nest undisturbed by livestock.
<i>Organic support</i>	
<ul style="list-style-type: none"> • Conversion to organic farming 	To support the conversion of conventional farming systems to organic production.
<ul style="list-style-type: none"> • Maintenance payments to organic farmers 	To support the continuation of organic production following conversion.

<i>Pollution control and resource management</i>	
<ul style="list-style-type: none"> • Manure/slurry composting and anaerobic digestion 	Support for anaerobic digestion of slurry or composting of manure.
<ul style="list-style-type: none"> • Manure/slurry storage and handling 	Support for improved storage and handling facilities for slurry, including installation of covers for slurry storage facilities to prevent the volume of slurry being increased through the addition of rainwater
<ul style="list-style-type: none"> • Calibration and testing of spreaders 	Calibration of spreaders to ensure accurate application rates.
<ul style="list-style-type: none"> • Nutrient reduction 	Decrease diffuse pollution on in-bye improved ground through planning and management measures to match fertiliser and manure applications to crop requirements.
<ul style="list-style-type: none"> • Construction of water retention reservoirs 	Construction of water retention reservoirs for the collection of winter rainfall to minimise summer extraction from watercourses and water bodies.
<ul style="list-style-type: none"> • Creation of biobeds 	To create shallow, rectangular excavations filled with biomix (e.g. straw, soil, peat-free compost, turf) and using an impermeable liner and collection facility for drainage from the biobed. Mixing and handling of pesticides or wash down should be done either directly over the biobed or in an adjacent bunded concrete area which drains to the biobed.
<ul style="list-style-type: none"> • Construction of wetlands to treat surface water run-off 	Construction of farm wetlands to collect, store and treat lightly contaminated run-off from roofs, roads and yards to reduce inputs of diffuse pollutants to the water environment, provide habitat and biodiversity benefits, intercept emergency leaks or spillages and control storm water run-off.
<ul style="list-style-type: none"> • Creation of wet riparian buffer areas 	Riparian buffer strips specifically designed to be proportionate to risk (i.e. the width should be dependent on soil type and slope) that are managed to enhance biodiversity, and encourage the river to follow its natural course thereby contributing to flood control and diffuse pollution control. Where suitable, field drains should be collapsed to form wet riparian buffers.
<ul style="list-style-type: none"> • In field grass areas to reduce surface run-off and erosion 	Creation of grass areas across the slope to reduce run-off and erosion.

ANNEX F

EXISTING SCHEMES FUNDED BY SEERAD, FORESTRY COMMISSION SCOTLAND AND SCOTTISH NATURAL HERITAGE

Agri-environment Schemes

Much of rural Scotland is of high environmental quality, including areas which are of European and national significance. Agricultural activity has a major role in creating and helping to maintain these important habitats and landscapes. Agri-environment schemes have operated in Scotland since 1987. Several thousand farmers and crofters have taken advantage of the schemes to manage their land in the interests of environmental conservation - enhancing biodiversity, habitats and landscapes - and helping address problems of diffuse pollution.

Agri-environment support is currently delivered through a number of Schemes, some of which are now closed to new applications. The closed Schemes are:

- The Environmentally Sensitive Area Schemes;
- The Countryside Premium Scheme; and,
- The Habitats Scheme.

The Schemes which are currently open for applications are:

- The Rural Stewardship Scheme (RSS); and,
- The Organic Aid Scheme (OAS).

The RSS and OAS will close to new applications in April 2006. Existing agreements under all of the Schemes will run their course and the cost of these beyond 2006 will be met from the resources in the new SRDP.

From 2007, farmers and crofters will be able to apply for agri-environment support through Tiers 2 and 3 of Land Management Contracts. This paper sets out in Annex E the measures that may be available through LMCs. The measures included in the SRDP will be those which:

- contribute to the Executive's priorities for conserving and enhancing biodiversity;
- provide well-maintained landscapes that benefit people and business;
- protect and enhance water and soil quality; and,
- contribute to climate change mitigation.

It will also be essential to consider, in view of the constraints on funding, which of the many measures that have been suggested should be the focus of support in the 2007-13 SRDP.

Agri-environment support remains a mandatory element in the new RDR. Given that there has been support for agri-environment measures in Scotland since 1987, the increased focus on rural development and the need for Pillar II support to deliver a wide range of public goods, we propose, early in the new Programme, to undertake a full-scale review of agri-environment support. The review will be undertaken jointly with stakeholders and will cover all aspects of the principles, aims, operation and delivery of the Schemes.

Business development schemes

SEERAD currently funds two main schemes on business development: the Agricultural Business Development Scheme (ABDS) (as part of the Highlands and Islands Special Transitional Programme) and the Farm Business Development Scheme (FBDS) (which is payable in the rest of Scotland). A Crofting Counties Development Scheme is also paid in crofting areas. These schemes have two components. The 'Investment in Holdings' component supports the restructuring and re-orientation of farm businesses (including new business opportunities, improvements in product quality and collaboration among producers) and the 'Diversification' component provides assistance to farm households and families to diversify into alternative agricultural activities or non-agricultural activities. Support is also provided for training linked to projects undertaken with support from the schemes and for marketing associated with the diversification activities.

From 2007, we propose that business development funding (possibly including the crofting element) will be part of the integrated LMC approach. As with the current ABDS/FBDS, there will continue to be support for the creation and extension of diversified businesses and for restructuring existing businesses. The majority of this support will come under the competitive Tier 3 of LMCs although there may be a small number of measures under Tier 2.

The existing focus on agricultural businesses will be widened out to incorporate a broader range of land management activities, including forestry and the management of sporting estates. The support will contribute to the achievement of spend minima for Axis 1 (restructuring to improve competitiveness) and Axis 3 (promoting a more diverse rural economy). The list of measures shown in Annex E includes a number of possible measures that would deliver these aims.

The modular approach to Rural Development Frameworks will include a business planning component which will be a condition for access to business development funding.

Crofting schemes

There are various schemes that are paid to crofters. In addition to the Crofting Counties Development Scheme (see 'Business Development schemes' above), two crofting schemes may be suitable for inclusion in the SRDP. These are the Crofting Counties Agricultural Grants Scheme (CCAGS) and the Crofters Cattle Quality Improvement Scheme (CCQIS).

(i) CCAGS – There have been schemes for providing capital assistance to crofters for agricultural production since the 1950s. The latest scheme (with the same name as previous schemes) came into operation on 1st April 2006. This scheme has a similar purpose to that currently in operation, providing grants to crofters and certain other occupiers of land to aid and develop agricultural production on crofts or holdings in the Crofting Counties. It is open to crofters, small farmers in the Crofting Counties of a similar status to crofters, and crofting groups. Eligible operations are similar to the previous scheme and include land improvement, agricultural building, provision of access and services, and facilities for keeping livestock. The scheme is subject to State Aid clearance which now appears to be imminent. It is intended to run until a new scheme funded by the Crofters Commission is available. It is currently planned that it will be superseded by early 2008.

(ii) CCQIS – This scheme provides a 50% grant towards the hire or purchase of bulls, conditional on production of clear and measurable improvement proposals. The scheme is open to groups of crofters to improve the genetic quality of their cattle. The scheme is also subject to State Aid clearance and is due to open later in 2006.

Forestry

The current system of financial support for planting and management of woodlands is based on the Scottish Forestry Grants Scheme (SFGS), administered by Forestry Commission Scotland, and the Farmland Premium, administered by the Scottish Executive Environment and Rural Affairs Department. Over time, these schemes have included payments to fulfil objectives at a regional and/or local level (e.g. through Challenge Funds and Locational Premia) and to target specific activities (e.g. the provision of woodland access facilities).

The SFGS will be revised for the 2007-13 SRDP so that the bulk of forestry support can be delivered through LMCs. This will include support for:

- small-scale woodland creation
- larger woodland creation, including short rotation coppice, and with potential for Regional Challenge top-up support;
- forest plan preparation;
- sustainable woodland management;
- woodland improvement;
- woodland recreation and community involvement (covered by generic measures in Tier 2 specific measures in Tier 3); and,
- energy from woodlands (via LMC business development measures).

In addition, Forestry Commission Scotland will administer some stand-alone measures, including a Forestry for People Challenge and the Strategic Timber Transport Scheme.

Forestry Commission Scotland will be carrying out a public consultation on the detailed plans for delivering forestry measures. This consultation will be launched shortly in April 2006 and will be available on the Commission's website (<http://www.forestry.gov.uk/scotland>).

LEADER

In accordance with the new RDR, LEADER will be brought into the 2007-13 SRDP. LEADER+ (2000-2006 period) was designed to help rural actors consider the long-term potential of their local area. It is a stand alone programme. LEADER+ is funded through EAGGF but can also support activity that would normally be funded under ERDF and ESF. Previous programmes were funded through ERDF, ESF and EAGGF, although through all programmes activities consistent with all three funds were/are eligible. Currently LEADER encourages the implementation of integrated, high-quality and innovative original strategies for sustainable development with a strong focus on local partnership and networks of exchange of experience. LEADER attempts to prioritise projects featuring innovation or high risk but will also address small-scale social needs such as youth and developing communities.

Since its introduction in the early 1990s, LEADER has been delivered by locals for locals, within national frameworks. Local Action Groups (LAGs) had and have the responsibility of

complementing and co-ordinating activity for the economic and social benefit of the local area. LAGs were selected through a competitive bid process and comprise 50% public sector and 50% socio-economic partners. The current LEADER programme sought a lead partner such as Local Authorities (LAs) or LECs to assist the delivery of LEADER+ and assume financial responsibility for the LAG. The lead applicant partners provide accommodation, management and administrative assistance to the LAG and co-ordinator and arrange match-funding for the administration of the LAG. LAGs channel LEADER support towards individual projects that fit with the local rural development strategies outlined in the business plans.

Delivery of the current LEADER radically changed to decision making and administration mechanism of Local Action Groups (LAGs). LAGs comprise 50% public sector and 50% private individuals involvement. The current LEADER programme sought local sponsoring partners such as Local Authorities (LAs) or LECs to assist the delivery of Leader+. The main sponsoring partners match fund, provide accommodation, management and administrative assistance to the LAG and co-ordinator. LEADER support is channelled towards individual projects by LAGs who produced local rural development strategies and business plans and successfully bid to the Executive for LEADER funds to implement these

Natural Care

The Natural Care scheme provides support to ensure that our most valued wildlife sites are maintained in favourable condition. The scheme plays an important role in achieving national and international objectives and obligations. Scottish Natural Heritage have operated the scheme since 2001 and have recognised the benefits in making financial support for managing designated sites as part of a wider, integrated programme.

It is proposed that, from 2007, **most** new agreements for Natural Care will be delivered through LMCs.

Processing and Marketing Grant Schemes

The current Agriculture Processing and Marketing Grant Schemes were launched in 2001 and will make final commitments in 2006 (with final payments made by 2008). The schemes comprise that for the Highlands and Islands (as part of the Highlands and Islands Special Transitional Programme) and that which is payable in the rest of Scotland. The Schemes provide assistance towards capital and non-capital projects that encourage Scotland's primary producers and food processors to develop innovative products, add value to raw materials, co-operate to exploit new markets and shorten the food supply chain by linking producers with processors.

The Schemes cover the full range of food processing activity as long as projects deliver benefits to Scottish primary producers. This can range from on farm processing units adding value to their own produce, local processing facilities sourcing direct from farms, large facilities sourcing Scotland wide raw materials and supplying multiple outlets and leading processors in urban areas throughout Scotland. All projects assisted involve the processing of Scottish agricultural produce.

We propose that elements of the Schemes are brought within the 2007-13 SRDP. These elements refer to projects supported in rural areas, with a close link to land management holdings, rather than projects (often larger in scale) that are funded in urban areas.

Rural Partnership Fund

The Scottish Rural Partnership Fund (SRPF) was an annual competitive grants scheme established in 1996 and operated by SEERAD to support communities across rural Scotland to take forward rural development activities and help communities to find local solutions to local problems. It provided support for a range of activities and projects, including revenue aid for local capacity building and grant support for the provision of, and improvements in, local community facilities.

A wide ranging, independent review of the fund in 2004 showed that, while the fund was highly valued for the uniquely rural opportunity it offered, changes were needed to ensure clarity and complementarity of funding sources and that aid streams best meet rural needs. The programmes offered under the SRPF banner were therefore withdrawn in April 2005, following the final competitive grant round for 2005/06. No new projects were approved, although funds continue to be available from previous rounds for ongoing, approved projects. The benefits of SRPF funding continue to be gained.

As an interim measure flow from the review, the Rural Development Small Awards Fund (RDSAF) was launched at the Rural Services Conference on 27 September 2005. The RDSAF is a 2 year pilot programme with a budget of £0.5m per year which can offer grant up to £5,000 to assist rural community groups with funding for group activities or small capital purchases.

SRPF expenditure provision is also being used to help meet the Executive's commitment to Closing the Opportunity Gap in rural Scotland. During 2005, 22 Rural Services Priority Areas (RSPAs) were designated and allocated a total of £2.2m (£100k per RSPA) to promote measurable improvements in service access and quality by March 2008. Funding is provided to the relevant CPPs through their Local Authorities. It is for the CPPs to decide how best to spend this money to meet local priorities, subject to normal accountability arrangements and agreement with the Department on measurable, targeted improvements being reached. The aim is for the lessons learned to be used to seek improvements, in the longer term, across rural Scotland.

The SRPF programme and funding have provided (indeed currently continue to provide) support for rural communities for activities and "projects" provided for under the Rural Development Regulation – including capacity building, the provision/improvement of services/access to services and provision for community facilities and amenities which are, or may be, covered by LEADER arrangements and other activities under the RDR (notably Axis 3: improving the quality of life in rural areas and encouraging diversification and growth of economic activity). This consultation document therefore seeks views on proposals to integrate SRPF funding into the Scottish Rural Development Programme 2007-13: and on the nature and balance of activities (capacity building and "projects") for which funding should be prioritised.

ANNEX G

STANDARD CAPITAL ITEMS

NON-PRODUCTIVE (CAPITAL) INVESTMENTS TO WHICH STANDARD RATES OF PAYMENT APPLY – Provisional List

Capital investments will be funded under the Rural Development Measures. Where possible and appropriate to do so, payment for capital investments will be claimed using a national set of standard rates of payment; this will apply, in the main, to non-productive investments linked to the achievement of agri-environment and afforestation commitments. These payment rates will be set using information obtained from relevant practitioners and will reflect the cost of doing the work to a certain specification, in terms of labour, materials and plant. Payment for investments associated with building or engineering projects, for the provision of fixed equipment and, for other works where the application of a standard specification and standard rate of payment would not be appropriate, will be claimed on an actual cost basis, requiring presentation of receipted invoices and other relevant supporting documentation.

NON-PRODUCTIVE (CAPITAL) INVESTMENTS TO WHICH STANDARD RATES OF PAYMENT APPLY – Provisional List

	CAPITAL ITEM
1	Bracken eradication - Primary treatment in Yr 1 of 5-year programme ... by mechanical method (3 cuts/yr) ... by chemical method
2	Bracken whipping as part of woodland management
3	Rhododendron Control: ... using flail ... cut, rake & burn using excavator ... uproot & burn using excavator
4	Rhododendron Control: ... manually cut & burn
5	Woody vegetation control (not Bracken or Rhododendron) ... by mechanical means only
6	Woody vegetation control (not Bracken or Rhododendron) ... involving mechanical cutting and chemical stump treatment
7	Control of invasive non-native plants (e.g. Giant hogweed, Japanese knotweed & Himalayan Balsam) by hand
8	Soft rush management
9	Dead wood management
10	Stock fence
11	Stock fence marked to reduce bird collision
12	Upgrading stock to deer fence
13	Scare or temporary fence
14	Rabbit proofing fence
15	Deer fence
16	Deer fence marked to reduce bird collision ... orange barrier netting
17	Deer fence marked to reduce bird collision ... wooden droppers

18	Deer fence marked to reduce bird collision ... chestnut paling
19	Marking of deer fences to reduce bird collision ... orange barrier netting
20	Marking of deer fences to reduce bird collision ... wooden droppers
21	Conversion of deer fence to stock fence
22	Dismantling deer fences
23	Dismantling stock fences
24	Gate and posts
25	Post & rail fence for protecting trees
26	Watergate
27	One-step stile
28	Two-step stile
29	Ladder stile suitable for deer fence
30	Stock bridges for bog management
31	Building/restoring drystone dykes or walls (incl. mortared walls)
32	Screening access paths from public highways as a noise reduction measure: ... planting hedge (see item 44) ... planting native-species/exotic trees (see item 33) ... creating earth banks
33	Native-species tree planting on a site not exceeding 0.25 ha
34	Non-native/exotic species tree planting on a site not exceeding 0.25 ha
35	1.2 m tree shelter and stake
36	0.6 m tree shelter and stake
37	Vole guard, quill or 0.6 m spiral guard & cane for hedge plants
38	Planting of marram grass
39	Provision of water trough
40	Water pipe & trench
41	Water trough pump ... stock-operated pasture pump
42	Water trough pump ... powered pump (solar, wind or water)
43	Soil analysis
44	Planting, replanting, coppicing or laying of hedge (6 plants/metre)
45	Creation or restoration of a pond (max area 2,000 sq metres)
46	Sowing of species-rich grassland (seed mix and preparation of seedbed)
47	Heather restoration
48	Heather track creation for bog management
49	Sand blow fencing
50	Restoration of parkland gate piers and ha has within Designed Landscape
51	Amenity tree planting (exotic trees - standard) for Designed Landscape
52	Blocking ditches (on lowland raised bogs, to create wetland & moorland flushes)
53	Provision of bat boxes
54	Provision of bird boxes (small)
55	Provision of bird boxes (large)
56	Provision of hibernation sites for amphibians
57	Footpath construction - standard spec
58	Footpath construction - high spec
59	Upland/mountain footpath construction - stone pitching
60	Grass cutting in recreational areas (Path strimming - 3 m wide)
61	Footpath upgrading (incl. path maintenance as & when required)

62	Piped culvert for footpath
63	Stone-built cross drain or culvert
64	Kissing gate for walkers, disabled & horse
65	Waymarkers
66	Signpost - Threshold
67	Signpost - Primary
68	Signpost - Finger post
69	Signpost - Interpretation Board
70	A3 Leaflets
71	A4 Leaflets
72	Picnic table with benches
73	Picnic bench with back rest
74	Litter removal
75	Fly tipping discouragement
76	Footbridge - low spec crossing
77	Footbridge - high spec crossing
78	Board walk
79	Fell/extract dangerous tree
80	Manual brashing
81	High pruning
82	Car park

ANNEX H

LIST OF COMMON BASELINE, OUTPUT, RESULT AND IMPACT INDICATORS

This annex sets out the list of common indicators for use in the Common Monitoring and Evaluation Framework. The indicators have been devised by the European Commission.

1. Baseline indicators related to objectives

AXIS		Indicator
Horizontal	* 1	Economic development
	* 2	Employment rate
	* 3	Unemployment
AXIS 1, Improving the competitiveness of the agricultural and forestry sector	* 4	Training and education in agriculture
	5	Age structure in agriculture
	* 6	Labour productivity in agriculture
	7	Gross fixed capital formation in agriculture
	8	Employment development of primary sector
	9	Economic development of primary sector
	* 10	Labour productivity in food industry
	11	Gross fixed capital formation in food industry
	12	Employment development in food industry
	13	Economic development of food industry
	* 14	Labour productivity in forestry
	15	Gross fixed capital formation in forestry
	16	Importance of semi-subsistence farming in NMS
AXIS 2, Improving the environment and the countryside through land management	* 17	Biodiversity: Population of farmland birds
	* 18	Biodiversity: High Nature Value farmland areas
	19	Biodiversity: Tree species composition
	* 20	Water quality: Gross Nutrient Balances
	21	Water quality: Pollution by nitrates and pesticides
	22	Soil: Areas at risk of soil erosion
	23	Soil: Organic farming
	* 24	Climate change: Production of renewable energy from agriculture and forestry
	25	Climate change: UAA devoted to renewable energy
	26	Climate change: GHG emissions from agriculture
AXIS 3, Improving the quality of life in rural areas and encouraging diversification of economic activity	* 27	Farmers with other gainful activity
	* 28	Employment development of non-agricultural sector
	* 29	Economic development of non-agricultural sector
	* 30	Self-employment development
	31	Tourism infrastructure in rural area
	* 32	Internet take-up in rural areas
	* 33	Development of services sector
	34	Net migration
	* 35	Life-long learning in rural areas
Leader	* 36	Development of Local Action Groups

* refers to LEAD indicators in the framework of the national strategy and strategic monitoring foreseen in article 11(3)c and 13(2)A of EC n° 1698/2005

2. Baseline indicators related to context

AXIS		Indicator
Horizontal	1	Designation of rural areas
	2	Importance of rural areas
AXIS 1, Improving the competitiveness of the agricultural and forestry sector	3	Agricultural land use
	4	Farm structure
	5	Forestry structure
	6	Forest productivity
AXIS 2, Improving the environment and the countryside through land management	7	Land cover
	8	LFA
	9	Areas of extensive agriculture
	10	Natura 2000 area
	11	Biodiversity: Protected forest
	12	Development of forest area
	13	Forest ecosystem health
	14	Water quality
	15	Water use
16	Protective forests concerning primarily soil and water	
AXIS 3, Improving the quality of life in rural areas and encouraging diversification of economic activity	17	Population density
	18	Age structure
	19	Structure of the Economy
	20	Structure of Employment
	21	Long-term unemployment
	22	Educational attainment
	23	Internet Infrastructure

II. COMMON OUTPUT INDICATORS

AXIS 1 IMPROVING THE COMPETITIVENESS OF THE AGRICULTURAL AND FORESTRY SECTOR		
Code	Measure	Output Indicators*
111	Vocational training and information actions	<ul style="list-style-type: none"> ▪ Number of participants in training ▪ Number of training days received
112	Setting up of young farmers	<ul style="list-style-type: none"> ▪ Number of assisted young farmers ▪ Total volume of investments
113	Early retirement	<ul style="list-style-type: none"> ▪ Number of farmers early retired ▪ Number of farm workers early retired ▪ Number of hectares released
114	Use of advisory services	<ul style="list-style-type: none"> ▪ Number of farmers supported ▪ Number of forest holders supported
115	Setting up of management, relief and advisory services	<ul style="list-style-type: none"> ▪ Number of newly set up management, relief or advisory services
121	Modernisation of agricultural holdings	<ul style="list-style-type: none"> ▪ Number of farm holdings that received investment support ▪ total volume of investments
122	Improvement of the economic value of forests	<ul style="list-style-type: none"> ▪ Number of forest holdings that received investment support ▪ Total volume of investments
123	Adding value to agricultural and forestry products	<ul style="list-style-type: none"> ▪ Number of undertakings supported ▪ Total volume of investments
124	Cooperation for development of new products, processes and technologies in the agriculture and food sector and the forestry sector	<ul style="list-style-type: none"> ▪ Number of cooperation initiatives supported
125	Infrastructure related to the development and adaptation of agriculture and forestry	<ul style="list-style-type: none"> ▪ Number of operations supported ▪ Total volume of investments
126	Restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention actions	<ul style="list-style-type: none"> ▪ Number of beneficiaries ▪ Total volume of investments
131	Meeting standards based on Community legislation	<ul style="list-style-type: none"> ▪ Number of beneficiaries
132	Participation of farmers in food quality schemes	<ul style="list-style-type: none"> ▪ Number of supported farm holdings participating in a quality scheme
133	Information and promotion activities	<ul style="list-style-type: none"> ▪ Number of supported actions
141	Semi-subsistence farming	<ul style="list-style-type: none"> ▪ Number of semi-subsistence farm holdings supported
142	Producer groups	<ul style="list-style-type: none"> ▪ Number of supported producer groups ▪ Turnover of supported producer groups

*For each measure, number of applications approved will be provided

AXIS 2 IMPROVING THE ENVIRONMENT AND THE COUNTRYSIDE THROUGH LAND MANAGEMENT

Code	Measure	Output Indicators*
211	Natural handicap payments to farmers in mountain areas	<ul style="list-style-type: none"> ▪ Number of supported holdings in mountain areas ▪ Supported agricultural land in mountain areas
212	Payments to farmers in areas with handicaps, other than mountain areas	<ul style="list-style-type: none"> ▪ Number of supported holdings in areas with handicaps, other than mountain areas ▪ Agricultural land area supported in areas with handicaps, other than mountain areas
213	Natura 2000 payments and payments linked to Directive 2000/60/EC (WFD)	<ul style="list-style-type: none"> ▪ Number of supported holdings in Natura 2000 areas/under WFD ▪ Supported agricultural land under Natura 2000/under WFD
214	Agri-environment payments	<ul style="list-style-type: none"> ▪ Number of farm holdings and holdings of other land managers receiving support ▪ Total area under agri-environmental support ▪ Physical area under agri-environmental support under this measure ▪ Total Number of contracts ▪ Number of applications related to genetic resources
215	Animal welfare payments	<ul style="list-style-type: none"> ▪ Number of farm holdings receiving support ▪ Number of animal welfare contracts
216	Non-productive investments	<ul style="list-style-type: none"> ▪ Number of farm holdings and holdings of other land managers receiving support ▪ Total volume of investments
221	First afforestation of agricultural land	<ul style="list-style-type: none"> ▪ Number of beneficiaries receiving afforestation aid ▪ Number of ha afforested land
222	First establishment of agroforestry systems on agricultural land	<ul style="list-style-type: none"> ▪ Number of beneficiaries ▪ Number of ha under new agroforestry systems
223	First afforestation of non-agricultural land	<ul style="list-style-type: none"> ▪ Number of beneficiaries receiving afforestation aid ▪ Number of ha of afforested land
224	Natura 2000 payments	<ul style="list-style-type: none"> ▪ Number of forest holdings receiving aid in Natura 2000 area ▪ Supported forest land (ha) in Natura 2000 area
225	Forest-environment payments	<ul style="list-style-type: none"> ▪ Number of forest holdings receiving support ▪ Forest area under forest environment support ▪ Number of contracts
226	Restoring forestry potential and introducing prevention actions	<ul style="list-style-type: none"> ▪ Number of prevention/restoration actions ▪ Supported area of damaged forests
227	Non-productive investments	<ul style="list-style-type: none"> ▪ Number of supported forest holders ▪ Total volume of investments

*For each measure, number of applications approved will be provided

AXIS 3 IMPROVING THE QUALITY OF LIFE IN RURAL AREAS AND ENCOURAGING DIVERSIFICATION OF ECONOMIC ACTIVITY

Code	Measure	Output indicators*
311	Diversification into non-agricultural activities	<ul style="list-style-type: none"> ▪ Number of beneficiaries ▪ Total volume of investments
312	Business creation and development	<ul style="list-style-type: none"> ▪ Number of micro-enterprises supported/created
313	Encouragement of tourism activities	<ul style="list-style-type: none"> ▪ Number of new tourism infrastructure elements supported ▪ Total volume of investments
321	Basic services for the economy and rural population	<ul style="list-style-type: none"> ▪ Number of supported actions (ICT initiatives and other) ▪ Total volume of investments
322	Village renewal and development	<ul style="list-style-type: none"> ▪ Number of villages where actions took place ▪ Total volume of investments
323	Conservation and upgrading of the rural heritage	<ul style="list-style-type: none"> ▪ Number of rural heritage actions supported ▪ Total volume of investments
331	Training and information	<ul style="list-style-type: none"> ▪ Number of participating economic actors to supported activities ▪ Number of days of training received by participants
341	Skills acquisition, animation and implementation of local development strategies	<ul style="list-style-type: none"> ▪ Number of skills acquisition and animation actions ▪ Number of participants in actions ▪ Number of public-private partnerships supported

AXIS 4 LEADER

41	Implementing local development strategies	<ul style="list-style-type: none"> ▪ Number of local action groups ▪ Total size of the LAG area (km²) ▪ Total population in LAG area (km²) ▪ Number of projects covered by LAGs
411	- competitiveness	
412	- environment/land management	
413	- quality of life/diversification	
421	Implementing cooperation projects	<ul style="list-style-type: none"> ▪ Number of cooperation projects
431	Running the local action group, acquiring skills and animating the territory as referred to in article 59	<ul style="list-style-type: none"> ▪ Number of actions supported

*For each measure, number of applications approved will be provided

III. COMMON RESULT INDICATORS

Axis/Objective	Indicator
Improving the competitiveness of the agricultural and forestry sector	<p>Number of participants that successfully ended a training activity related to agriculture and/or forestry</p> <p>Increase in agricultural gross value added in supported farms</p> <p>Number of holdings introducing new products and/or new techniques</p> <p>Value of agricultural production under recognized quality label/standards</p> <p>Number of farms entering the market</p>
Improving the environment and the countryside through land management	<p>Area under successful land management contributing to:</p> <p>(a) bio diversity and high nature value farming/forestry</p> <p>(b) water quality</p> <p>(c) climate change</p> <p>(d) soil quality</p> <p>(e) avoidance of marginalisation and land abandonment</p>
Improving the quality of life in rural areas and encouraging diversification of economic activity	<p>Increase in non-agricultural gross value added in supported businesses</p> <p>Gross number of jobs created</p> <p>Additional number of tourists</p> <p>Population in rural areas benefiting from improved services</p> <p>Increase in internet penetration in rural areas</p> <p>Number of participants that successfully ended a training activity</p>

IV. COMMON IMPACT INDICATORS

	Indicator
1	Economic growth
2	Employment creation
3	Labour productivity
4	Reversing biodiversity decline
5	Maintenance of high nature value farming and forestry areas
6	Improvement in water quality
7	Contribution to combating climate change



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