

# SCOTLAND RURAL DEVELOPMENT PROGRAMME 2007-2013

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The Scottish Government is in the process of implementing the Scotland Rural Development Programme 2007-2013 following the Programme's approval by the European Council in February 2008. This briefing provides an overview of EU rural development policy and outlines the key elements of the new Programme and its funding. It also considers comments on the Programme by various organisations.

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## KEY POINTS OF THIS BRIEFING

- EU rural development policy is Pillar 2 of the Common Agricultural Policy (CAP), which is funded by the European Agricultural Fund for Rural Development (EAFRD). Pillar 1 of the CAP involves subsidies paid directly to farmers.
- EU law requires Member States' support for rural development to contribute to three objectives (known as axes) and it specifies minimum proportions of EU funds that must be allocated to each axis (10% to Axis 1, 25% to Axis 2, and 10% to Axis 3).
- Member States' must also allocate at least 5% of EU funds to one or more of the three axes using the LEADER approach. This involves the implementation of innovative local development strategies by Local Action Groups.
- EU policy provides for the compulsory modulation (i.e. transfer) of EU funds from Pillar 1 of the CAP (subsidies) to Pillar 2 (rural development) at the rate of 5%. Member States can also supplement this by voluntary modulation up to a rate of 20%.
- Member States are required to submit to the EU Commission for approval Rural Development Programmes for 2007-2013. These must contain information on measures proposed for each axis, a financing plan, and programme implementing arrangements.
- In February 2008, the EU Council approved the Scotland Rural Development Programme 2007-2013 (SRDP), which the Scottish Government is now implementing.
- The budget for the SRDP is £1.6 billion. The Scottish Government is contributing over £1.1 billion (71%) and the balance is coming from EU funds, including compulsory and voluntary modulation. The Scottish Government has set rates of voluntary modulation at 8% in 2008, 8.5% in 2009 and 9% from 2009 onwards.
- The SRDP has eight delivery mechanisms. The three key delivery mechanisms are Rural Development Contracts, the Less Favoured Area Support Scheme and LEADER.
- Rural Development Contracts combine economic, social and environmental measures (ie measures across all 3 axes) under a single contract of assistance. There are two streams of Rural Development Contracts: (i) Land Manager's Options and (ii) Rural Priorities.
- The Less Favoured Area Support Scheme involves annual area based payments to farmers in areas that suffer from natural handicaps due to altitude, steep slopes, low soil productivity or poor climate conditions.
- Other SRDP delivery mechanisms include: the Crofting Counties Agricultural Grant Scheme, Challenge Funds for forestry and woodlands, the Food Processing and Marketing Grant Scheme and the Skills Development Scheme.
- Out of a budget of £1.6 billion, £624 million has been allocated to Rural Development Contracts, £427 million to Less Favoured Areas, £211 million to other schemes and £338 million for continuing payments under previous schemes.

## INTRODUCTION

The Scottish Government is currently implementing the Scotland Rural Development Programme 2007-2013 (SRDP) following the Programme's approval by the European Council in February 2008. The SRDP is a "£1.6 billion programme of economic, environmental and social measures designed to develop rural Scotland over the next seven years" (Scottish Government, 2008a). The SRDP will be funded by the Scottish Government (contributing over two thirds) and by European Union agricultural funds. Separate Rural Development Programmes have been developed by [England](#), [Wales](#) and [Northern Ireland](#).

## EU RURAL DEVELOPMENT POLICY

### EU COMMON AGRICULTURAL POLICY

The EU Common Agricultural Policy (CAP) consists of two pillars:

- Pillar 1 – Subsidies paid directly to farmers (primarily through the Single Farm Payment scheme) and price support payments; and
- Pillar 2 – Rural development support.

About 80% of the CAP budget is directed towards Pillar 1. Previously, the CAP was funded out of the European Agricultural Guidance and Guarantee Fund. Under a new regulation adopted in 2005 (Council Regulation No 1290/2005), two new funds were established:

- The European Agricultural Fund for Guarantee (EAFG), funding Pillar 1; and
- The European Agricultural Fund for Rural Development (EAFRD), funding Pillar 2.

The legal framework for EU rural development support policy (Pillar 2) is set out in the 2005 EU [Council Regulation No 1698/2005](#) on Support for Rural Development by the European Agricultural Fund for Rural Development. Some elements of this regulation are outlined below.

### THE AXES OF SUPPORT FOR RURAL DEVELOPMENT

The regulation requires support for rural development to contribute to three objectives (known as "axes") and it sets minimum proportions of EU funds that must be allocated to each axis:

Axis 1	Axis 2	Axis 3
Improving the competitiveness of agriculture and forestry by supporting restructuring, development and innovation.	Improving the environment and the countryside by supporting land management.	Improving the quality of life in rural areas and encouraging diversification of economic activity.
<b>Minimum allocation: 10%</b>	<b>Minimum allocation: 25%</b>	<b>Minimum allocation: 10%</b>

EU Member States can choose from a range of specified measures under each Axis. There are [37 measures](#) in total (14 under Axis 1, 13 under Axis 2 and 8 under Axis 3). In summary:

- Measures under Axis 1 fall into three groups: human resources (eg vocational training), physical capital (eg developing agricultural/forestry infrastructure), and food quality (eg supporting farmers who participate in food quality schemes).
- Axis 2 measures relate to the sustainable use of agricultural land (eg payments to farmers in areas with handicaps, agri-environment payments and animal welfare); and sustainable use of forestry land (eg first afforestation of land).
- Axis 3 measures fall into three groups: diversification of the rural economy (eg support for creation of micro enterprises), improvement of the quality of life in rural areas (eg basic services) and training, skills acquisition and animation. (European Commission, 2006)

There is a further requirement to allocate a minimum of 5% of EU funds to one or more of the three axes using the LEADER approach (which is known as Axis 4). LEADER involves the implementation of innovative local development strategies by broad-based local partnerships called Local Action Groups (European Commission, 2006). It is discussed further on p8.

## **COMMUNITY STRATEGIC GUIDELINES**

The European Council is required to set at Community level the strategic priorities for rural development policy for 2007-2013 with a view to implementing each axis. In February 2006, the Council adopted the [Community Strategic Guidelines for Rural Development](#). There are six strategic guidelines and, for each, there is a list of key actions. The first three are the same as the three core policy objectives outlined above. The remaining three guidelines are:

- Building local capacity for employment and diversification;
- Ensuring consistency in programming (between and within all the Axes); and
- Complementarity between EU structural, employment and rural development policies.

## **NATIONAL STRATEGY PLANS AND RURAL DEVELOPMENT PROGRAMMES**

Member States are required to submit to the EU Commission a National Strategy Plan for 2007-2013 indicating the priorities of action of the EAFRD and of the Member State taking into account the Community Strategic Guidelines, the contribution from the EAFRD and other financial resources. These Plans are to form the basis for the preparation by Member States of Rural Development Programmes (RDPs) for 2007-2013. RDPs must be submitted to the EU Commission for approval. There is a list of matters that RDPs are to contain including information on the axes and measures proposed for each axis, a financing plan, and programme implementing arrangements. After approval of an RDP, Member States are required to set up a Monitoring Committee comprising government and stakeholder representatives. The Committee is to review progress made in achieving the targets of the RDP. Member States may submit to the EU Commission requests to revise the RDP (amendments should first be approved by the Monitoring Committee). Each year, Member States must submit to the EU Commission a progress report on the implementation of the RDP.

## **CO-FINANCING OF EU FUNDS**

EU rural development funding must be co-financed by Member States. The regulation stipulates the minimum and maximum proportions of EAFRD contributions for each axis. The minimum EAFRD contribution rate at axis level is 20%. The maximum EAFRD contribution rates are:

- Axis 1 – 50% (75% in convergence regions)
- Axis 2 – 55% (80% in convergence regions)

- Axis 3 - 50% (75% in convergence regions)

In Scotland, the Highlands and Islands is a convergence region.

## **MODULATION OF EU FUNDS**

Modulation is the transfer of funds from Pillar 1 of the CAP (Single Farm Payments) to Pillar 2 (Rural Development). There are two types of modulation – voluntary (at the option of Member States) and compulsory (EU-wide). From 2000, EU rules allowed Member States to voluntarily modulate funds at a rate of up to 20%. UK administrations agreed on a rate of 2.5% in 2001, rising progressively to 4.5% in 2006. The amount modulated was matched with national funding and this increased total government support for rural development.

As part of the 2003 reform of the CAP, it was agreed to introduce compulsory modulation in all EU 15 Member States in 2005 (i.e. the 15 Members of the EU before the expansion of the EU in 2004). The rate of modulation was initially set at 3%, rising to 5% from 2007 onwards. The first €5000 received by all farmers has not been subject to compulsory modulation. The proceeds of compulsory modulation have been shared out among EU 15 Member States on the basis of an allocation criteria set by the European Commission. A safety net means that no Member State receives less than 80% of what has been raised from its farmers. It has been possible to supplement compulsory modulation with voluntary modulation.

As part of the EU budget for 2007-2013, the European Council (2005) proposed that Member States could continue with national voluntary modulation rates of up to 20% and that this would not be subject to national co-financing or to minimum spending per axis rules. The European Parliament's Agriculture Committee (2006) criticised this proposal and the European Parliament voted to reject it. In March 2007, a compromise was reached and the European Council (2007) agreed that the UK (and Portugal) could continue to use voluntary modulation during 2007-2013. Scotland's voluntary modulation rates are outlined on p11.

The EU is reviewing the issue of modulation in 2008 as part of the "CAP Health Check" (which is primarily concerned with Pillar 1 of the CAP – i.e. direct subsidies). The European Commission (2008) has proposed that compulsory modulation be increased by 2% each year from 2009 until it reaches 13% in 2012, with higher rate increases for farmers receiving €100,000 or more in Single Farm Payment subsidies. All new receipts from compulsory modulation would stay within the Member State that generates them. Member States that use voluntary modulation would be required to reduce the rate of voluntary modulation in line with increases in the rate of compulsory modulation. The Scottish Government (2008b) has recently commenced a [consultation](#) on the CAP Health Check, which closes on 5 September 2008.

## **EU RURAL DEVELOPMENT BUDGET**

In December 2005, the European Council agreed on a rural development budget of €69.75 billion for 2007-2013 (European Commission, 2006). In September 2006, the European Commission adopted a decision fixing the total budget (including compulsory modulation) at €77.66 billion and determining allocations to Member States. Allocations of the EU budget (excluding compulsory modulation) are determined on the basis of pre-2000 uptake by Member States of discretionary EU expenditure on rural development.

The UK's rural development allocation is €1.9 billion (about £1.3 billion) (DEFRA, 2008). Thirteen Member States received a higher allocation than the UK and 11 received less (European Commission, 2006). According to the Royal Society for the Protection of Birds

(RSPB) Scotland (2007), the UK received the lowest allocation of all 25 Member States per hectare of utilised agricultural area. Scotland received 23% of the UK's EAFRD allocation, (second to England, 53%) (DEFRA, 2008). RSPB Scotland (2007) reports that Scotland received the least of all four UK regions per hectare of utilised agricultural area: €75ph, compared to €114ph for England, €150ph for Wales and €167ph for Northern Ireland.

## **SCOTLAND RURAL DEVELOPMENT PROGRAMME**

### **BACKGROUND**

The Scotland Rural Development Programme 2007-2013 (SRDP) takes over from the Scottish Rural Development Plan 2000-2006. Consultation on the National Strategic Plan and the SRDP took place in 2006. There was a delay in finalising the SRDP because of delays at the EU level in dealing with the issue of voluntary modulation. In Parliament on 31 May 2007, the new Secretary for Rural Affairs and the Environment, Richard Lochhead, provided details of the SRDP budget and there was a [debate](#). In June 2007, the Scottish Government submitted the SRDP to the EU Commission for approval. In February 2008, the EU approved the SRDP. On 3 April 2008, the Scottish Government published the approved [SRDP](#) (Scottish Government, 2008c). The Government is currently redrafting the National Strategic Plan to reflect changes made to the SRDP prior to its approval. The Scottish Government has recently published a [timetable](#) for implementation of the SRDP. The following summary of the SRDP is based on information in the SRDP and on the Scottish Government's [website](#).

### **KEY PRIORITIES FOR THE SRDP**

The Strategic Plan for Scotland outlines five key priorities across the three axes:

- Improved business viability (Axis 1)
- Enhanced biodiversity and landscape (Axis 2)
- Improved water quality (Axis 2)
- Tackling climate change (Axis 2)
- Thriving rural communities (Axis 3)

### **KEY SRDP DELIVERY MECHANISMS**

The SRDP has three key delivery mechanisms:

- Rural Development Contracts;
- The Less Favoured Area Support Scheme; and
- The LEADER initiative.

#### ***Rural Development Contracts***

Rural Development Contracts (RDCs) combine economic, social and environmental measures in rural areas under a single contract of assistance to a land manager, other rural business, group or individual. There are two types of RDCs:

- (1) Rural Development Contracts - Land Managers Options; and
- (2) Rural Development Contracts - Rural Priorities

*Rural Development Contracts – Land Managers Options (LMOs)* is a non-competitive, allowance based scheme. The allowance is calculated on the basis of the total area of agricultural land that a land manager declares each year. Land Managers may apply their LMO allowance to *providing research and information services to the Scottish Parliament*

measures chosen from a [menu of 22 options](#). Eight of these options relate to Axis 1 (eg skills development, use of farm and forestry advisory services), 11 options relate to Axis 2 (eg management of moorland grazing, biodiversity cropping on in-bye, small scale woodland creation), and three options relate to Axis 3 (eg improving access). Recipients are subject to cross-compliance requirements, which are Statutory Management Requirements (legislative standards relating to public health, animal and plant health, environmental protection and animal welfare) and a requirement to keep land in Good Agricultural Environmental Condition.

*Rural Development Contracts – Rural Priorities* brings together a range of separate schemes previously available within and outside the 2000-06 SRDP. These include the:

- Farm/Agriculture Business Development Schemes;
- Rural Stewardship Scheme;
- Natural Care Scheme;
- Organic Aid Scheme;
- Processing and Marketing Grant Scheme (on and near farm projects); and
- Scottish Forestry Grants Scheme.

In contrast to LMOs, Rural Priorities is a competitive funding scheme. In addition, the focus of Rural Priorities is on delivery of regional priority outcomes, with an emphasis on collaboration to deliver integrated and/or landscape scale benefits. [Regional priority outcomes](#) have been set in partnership with stakeholders for each of the 11 SRDP regions. Applications are selected on the basis of contribution to regional priorities, value for money and management of risk.

There is a [list](#) of 75 measures which can be funded under Rural Priorities. Sixteen of these measures fall under Axis 1, 47 fall under Axis 2, and 12 come under Axis 3. In order to guide land managers towards measures and combinations of measures that will deliver priority outcomes, there is also a [list](#) of 37 “packages” of measures (four for Axis 1, 25 for Axis 2 and three for Axis 3). For example, there is a “species-rich grassland” package, which notes one measure (management of species-rich grassland) that will always deliver the desired outcome and other options that will help to achieve the desired outcome in specific circumstances (eg skills development, mown grassland for wildlife, grazing management of cattle).

### ***Less Favoured Area Support Scheme***

As provided for in EU regulations, the Less Favoured Area Support Scheme (LFASS) makes annual area-based payments to farmers and crofters who farm forage land (land used for feeding or grazing livestock) in Less Favoured Areas (LFAs). LFAs are primarily areas that suffer from natural handicaps due to altitude, steep slopes, low soil productivity or poor climate conditions. Around 85% of agricultural land in Scotland is classified as LFA. LFASS payments are also subject to farmers and crofters meeting cross-compliance requirements. The LFASS is to be implemented on an interim basis pending the outcome of an EU wide [review](#) in 2008 of the classification of LFAs. A new LFA scheme will be introduced in Scotland in 2010.

### ***LEADER***

The LEADER initiative takes over from the previous LEADER+ programme, a European funded community initiative that ran from 2000 to 2006. LEADER is aimed at promoting economic and community development within rural areas. It is a bottom up method of delivering support for rural development through implementing a local rural development strategy. Support will be aimed primarily at small scale, community driven projects that are innovative in nature. Applicants need to have matching funds, normally 50% or more of the total project cost.

Funding is awarded by Local Action Groups (LAGs), who take decisions on projects that are community driven and have a wide community benefit. These LAGs are made up of representatives from the local council, local enterprise company, business people, other public agencies, voluntary action groups, and community groups. In Summer 2007, a call was issued for groups to express an interest in forming LAGs and a total of [16 groups](#) were successful in attracting funding. Another four areas are expected to come forward in the second round, which opened in March 2008 and this would allow virtual coverage of the whole of rural Scotland.

## **OTHER FUNDING MECHANISMS**

Other SRDP funding mechanisms include:

- Crofting Counties Agricultural Grant Scheme;
- Challenge funds for forestry and woodlands;
- Food Processing and Marketing Grant Scheme;
- Skills Development Scheme.

### ***Crofting Counties Agricultural Grant Scheme***

The Crofting Counties Agricultural Grant Scheme (CCAGS) provides assistance towards improving the viability of rural business on crofts and similar scale agricultural holdings in the Crofting Counties, and to achieve other benefits such as improved animal health and welfare. Its principal objective is to sustain the economic basis and way of life and so help retain population in crofting areas. CCAGS support is available for land improvement, agricultural building, power and access services and facilities for keeping livestock. Grants of up to £25,000 for individuals and £125,000 for groups in any 2-year period are available. However, funding for CCAGS is limited and applications may be refused if budget limits are reached.

### ***Food Processing, Marketing and Cooperation Scheme***

The Food Processing, Marketing and Cooperation Scheme (FPMCS) aims to help Scottish food producers, processors, retailers and the food service sector work together to identify, inform and meet market demand, drawing on business advice and sharing resources and experience to develop ideas, control costs and increase incomes. Assistance is available to support:

- Capital costs of businesses involved in the processing of primary agriculture produce to develop new, and improve existing, processing facilities;
- Non-capital costs towards the wider development of food processing businesses such as market research and consultancy, product development and attendance at trade shows;
- Cooperation activity between food producers, food processors and third parties.

Levels of assistance will vary depending on the type and size of business applying for support. In general terms this will range from 25-50% for investment in food processing businesses and 50% plus for support towards cooperation activity.

### ***Challenge funds for forestry and woodlands***

Two Challenge Funds operate under the SRDP, which aim to improve the condition of existing woodlands for the benefit of local people. Both funds are competitive.

The *Woodlands In and Around Town Challenge Fund* is targeted at improving existing areas of woodland close to population centres to improve the quality of life for people living and working there. Examples of work that could be supported include work to improve the condition of woodland and the construction of new or improved recreation facilities, including new and

upgraded paths. Owners or occupiers of existing woodland greater than 1 hectare in size and within 1km of a settlement of at least 2000 people or more can apply for a grant under this fund.

The *Forestry for People Challenge Fund* is intended to help groups realise the potential contribution of local woodlands to the health, learning and strengthening of communities. Examples of work that could be supported include guidance, contribution towards staff time, feasibility studies and health education projects. A wide range of applicants can apply for funding including users of woodlands, community and voluntary groups, schools and educational groups, businesses and Local Authorities.

### **Skills Development Scheme**

The Skills Development Scheme is a new scheme that will provide funding support for eligible organisations to set up group training initiatives to improve business and land management skills of farmers, crofters and foresters. It is aimed at organisations that represent the farming and forestry industries, or are closely involved with promoting the development of land and business management skills within these industries. Initiatives must either fill a gap in existing provision or offer a new and effective way of meeting a training need. The scheme aims to build on the success of industry-led initiatives such as [Monitor Farms](#).

### **SCEMES LEFT OUT OF THE SRDP**

Some schemes that were originally included in the SRDP were ultimately left out due to the European Commission's concerns about the schemes. The excluded schemes relate to Land Managers' Options on animal health and welfare, farm visits, and quality assurance. Existing recipients of funds under similar measures in the previous SRDP will continue to receive their money. Richard Lochhead MSP said that the Government would seek to reintroduce these schemes through the first modification of the SRDP (Scottish Parliament, 2008).

### **FUNDING OF THE SRDP**

#### **Sources of funding**

As noted in the introduction, the budget for the SRDP is around £1.6 billion. There are three sources of funding for the SRDP: (1) The Scottish Government; (2) The European Agricultural Fund for Rural Development (EAFRD); and (3) Compulsory and voluntary modulation of EU funds from Pillar 1 to Pillar 2. The Table below outlines the respective contributions (in pounds):

<b>Funding source</b>	<b>Amount (£million)</b>	<b>Percentage</b>
Scottish Government	1,113	71
EAFRD	125	8
Compulsory modulation	104	7
Voluntary modulation	227	14
<b>Total</b>	<b>1,569</b>	<b>100</b>

Source: (Neison and Hampson, 2008)

The rate of compulsory modulation is 5% while Scotland's rates of voluntary modulation are 5% in 2007, 8% in 2008, 8.5% in 2009 and 9% from 2009 onwards (Scottish Parliament, 2007a).

### **Funding for each Axis**

The budget for each of the four axes is shown in the Table below (in euros):

<b>Axis</b>	<b>Amount (€million)</b>	<b>Percentage</b>
1: Improving competitiveness	306	14
2: Improving environment	1,469	69
3: Improving quality of life	248	12
4: LEADER	108	5
<b>Total</b>	<b>2,133</b>	<b>100</b>

Source: Adapted from Scottish Government (2008c, p102)

### **Funding for specific measures**

The budgets for SRDP measures are shown in the Table below (in pounds):

<b>Scheme</b>	<b>Amount (£million)</b>	<b>Percentage</b>
Rural Development Contracts	624	41
LFASS	427	26
Other	211	13
Legacy schemes	338	20
<b>Total</b>	<b>1,600</b>	<b>100</b>

Source: (Neison and Hampson, 2008)

The category "Legacy Schemes" refers to existing agreements under previous schemes, i.e. the Countryside Premium Scheme, Rural Stewardship Scheme, Organic Aid scheme, forestry schemes and the Land Management Contract Menu Scheme (see Scottish Parliament, 2007b).

During Richard Lochhead MSP's announcement on 31 May 2007 (Scottish Parliament, 2007a), figures were provided on several specific measures funded under the SRDP, many of which will be delivered through Rural Development Contracts (RDCs). It was announced that £404 million had been allocated for agri-environment payments, including £45 million for organic production. This figure included £233 million for new agri-environment commitments. Other figures provided in relation to RDC measures include:

<b>Measure</b>	<b>Amount (£million)</b>
New entrants scheme	10
Aid for restructuring agricultural businesses	31
Creation and development of micro enterprises	18

Diversification into new activities	18
Membership of quality assurance schemes	3.5
Leisure, recreation and sporting facilities	32
Tourism facilities	12
Creating and maintaining access to rural areas	60
Encouraging cooperation	16

Other budget figures outlined in the announcement include: £36 million allocated to the LEADER initiative, £70 million allocated to the processing and marketing of agricultural and forestry products, £10.5 million for the Woodlands in and Around Town Challenge Fund, and £3.5 million for the Forests for the People Fund. In relation to LEADER, a subsequent press release (Scottish Government, 2008d) stated that £38.5 million had been allocated for the whole of rural Scotland and an additional £19.2 million for the Highlands and Islands.

## COMMENTS ON THE PROGRAMME

### STAKEHOLDER REACTIONS TO SRDP FUNDING PACKAGE

A variety of responses were made to the announcement of the SRDP funding package. The National Farmers Union Scotland (2007) welcomed the Government's announcement on SRDP spending despite the increase in modulation rates:

“While an average modulation rate of 8% will put pressure on farm incomes, the programme includes a number of measures, such as farm restructuring, co-operation and animal health and welfare, that will help businesses adapt to the last CAP reform by cutting costs and adding value to what they produce. We also welcome the inclusion of a young farmers scheme...Additional funding [under the new SRDP] will allow more farmers and crofters into agri-environment schemes and the continuing commitment to supporting the Less Favoured Areas has addressed our top priority.”

The Scottish Crofting Foundation (2007) responded as follows:

“...support among crofters for modulation will depend on how easy it is for small farm units to access the measures available through the new Programme. Many environmentally well-managed areas have struggled to access agri-environment support in recent years and although lower than expected levels of modulation are likely to be welcomed in crofting areas, we are also aware of the need to ensure that there is adequate funding to protect good environmentally-sound land management.”

The Scottish Rural Property and Business Association (2007) welcomed the Government's announcement about SRDP funding but stated:

“Voluntary modulation from the Single Farm Payment provides a substantial proportion of this funding package for wider rural development. It is therefore vital that the farmers who sacrifice between 11 and 16 per cent of their [Single Farm Payment]...must have access to the new funding measures which will increase the competitiveness of their businesses as well as contributing to wider social and environmental objectives.”

The Royal Society for the Protection of Birds (2007) commented:

“The £1.59 billion of Scottish Rural Development Programme funding presented today for the next seven years is disappointing. It is likely to place the Executive’s own environmental targets at a very real risk of failure.

What’s more, it will do nothing to improve the status quo, where Scotland’s farmers and crofters receive nowhere near the amount of agri-environmental funding as their UK and European counterparts do. Scotland’s agri-environment programme is the worst funded, in relation to area of farmed land, of the entire EU. Only a proper commitment to fully fund this rural development programme would have remedied this...”

## **OECD COMMENTS ON THE SRDP**

The Organisation for Economic Cooperation and Development (2008) has recently published its review of rural policy in Scotland. It commented on the SRDP (in part):

“The SRDP is a comprehensive strategy that does take into consideration the wide concerns of rural areas, but this vision is not reflected in budget allocations...[T]he focus of rural policy (within the EU framework) will concentrate substantially on the environmental dimension and...the other options offered by the regulation have been largely discarded. This makes interventions within the EU framework heavily agricultural in character.

...[The decisions taken over axis 2 resources indicate a clear strategic choice in favour of the production of environmental public goods in rural areas by farmers and land managers. This allocation does not appear well balanced, particularly in relation to previous policies and on-going socio-economic trends in rural Scotland. Regional and place-based approaches to rural development have a more articulated and multisectoral view of the environment. This implies that there should be a “balance” between environmental, economic and social objectives also in rural areas, since environmental payments are not likely to have major impacts on growth and job creation. Whether the more comprehensive vision presented in [the Scottish Government’s 2007 policy paper] “Rural Scotland, Better Still, Naturally” will be able in practice to rebalance and integrate the sector approach of the SRDP with the regional and national components of rural policy remains to be seen.”

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