

## Rural Development Programme (RDP) of Scotland, UK

### Scotland Rural Development Programme 2007-2010<sup>1</sup>

#### Relevant Contact Details

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**Managing Authority Website:**

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**Other useful links:**

Rural Development Programme (RDP):

[http://enrd.ec.europa.eu/rural-development-policy/country-information/uk/en/uk\\_home\\_en.cfm](http://enrd.ec.europa.eu/rural-development-policy/country-information/uk/en/uk_home_en.cfm)

Scotland National Rural Network (NRN):

<http://www.ruralgateway.org.uk/>



**Map of Scotland**  
(© European Commission)

## General socio-economic situation in rural areas in Scotland

Scotland, located in the north of the UK, has an area of 78,772 km<sup>2</sup> and is a predominantly rural country. The RDP document notes a total population of over 5.1 million and highlights that only 19% of these live in rural areas. It reveals an overall population growth in rural areas of 3.9% between 2001 to 2004 but also underlines the fact that these figures hide significant depopulation trends in remote and small rural communities. The population in rural areas tends to be older than in urban areas and RDP baseline figures revealed that the number of people aged above 65 years in remote rural areas was 3% higher than the rest of Scotland.

Baseline data from the RDP also showed that 54.4% of the land area is predominantly rural, with 40.6% being intermediate and 5.1% being urban. Although much of Scotland is characterised by mountainous terrain, poor soils and harsh climatic conditions, agricultural land covers almost 80% of Scotland. Much of this refers to rough grazing and 85% is classified as a Less Favoured Area. Scotland's landscapes are a major asset and contribute to national identity and tourism.

Compared to the rest of Scotland, the rural labour market is relatively strong and farming retains an important economic function in certain regions. Total income from farming between 2004 and 2005 was €637 million. Other RDP data highlight how wood production increased by 33% from 2000 to 2004. GVA for the food sector is increasing and has strong linkages to Scottish agriculture.

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<sup>1</sup> Latest updated RDP, following the adoption of the Health Check and European Economic Recovery Package and additional funds from Modulation (i.e. adjustments between Pillar 1 (Agriculture) & 2 (Rural Development) of the Common Agricultural Policy (CAP).

Despite the fact that productivity is rising for many farms, a divergence remains in the levels of performance and there is a low rate of diversification. Uptake of renewable energy use opportunities remains low and the RDP also highlights how strengthening farm education and training rates, as well as cooperation between producers, could create long-term benefits. Intensive farming has led to biodiversity loss in some areas. Nitrate run off from agricultural land and soil erosion also remain problems in some areas, although agri-environment schemes have attracted interest by land managers and priority species have been assisted in Action Plans. Whilst the forestry industry represents a key opportunity for diversification, a lack of integration between forestry and farming sectors can act to hinder further development. Within the food sector, rates of on-farm processing are relatively low and there is insufficient collaboration between processors and producers.

In rural communities, there is evidence of entrepreneurial activities particularly in the services sector and internet access is increasing. However, pockets of deprivation continue to exist in rural communities and many businesses are small. Structural issues continue to inhibit growth potential of SMEs and the wider rural economy in general.

### **RDP strategic objectives**

Scotland's RDP has been tailored to respond to the socio-economic and environmental analysis of Scotland's rural regions and involves a package of support that is tackling current deficiencies. The main aim of the RDP is to bring economic, social and environmental priorities and measures together which will contribute towards tangible policy outcomes. Importantly, the RDP is prioritising support for competitiveness in the agriculture and forestry industry in order to encourage business viability. This process is adding value to the rural economy and enabling the agriculture, forestry and agri-food sectors to adapt to market conditions. Central to the programme is the strategy to deliver coherent measures to meet environmental outcomes. Specific priorities include the need to address biodiversity, pollution and climate change. The RDP also focuses on encouraging entrepreneurship, improving services and infrastructure, and supporting cultural heritage. The Leader approach, which emphasises local governance, plays an essential role in tackling these issues.

Following the CAP Health Check, and in recognition of the greater emphasis now being given to the 'new challenges' facing agriculture and rural areas, the RDP was revised in 2009. This led to more concerted efforts (via revised financial allocations) being channelled into initiatives tackling climate change (which benefitted from 47% of the revised financial allocations), conserving biodiversity (36%), improving water management (12%), and promoting renewable energies (5%). These challenges are being met through existing measures and operations, mainly through existing agri-environmental schemes.

Broadband coverage in Scotland is comparable to that of the UK at 99.6%. As such, and considering the high set-up costs associated with preparing RDP actions for improving connectivity to less than 0.4% of premises in predominantly remote rural areas, the limited funding available from the European Economic Recovery Plan has been assigned to RDP actions addressing the aforementioned 'new challenges'.

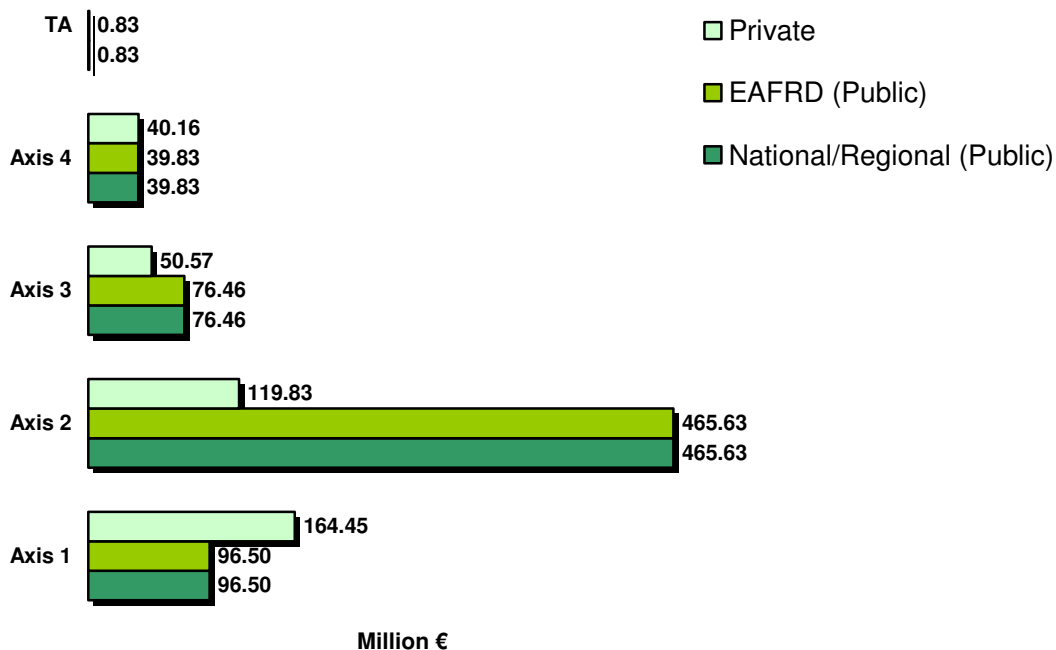
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<sup>2</sup> A full list of the RDP measures can be found in Annex I.

## Expected impact / outcomes of the policies

The outcome of the Scottish RDP is expected to deliver a positive impact for Scotland’s rural economy, environment, community and cultural life. The support focused on enhancing the private sector will result in improved business viability – namely activities based on introducing innovations, improved product quality, collaboration between businesses and other actors to enhance competitiveness, and exploiting new markets. Businesses will also enhance their energy efficiency and focus on the sustainable use of resources as well as developing the potential for a renewable energy. Biodiversity and the landscape will be strengthened through habitat and species protection. Water quality will be improved through the reduction of pollution and effective management of water resources. The implemented measures will also reduce the contribution of the rural economy to climate change through woodland creation and other mitigation measures. Rural communities will be revitalised as new enterprises and other forms of diversification will be established along with improved local services and management of historical sites.

## RDP budget breakdown by axis: Total expenditure (including national/regional + EAFRD + private funding) of €1,733,501,449



The RDP budget allocations are broadly divided into four main areas of expenditure, known as axes (namely: Improving the competitiveness of the agricultural and forestry sector; Improving the environment and the countryside; Quality of life in rural areas and diversification of the rural economy; and Leader). Approximately 21% of the overall RDP budget in Scotland is allocated to axis 1 (€ 357.45 million); approximately 61% is allocated to axis 2 (€ 1,051.08 million), 12% to axis 3 (€ 203.49 million) and 7% to axis 4 (€ 119.81 million), with less than 1% available to fund Technical Assistance (€ 1.67 million).

Within axis 1, National/Regional public funding represents approximately 27% share of the

axis funding; EAFRD 27%; and private funds 46%.

Within axis 2, National/Regional public funding represents approximately 44% share of the axis funding; EAFRD 44%; and private funds 11%.

Within axis 3, National/Regional public funding represents approximately 38% share of the axis funding; EAFRD 38% and private funds 25%.

Within axis 4, National/Regional public funding represents approximately 33% share of the axis funding; EAFRD 33%; and private funds 34%.

Within technical assistance, National/Regional public funding represents approximately 50% share of the technical assistance funding and EAFRD 50%.

In Scotland, €80,896,149 identified in the CAP Health Check have been specifically allocated to climate change, renewable energies, water management and biodiversity. A small additional allocation (€2,885,580) is available for the new environmental challenges because of the European Economic Recovery Plan (EERP).

## **Axis Information<sup>2</sup>**

### ***Axis 1 objectives: Improving the competitiveness of the agricultural and forestry sector***

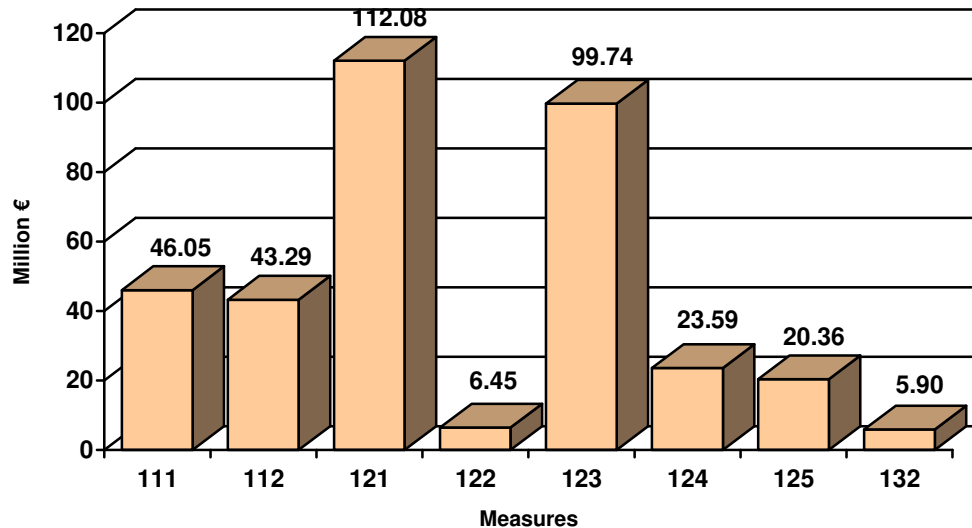
Axis 1 is the principal means for supporting the outcome on improved business viability. This includes:

- encouraging and restructuring innovative activities, generating improvements in product quality, facilitating collaboration among producers, and encouraging new entrants;
- increasing market focus, encouraging business planning, effective marketing and consumer awareness of sustainable products from well-managed countryside businesses, reducing business costs, exploiting new markets, and adding value through improved local processing and integrated supply chains;
- investing in training and development and knowledge transfer to help enhance and broaden the capacity of the agriculture and forestry sectors, and to sustain a skilled and confident workforce open to new opportunities; and
- promoting an efficient and environmentally sustainable industry through improved waste and resource management and energy-efficient plant and renewable energies.

The quantitative and qualitative indicators that will be used in the axis 1 measures include: increase in gross value added in supported enterprises (measure 121), number of enterprises introducing new products and techniques (measure 123).

Following the 2009 RDP update, intervention rates for works involved in modernising agricultural holdings were increased by 10% for three sub-measures under measure 121: improved efficiency of nitrogen fertiliser / improved manure storage; biogas production using organic waste; and processing of agricultural/forest biomass for renewable energy. Output indicators were amended in line with this change and new targets were established to invest €4,800,000 on 100 farm holdings for each of these sub measures.

**Axis 1 indicative budget breakdown by measure: Total allocated budget (including public funds + EAFRD + private funds) of €357,448,339**



Following the 2009 RDP update, the total budget amount for axis 1 is €357,448,339.

**Axis 2 objectives: Improving the environment and the countryside**

Axis 2 is the principal means for supporting enhanced biodiversity and landscape, improved water quality and tackling climate change. Axis 2 actions here include:

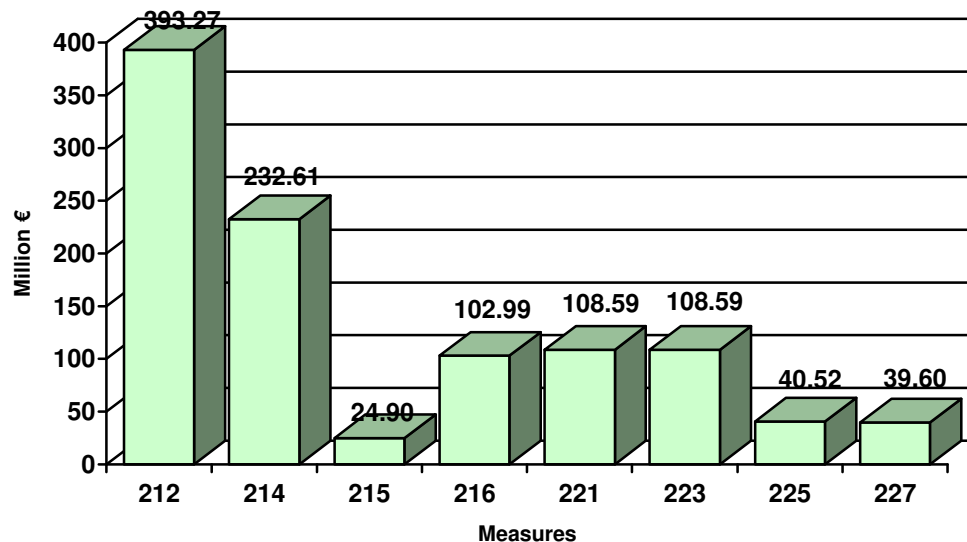
- maintaining traditional agricultural landscapes and encouraging high nature value farming and forestry, and ensuring the viability of land management businesses in these areas for the delivery of environmental benefits;
- protecting and enhancing biodiversity, landscapes and the historical environment, whilst recognising their wider role in underpinning economic and social activities;
- tackling climate change through woodland creation and land management practices;
- improving water quality by reducing water pollution, protecting soil quality, and achieving effective management of water resources;
- supporting animal health and welfare, thereby promoting the economic, social and environmental performance of the industry, including its contribution to the landscape.

The quantitative and qualitative indicators that will be used in the measures of axis 2 include: reversing biodiversity decline (measure 214) and maintenance of high nature value farmland and forestry (measure 212).

Examples of output targets for operations within measure 214 include more than 672,000 ha of total area undertaking agri-environmental actions that contribute to the 'new challenges'. Targets in the revised RDP for non-productive investments under measure 216 include assisting 1402 holdings and €19,641,000 for specific operations. For both measures 221 and 223, output indicator targets are 70 beneficiaries and 8,400 ha of afforested land. For measure 225, output indicator targets are 145 forest holdings supported and 202,500 ha of total forest area assisted. For measure 227, output indicator targets are 44 forest holders

supported and a total volume of investment of €11,600,000. For further information on measures please refer to the impact indicators table in the revised RDP.

**Axis 2 indicative budget breakdown by measure: Total allocated budget (including public funds + EAFRD + private funds) of €1,051,080,408**



Following the 2009 RDP update, the total budget allocation under axis 2 is €1,051,080,408. This includes an additional €2,885,580 for agri-environmental payments under measure 214, which was provided by the EERP. Furthermore, an additional €16,000 from the EAFRD-Non Convergence allocation for 2013 has been applied to axis 2 measures.

**Axis 3 objectives: Quality of life in rural areas and diversification of the rural economy**

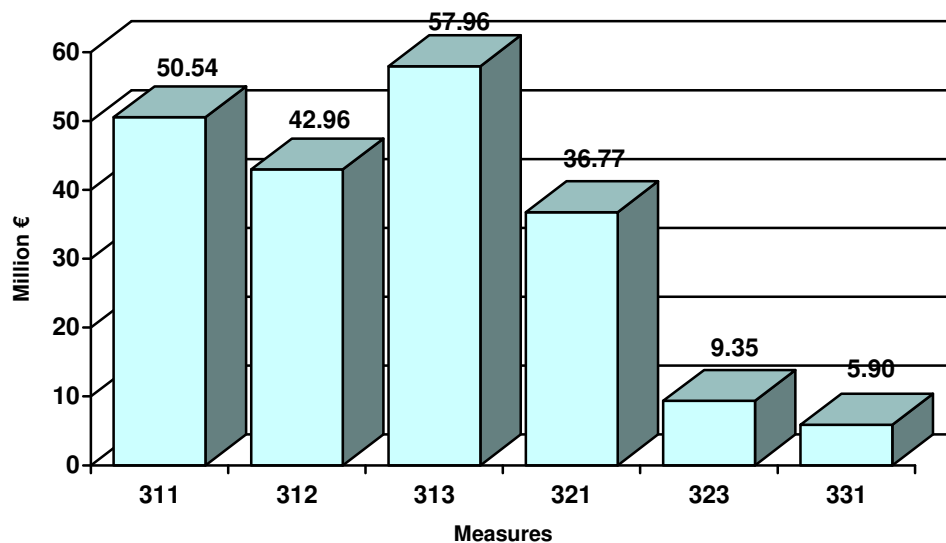
Axis 3 aims to support thriving rural communities through diversifying rural enterprises, generating employment opportunities and improving understanding of the surrounding environment and culture in order to facilitate entrepreneurship. This includes:

- adding value to rural goods and services and encouraging the development of businesses that can capitalise on the natural and historical environment;
- building capacity in local communities, through skills development, and through support for the development of micro-enterprises and social enterprise service providers;
- promoting public enjoyment and understanding of the countryside through raising awareness of countryside activities, assisting land managers to provide facilities for use by local communities and visitors, and promoting community involvement in land management; and
- supporting rural services and infrastructure at a local level through support for local facilities;

The quantitative and qualitative indicators that will be used in the measures of axis 3 include: gross number of jobs created (measure 313); increase in non-agricultural gross value added in supported enterprises (measure 311).

Axis 3 support for actions that assist farmers to diversify into non-agricultural activities, under measure 311, was revised in the 2009 RDP and additional priority was placed on three sub-measures: biogas production using organic waste; processing of agricultural/forest biomass for renewable energy; and installations/infrastructure for renewable energy using biomass and other renewable energy sources. Output indicators were amended in line with this change and new targets were established to invest €5,300,000 on 20 farm holdings for each of these sub measures.

**Axis 3 indicative budget breakdown by measure: Total allocated budget (including public funds + EAFRD + private funds) of €203,489,085**



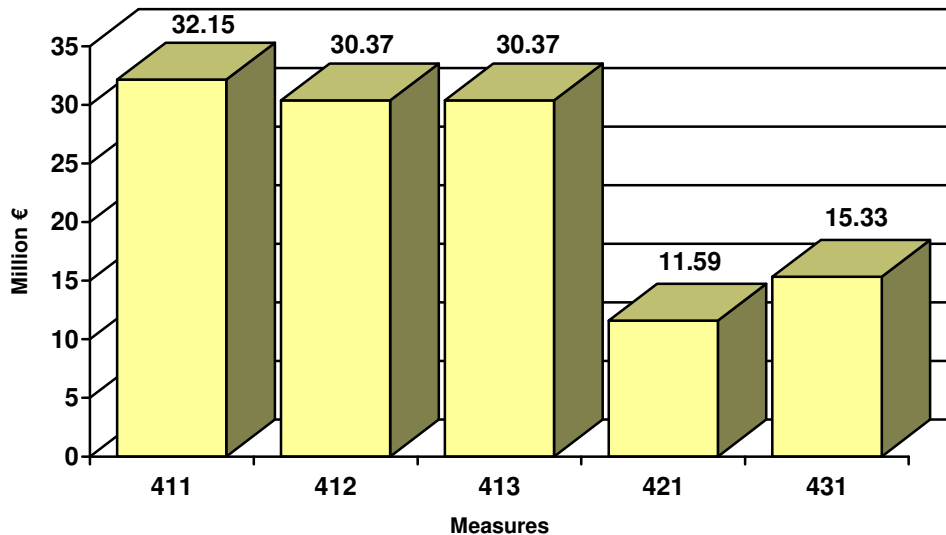
Following the 2009 RDP update, the total budget amount for axis 3 is €203,489,085.

#### **Axis 4 objectives: Leader**

The priority under axis 4 is to increase the capacity of local community networks in order to build human capital, stimulate innovation and cooperation locally. These actions apply in particular to axis 3 and Leader is also able to contribute to outcomes under axes 1 and 2. The precise actions to be taken forward through the Leader approach are determined by local development strategies prepared by Local Action Groups. These bodies exist across Scotland and bring together community representatives with the major actors shaping public service and investment. The quantitative and qualitative indicators that will be used in the measures of axis 4 include: gross number of jobs created (measure 41), number of participants that successfully ended a training activity (measure 413).

Number of LAGs operational in the RDP areas as of March 2010 was 20.

**Axis 4 indicative budget breakdown by measure: Total allocated budget (including public funds + EAFRD + private funds) of €119,814,321**



There were no modifications in relation to axis 4 following the 2009 RDP update.

### Monitoring and evaluation strategy

The Monitoring Committee in conjunction with the Managing Authority will oversee the Scottish RDP's monitoring and evaluation system. The Committee is composed of representatives from the Scottish Government, regional and local authorities, economic and social partners and other key stakeholders. The monitoring and evaluation system ensures continual assessment of the RDP performance and outcomes against specific targets and indicators. It uses the European Commission's Common Monitoring and Evaluation Framework (CMEF). The success of the RDP is reported annually on the basis of the results of the indicators as well as through independent mid-term and ex ante evaluations. Data is collected from specific surveys, the agricultural census, and fund application forms that are designed with the indicators in mind. Moreover, additional indicators to the CMEF will be used such as 'enhanced public access to the countryside' that are linked to specific priorities of the RDP.

### Communication and publicity

A strategic communication plan has been compiled by the Managing Authority in order to promote the RDP and to demonstrate how the RDP is supporting sustainable rural development. Fundamentally, the plan focuses on the requirement that for the successful realisation of the RDP, the programme depends upon adequate understanding and awareness by rural communities of the objectives of the RDP and the funding and resources available. The key target groups of the communication plan include potential and final beneficiaries, economic, social and environmental development agencies, trade and industry representative organisations, NGOs linked to gender equality, historical and cultural activities and environmental organisations from the public and voluntary sectors. The communication plan identifies several means of communication, which are utilised such as a devoted section on





the Scottish Government website, media briefings, national and local shows and events, information disseminated by the National Rural Network, electronic, and paper briefings sent to applicants and workshops.

## Annex I – Measures

Measures selected by the RDP   Measures selected by the updated RDP  

<b>Axis 1 - Improving the competitiveness of the agricultural and forestry sector</b>	<i>Promoting knowledge and improving human potential</i>	<b>111</b>	Vocational training and information actions
		<b>112</b>	Setting up of young farmers
		<b>113</b>	Early retirement
		<b>114</b>	Use of advisory services
		<b>115</b>	Setting up of management, relief and advisory services
	<i>Restructuring and developing physical potential and promoting innovation</i>	<b>121</b>	Modernisation of agricultural holdings
		<b>122</b>	Improvement of the economic value of forests
		<b>123</b>	Adding value to agricultural and forestry products
		<b>124</b>	Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector
		<b>125</b>	Infrastructure related to the development and adaptation of agriculture and forestry
		<b>126</b>	Restoring agricultural production potential
	<i>Quality of agricultural production and products</i>	<b>131</b>	Meeting standards based on EU legislation
		<b>132</b>	Participation of farmers in food quality schemes
		<b>133</b>	Information and promotion activities
<i>Transitional measures</i>	<b>141</b>	Semi-subsistence farming	
	<b>142</b>	Producer groups	
	<b>143</b>	Providing farm advisory and extension services	
<b>Axis 2 - Improving the environment and the countryside</b>	<i>Sustainable use of agricultural land</i>	<b>211</b>	Natural handicap payments to farmers in mountain areas
		<b>212</b>	Payments to farmers in areas with handicaps, other than mountain areas
		<b>213</b>	Natura 2000 payments and payments linked to Directive 2000/60/EC
		<b>214</b>	Agri-environment payments
		<b>215</b>	Animal welfare payments
		<b>216</b>	Non-productive investments
	<i>Sustainable use of forestry land</i>	<b>221</b>	First afforestation of agricultural land
		<b>222</b>	First establishment of agroforestry systems on agricultural land
		<b>223</b>	First afforestation of non-agricultural land
		<b>224</b>	Natura 2000 payments
		<b>225</b>	Forest-environment payments
		<b>226</b>	Restoring forestry potential and introducing prevention actions
		<b>227</b>	Non-productive investments
		<b>Axis 3 - Quality of life in rural areas and diversification of the rural economy</b>	<i>Diversify the rural economy</i>
<b>312</b>	Support for business creation and development		
<b>313</b>	Encouragement of tourism activities		
<i>Improve the quality of life in rural areas</i>	<b>321</b>		Basic services for the economy and rural population
	<b>322</b>		Village renewal and development
	<b>323</b>		Conservation and upgrading of the rural heritage
	<b>331</b>		Training and information
<b>Axis 4 - Leader</b>	<i>Implementing local development strategies</i>	<b>341</b>	Skills-acquisition and animation measure with a view to preparing and implementing a local development strategy
		<b>411</b>	Competitiveness
		<b>412</b>	Environment/land management
		<b>413</b>	Quality of life/diversification
		<b>421</b>	Implementing cooperation projects
<b>431</b>	Running the local action group, skills acquisition, animation		