

**DRAFT RURAL DEVELOPMENT REGULATION**  
**LINK Agriculture Task Force response**  
**October 2004**

Scottish Environment LINK (LINK) is the umbrella forum for Scotland's voluntary organisations working together to care for and improve Scotland's heritage for people and nature. Its member bodies have interests spanning nature conservation, recreation, landscape and archaeology.

LINK member organisations have over 500 000 members across Scotland and have much expertise in farming. Member bodies farm over 70 000 ha for biodiversity, landscape and rural development objectives directly, and through payment to farmers and crofters. We also work with farming and the wider environment by providing advice to land managers, promoting education to schools and colleges, undertaking policy research that places agriculture in the context of sustainable development, and developing dialogue between stakeholders.

The following members of Scottish Environment LINK support this statement:

- RSPB Scotland
- Scottish Wildlife Trust
- National Trust for Scotland
- Council for Scottish Archaeology
- WWF Scotland

**Summary**

- a) Pillar II remains vastly under-funded, and cannot achieve its objectives unless funding is transferred rapidly and progressively from Pillar 1. LINK ATF recommends a combined modulation rate of at least 20%.
- b) As long as Pillar II remains under-resourced, there should be very limited expansion of objectives within the SRDP.
- c) A national strategy document for Scotland should identify priorities objectives, in line with current resourcing for Pillar II.
- d) Axis 2 measures must remain Scotland's priority.
- e) There should be no minima for Axes 1 and 3 for budget allocation, but Axis 2 should have a minimum of 50% of total rural development budget.
- f) Environmental conditions should be attached to all measures in the EAFRD.
- g) As there are proposals to amend the LIFE scheme, the funding arrangements for Axis 2 must make provision for the adequate delivery of Natura 2000 objectives.
- h) There should be flexibility to allocate budgets within as well as between axes.
- i) In Scotland, a proportion of the LFA budget should be re-allocated to targeted agri-environment measures. LINK ATF recommends re-allocating £20 million at this stage.
- j) LFA measures should be subject to environmental conditions being met.
- k) The limit of 10% of the area of a Member State that can be designated under Article 47, 3 (b) should be removed or significantly increased.
- l) The definition of 'specific handicaps' included under Article 47, 3 (b) must be clarified by government and stakeholders, and should have reference to the handicap of remoteness.

- m) Article 47, 3 (a) should not be used alone to designate Scotland's non-mountain LFA. Clarification is sought over whether Article 47 3(a) and 3(b) can be combined to form an 'enhanced' LFA.

### **Rural Development Regulation**

1. LINK ATF welcomes the recent reforms of the CAP, and their aim of allowing a market-led farming industry to respond to consumer demands. The role of public policy, directed away from providing production support, must be to deliver the public goods that society expects. This has primarily been achieved by the creation of the second pillar, designed to reward those who manage the countryside in return for the provision of public benefits. Part of the recent reform has been to strengthen this second pillar, through modulating payments and transferring funding from Pillar I, but it remains hugely under-resourced to deliver the wide range of objectives that are contained within the RDR. Single Farm Payments, funded through Pillar I still comprise 90% of all CAP funds, and constitute economic payments to farmers, with environmental safeguards in the form of cross-compliance. However, there are few discernible public gains from the SFP. These are primarily delivered through Pillar II, which channels only 10% of CAP funding. The huge discrepancy between the objectives of 'greening' the CAP, and the funding allocated to the measures that achieve this must be remedied. LINK ATF advocates a combined rate of at least 20% modulation in Scotland, to allow for agri-environment commitments to be met, and to ensure that there is sufficient funding for Scotland to meet her European biodiversity and other environmental commitments.
2. LINK ATF is concerned that with the current level of under-funding of Pillar II, there should not be a significant expansion of the objectives of the new EAFRD from those adopted within the current Scottish Rural Development Plan. Scotland's present level of agri-environment funding is significantly lower than that currently available in England and Wales. Our agri-environment schemes have become an exercise in bureaucracy and 'point-scoring', rather than a means of encouraging all farmers to truly change their farming practices in favour of the environment and start to deliver what the public want. A considerable amount of opportunity, advisory effort and farmer's goodwill is being lost through inadequate funding of agri-environment schemes. If Scotland's agri-environment programmes remain under-funded, then the commitments to Land Management Contracts and to greener agriculture that were made in the Partnership Agreement will have failed for both Scotland's environment and Scotland's farmers.

### **The Axis approach and Axis 2**

3. Therefore, the three policy objectives that define the priority axes should not be equal priorities for the targeting of scarce Pillar II funds in Scotland. Increasing competitiveness is primarily an aim that should be achieved through market mechanisms and not supported through an over-stretched second pillar. The national strategy document<sup>1</sup> should identify priority objectives, in line with current resourcing available for RDR measures, and priority should be given to Axis 2 measures until such time as adequate financing of the SRDP is achieved.
4. There should be increased flexibility within the RDR to apportion finances to the priority axes in line with national priorities identified in the strategy documents. The imposition of 15% minimum spend on Axes 1 and 3 within the RDR would lead to an inflexible system that effectively caps the proportion of total rural development budgets a Member State could allocate to land management at 70%. Given that at least this proportion of Scotland's current rural development spending is allocated to agri-environment measures, and these remain inadequately resourced, such a ceiling would have serious consequences for the delivery of environmental goods through agri-environment, and Land Management Contracts. However, such is the relative importance of Axis 2 measures to achieving the principle of CAP reform to provide public benefits in return for public funding, however, that this should be allocated a minimum of 50% of rural development

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<sup>1</sup> A Scottish strategy document should have its foundations in the Forward Strategy for Scottish Agriculture, and also have regard to the following: Scottish Biodiversity Strategy; Custodians of Change; Water Environment and Water Services Act; Nitrates Directive; Nature Conservation Act; Organic Action Plan; Passed to the Future; Land Reform (Scotland) Act 2003; the Physical Activity Strategy; National Walking Strategy; Scottish Forestry Grant Scheme; the Scottish Forestry Strategy.

spending. Without this, the funding of agri-environment schemes, and the commitment to Natura 2000 payments are seriously jeopardised at a European level.

5. Currently, the regulation only requires a basic standard of environmental cross-compliance for Axis 2. This should be extended to the other two axes, in order to guard against environmental damage from activities funded through them. Although measures that are taken up by farmers in receipt of the Single Farm Payment will be subject to Good Agricultural and Environmental Condition (GAEC), there are no such conditions on non-farmers, who may have very few environmental standards to comply with. A broader and more widely applicable standard than GAEC, which may have been loosely interpreted in many Member States, would be the most suitable standard. Member States should also be able to require compliance with national standards. As a priority cross-compliance under the EAFRD must include reference to the Water Framework Directive.
6. Member States should also have the flexibility to allocate budgets within as well as between axes. This is particularly relevant when considering Axis 2 and the fact that it will comprise agri-environment payments, Natura 2000 payments, forestry and LFA payments. The Axis approach should have the flexibility built in at this stage to allow for Member States, and regions within them, to re-allocate funds within axes. This would then allow, in the Scottish case, proportions of the LFASS budget to be incorporated into more targeted mechanisms such as the developing LMC model, in the near future.
7. Given the proposals to amend the LIFE scheme, Axis 2 funding arrangements should make adequate provision for the delivery of Natura 2000 objectives. As elements of Natura 2000 funding fall within the objectives of Axis 3, there should be effective co-ordination to ensure the continuation of Natura 2000 delivery.
8. Article 6 must make it compulsory for Member States to ensure the active participation of environmental stakeholders as well as socio-economic ones.

#### **Less Favoured Areas**

9. To conform to the ethos of a CAP that is decoupled from production, in the longer term LFA payments cannot be justified as compensation for costs incurred from farming in areas of particular handicap. Rather, they should be targeted towards the public goods they deliver, and at the farming systems that provide these goods.
10. In order that LFA fits in more appropriately with the priorities for Axis 2, and contributes to wider EU environmental objectives, there should be greater environmental conditionality on the LFA measure. Specific environmental conditions to be met and farming practices to be maintained should be defined for ecologically homogenous areas.
11. Any LFA scheme should have the flexibility to designate areas under Article 47, 3(b) to a greater extent than the 10% of Member State area prescribed in the draft regulation. This is particularly true, given that this 10% refers to the entire Member State (i.e. England, Scotland, Wales and Northern Ireland), it covers all four countries, not 10% area in each of the four.
12. Although LINK ATF recognises the need for simplicity in designing LFA schemes, this should not be at the expense of the most effective targeting of LFA funding, and the most useful combinations of categories should be fully investigated
13. Specifically, LINK ATF believes that Article 47, 3(a) designating the criteria for Scotland's non-mountain LFA, should be redefined to include the many areas that suffer handicaps of remoteness, and where the farming practices are of high environmental value would be omitted.
14. Clarification is sought as to whether options 3(a) and 3(b) can be super-imposed onto each other, rather than being seen as either/or categories. An enhanced LFA, for areas that satisfied criteria in 3(a) plus 3(b) would be one means of further targeting LFA payments.
15. The definition of 'specific handicaps' that could be included under 3(b), must be clarified through ongoing dialogue between government and stakeholders. The Scottish Executive and SNH should lead on work to define the categorisation of areas covered by 3 (b).