



Members' Research Service – QuickGuide Gwasanaeth Ymchwil yr Aelodau – HysbysHwylus



Rural Development funding in Wales

This paper shows arrangements for EU rural development funding for 2000-06 and 2007-2013 and progress with the next Rural Development Plan for Wales. Links with the Structural Fund programmes are highlighted.

The 2000-06 programmes

The Common Agricultural Policy (CAP) is funded by the EAGGF¹ and costs the EU around €50bn per year (approximately 50% of the EU's total budget). The CAP directs funding through two 'pillars': Pillar 1 (market support for direct production), and Pillar 2 (rural development). Funds can be shifted between the two 'pillars' by **modulation** up to limits set by the EU (a further *Quick Guide* is in preparation on this).

Funding for EU rural development is dealt with under the CAP, plus the EAGGF and FIFG² elements of the Objective 1 programme for West Wales and the Valleys.

Rural Development Plan 2000-06

The UK has a Rural Development Plan (RDP) in place for 2000-06 which includes the RDPs of the devolved administrations. The RDP for Wales (RDPW) applies to the whole of Wales, except "those parts which are clearly urban and developed"³, and focuses on:

- Creating stronger agriculture and forestry sectors;
- Maintaining and protecting the environment and rural heritage; and
- Improving the economic competitiveness of rural communities and areas.

The 2000-06 RDPW funds, for example, elements of Tir Mynydd and Tir Gofal, plus the Farm Improvement Schemes and the Processing and Marketing and the Woodland Grant Schemes. Around €150m is available to Wales from the EU (from the CAP), which, when added to funds from the Welsh Assembly Government, gives a total RDP budget in Wales of €534m for 2000-06.

Rural development 2007-2013

For the 2007-2013 programmes:

- A new European Agricultural Fund for Rural Development (EAFRD) will provide a single source of funding for all EU rural development activities in

¹ European Agricultural Guidance and Guarantee Fund

² Financial Instrument for Fisheries Guidance

³ Rural Development Plan for Wales 2000-06 http://new.wales.gov.uk/docrepos/40382/4038231121/403822/rdp_2-e.pdf?lang=en



Members' Research Service – QuickGuide Gwasanaeth Ymchwil yr Aelodau – HysbysHwylus

Wales, combining the EAGGF elements of the 2000-06 Objective 1 programme with the funding available under the 2000-06 RDPW.

- Funding for rural development will no longer be available through the 'Objective 1' (Convergence) programme.
- The 2007-2013 policy will focus on three areas in line with the axes laid down in the Rural Development Regulation, with a fourth axis for local approaches to rural development (see below for more details).
- The axes contain 34 'measures' which broadly outline the types of activity that can be funded under the RDP.
- The Financial Instrument for Fisheries (FIG) will be replaced by the European Fisheries Fund (EFF); the amount available under the EFF has not yet been decided.

The Assembly Government is currently preparing the 2007-2013 RDPW. The consultation on the draft Rural Development Plan for Wales 2007-2013 closed on 21 July⁴. The RDPW is due to be submitted to the Commission in December with approval expected in March 2007, and it is then likely to be published in mid-2007.

The Plan fulfils a requirement of *Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)* and must be prepared in line with the EU Strategic Guidelines for Rural Development⁵. The Regulation outlines four axes under which money can be spent:

- Axis 1** → Improving competitiveness of farming and forestry
- Axis 2** → Environment and countryside
- Axis 3** → Improving quality of life and diversification of the rural economy
- Axis 4** → Each programme must have a 'Leader' element for implementation of bottom-up local development initiatives (this will be delivered through the other three axes)

Each Member State must put in place a National Strategy Plan (NSP) for rural development. Within the UK, Wales, England, Northern Ireland and Scotland are preparing individual strategies which will be combined to form the UK NSP. The consultation on Wales' contribution (the 'Strategic Approach') closed on 8 March 2006⁶.

How much is available?

Current discussions in the Commission suggest that RDP funding for 2007-2013 will be based on historical allocations, which would mean that the UK would receive around 3.5% of the total funds. The UK Government has expressed concern at this system as it bears no relation to the UK's proportion of the EU's rural areas or of EU agricultural output. No official figure had been released at the time of writing

⁴ Consultation on the draft Rural Development Plan for Wales

http://new.wales.gov.uk/topics/environmentcountryside/countryside_policy/rural_development/Rdpw0713?lang=en

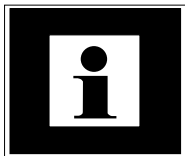
⁵ EU Strategic Guidelines for Rural Development http://ec.europa.eu/comm/agriculture/capreform/rdguidelines/index_en.htm

⁶ Strategic Approach to the RDP

http://new.wales.gov.uk/topics/environmentcountryside/countryside_policy/rural_development/sumrdpw0713?lang=en



Members' Research Service – QuickGuide Gwasanaeth Ymchwil yr Aelodau – HysbysHwylus



Further Information:

For further information on the topics below, double click on the links.

Assembly Government [Welsh European Funding Office](#)

Assembly Government [Rural Development](#)

Assembly's [Environment, Planning and Countryside Committee](#)

European Commission [Agriculture Directorate General](#)

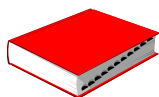
Assembly Government Access to Information document: [European Funding – how it works](#)

Members' Research Service [Research Papers](#)



More QuickGuides:

Full list of [QuickGuides](#)



Glossary of terms

Glossary of Public Finance Terms