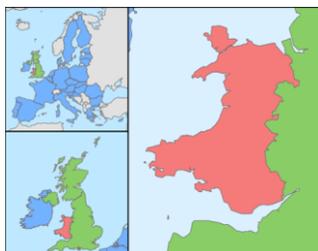


Case Study – WALES (UNITED KINGDOM) Programming for the Green Economy

Introduction

Wales has a population of around 3 million and an area of approximately 20 000 km², of which 60.1% is farmland and 9.5% is forest.



The natural resources of land, clean air and abundant water provide the foundation of the rural economy in Wales, while the outstanding mountain and coastal landscapes and rich cultural history are the basis of a thriving tourism sector. The productivity of farming, forestry and the rural workforce in Wales is relatively low compared with its competitors, and the social economy has a vital role to play in rural communities where market provision is limited. Improving access to fast broadband is a priority for green growth in several rural areas.

Policy Framework and background

The green growth agenda in Wales is based upon the principle of sustainable development, defined in the Well-being of Future Generations (Wales) Act 2015 as “the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the well-being goals”¹. Under this new legislation every public body in Wales must set objectives for sustainable development, and progress will be measured against a set of 46 national indicators of social, economic and environmental well-being². The Government has identified five priorities for green growth in Wales:

- investing in high quality and sustainable infrastructure;

- making Wales a more attractive place to do business;
- broadening and deepening the skills base;
- encouraging science and innovation; and
- targeting business support.

The Environment (Wales) Act 2016³ improves environmental regulation and puts in place a carbon budgeting framework and interim targets to achieve at least an 80% reduction in GHG emissions by 2050, providing clarity for green investment. It also opens up opportunities for businesses to invest in future waste management and energy production from waste, and in improving resource efficiency.

In the rural sector, the focus on green growth was well-established by 2014, with nearly £1 billion of RDP funds having supported new markets and business improvement for Wales’s land based industries and the food supply chain. The Government was already working to modernise agricultural systems, increasing resilience and build new business opportunities through the Rural Development Programme and the Animal Health and Welfare Framework⁴.

The Wales RDP 2014-20

Wales is unusual in that that the policy sectors of agriculture, forestry and the environment are now closely integrated in the institutional framework of government and in the way in which the RDP is designed and delivered.

The 2014-20 RDP focuses on ecosystem services provided by agriculture and forestry, especially water and carbon, enhancing farm viability and competitiveness, and promoting innovative farm technologies and the sustainable management of forests. Environmental land management support will be targeted at specific biodiversity, water management and soil erosion objectives on 700 000 hectares of farmland. The productivity of farming and forestry will be boosted, promoting green growth and more jobs.

¹ <http://gov.wales/docs/dsjlg/publications/150623-guide-to-the-fg-act-en.pdf>

² Welsh Government (2016) How to measure a nation’s progress? National indicators for Wales: Technical document <http://gov.wales/docs/desh/publications/160317-national-indicators-for-wales-technical-document-en.pdf>

³ <http://gov.wales/docs/desh/publications/160321-overview-en.pdf>

⁴ <http://Green Growth in Wales – Investing in the Future>
<http://gov.wales/docs/desh/publications/140623-green-growth-en.pdf>

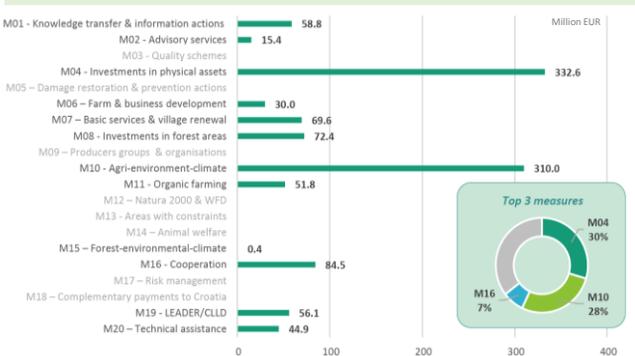
Other priorities include tourism, renewable energy and improving ICT and broadband for about half a million people in rural areas. At a local level new ways of working together in partnerships and co-operatives will be encouraged alongside the LEADER approach, and 13 000 training places will be created to foster innovation and improve skills in agriculture forestry and the processing sector. The graphics below illustrate the EU priorities, measures and budget allocations of the Wales RDP 2014-20.

Table 1: Budget allocation per RDP Priority

Priority	Total public expenditure per priority (million EUR)	% of total public expenditure*
P2 - Competitiveness	136.4	12.1 %
P3 - Food chain & risk management	76.8	6.8 %
P4 - Ecosystems management	594.5	52.8 %
P5 - Resource efficiency & climate	135.4	12.0 %
P6 - Social inclusion & local development	138.4	12.3 %

Source: RDP Summaries, ENRD, 2016

Table 2: Budget allocation per RDP Measure



Source: RDP Summaries, ENRD, 2016

The aim is to encourage more efficient on-farm investment, production and resource use. Grants can range from £16 000 (€21 880) to £400 000 (€547 000), and cover up to 40% of the total investment cost of a project, regardless of the size of the enterprise and location. The scheme is open to farmers, landowners, small and medium-sized enterprises (SMEs) and large businesses, voluntary organisations and co-operatives, provided they are involved in primary production of agricultural products. It covers all farming sectors - arable, beef, dairy, goats, pigs, poultry, sheep, horticulture and apiculture.

The Timber Business Investment Scheme

aims to enhance forestry potential in Wales and add value to forest products⁶, in a sector where too many land owners (especially some members of the farming community) are not engaged in woodland management or creation, and have not reacted to the current resurgence in demand for woodfuel. Investments must be related to improving the economic value of the forest, for example by enabling woodland management activities, timber harvesting and/or in-forest or small-scale timber processing. The scheme is open to private forest owners, local authorities, SMEs, community organisations and forestry contractors. Examples of eligible activities include: investing in environmentally friendly technology to extract timber from small and/or inaccessible woodlands (e.g. cable-cranes and skidders) and the development of small forest nurseries serving several forest holdings.

The Food Business Investment Scheme

It is aimed at primary producers of agricultural products and at businesses involved in first and/or second stage processing in Wales⁷. The scheme can provide capital investment and other support and is open to a wide range of enterprises including: sole traders, voluntary sector organisations, private and public companies (SME and large enterprises), farm businesses that want to process their own agricultural products, and also to new businesses including start-ups.

More efficient use of natural resources to provide ecosystem services

Wales is rich in natural resources and the provision of ecosystem services is recognised as an important part of the green economy, especially the opportunities around carbon, water and biodiversity.

RDP investment in green rural businesses

The Sustainable Production Grant Scheme

It is an investment package aimed at helping Welsh farmers to improve both the economic and environmental performance of their business⁵. It offers investment support for facilities and equipment related to animal health and welfare, crop storage, livestock housing and handling, renewable energy production and soil and crop management.

5 <http://gov.wales/topics/environmentcountryside/farmingandcountryside/cap/ruraldevelopment/wales-rural-development-programme-2014-2020/sustainable-production-grant-scheme/?lang=en>

6 <http://gov.wales/topics/environmentcountryside/farmingandcountryside/cap/ruraldevelopment/wales-rural-development-programme-2014-2020/timber-business-investment-scheme/?lang=en>

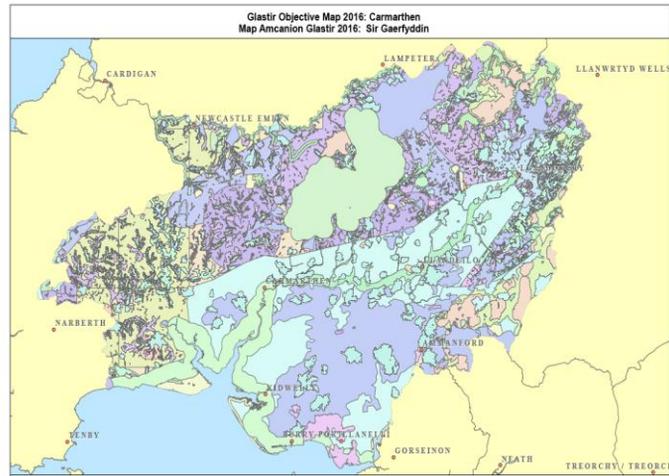
7 <http://gov.wales/topics/environmentcountryside/farmingandcountryside/cap/ruraldevelopment/wales-rural-development-programme-2014-2020/food-business-investment-scheme/?lang=en>

More than half the total public expenditure on the RDP is allocated to ecosystem management (Priority 4). The annual RDP payments for environmental land management, plus the local work generated by environmental and woodland investment, make a significant contribution to the rural economy of Wales, especially in areas of low-intensity livestock farming.

Glastir, the ‘one-stop-shop’ environmental scheme in Wales, pays farmers, foresters and other land managers for the provision of specific environmental goods and services aimed at:

- combating climate change;
- improving water management; and
- maintaining and enhancing biodiversity.

Glastir is designed to deliver measurable outcomes at both a farm and landscape level in a cost effective way, through a suite of complementary schemes⁸ including **Glastir Organics** (supporting both conversion to and maintenance of organic farming), **Glastir Commons** payments are for improved management of the large areas of common land which are important for sheep grazing, and also widely used by walkers and climbers, home to many EU protected habitats and species, and provide natural stores of carbon and water. **Glastir Woodland** provides a range of support for land managers who wish to create new woodland and manage or restore their existing woodlands. **Glastir Efficiency Grants** support on-farm investment in more efficient management of energy, water and waste (manure), and the **Glastir Small Grants** Scheme complements the annual land management payments by funding small on-farm environmental investments. **Glastir Advanced** is a high-level agri-environment-climate scheme, with more than 90 different management options which are carefully targeted at soil management (especially for carbon), combating diffuse pollution of water and improving the conservation status of semi-natural habitats and the species that use them⁹. The image below shows how Glastir Advanced is targeted, to make sure the RDP support is used appropriately. Farmers and foresters consult an online interactive map of their county to identify the target areas for different environmental priorities on their land. This example is the map for Carmarthen, a county of 2 395 km² in south Wales¹⁰.

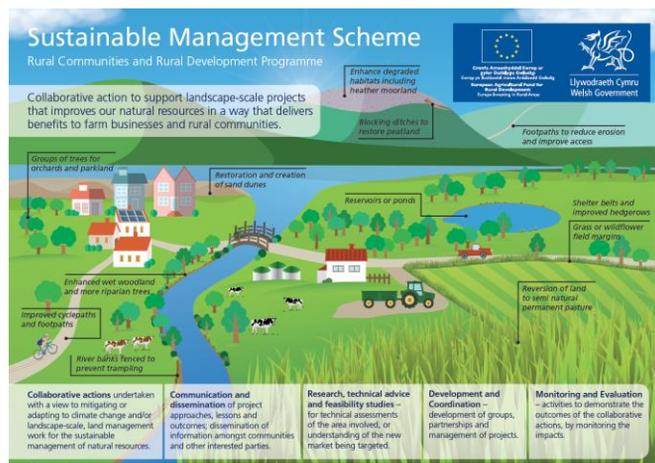


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Co-operating for Sustainable Management at a local level

The Sustainable Management Scheme

It targets environmental and social aspects of the green rural economy at a local level, by offering grants to groups seeking to improve natural resources and the benefits they provide, reduce greenhouse gas emissions and/or improve business and community resilience to the impacts of climate change¹¹. Grants range from £10 000 (€73 000) to £5 000 000 (€6 837 000) and can cover up to 100% of the cost. The scale of support ranges from small groups just starting up through to projects of landscape-scale ambition that require co-ordinated actions and inputs from many partners. The scheme is open to a very wide diversity of applicants - SMEs and large businesses, education or research establishments, farmers, foresters and other land managers, community or voluntary groups, associations of owners, community woodlands, trusts and local authorities.



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⁸ <http://gov.wales/topics/environmentcountryside/farmingandcountryside/farming/schemes/glastir/?lang=en>

⁹ <http://gov.wales/docs/drah/publications/151103-glastir-advanced-2017-whole-farm-code-management-options-rules-booklet2-en.pdf>

¹⁰ <http://gov.wales/topics/environmentcountryside/farmingandcountryside/farming/schemes/glastir/glastir-advanced/2016-glastir-score-maps/?lang=en>

¹¹ <http://gov.wales/topics/environmentcountryside/farmingandcountryside/cap/ruraldevelopment/wales-rural-development-programme-2014-2020/sustainable-management-scheme/?lang=en>

Advice, knowledge transfer, innovation and training

Farming Connect

It delivers an integrated programme of knowledge transfer, innovation and advisory services for both farming and forestry businesses¹². This includes the Knowledge Exchange Hub which makes it easier for farmers and foresters to communicate their needs to researchers, and allows them to feedback research findings and best practice advice through the Farming Connect Programme.

A bi-monthly publication Gwlad¹³ keeps farmers up-to-date with the latest advice, and the new 'agri-academy' provides specialist courses for teenagers considering a career in farming¹⁴.



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Key points

- ✓ Wales has a new legislative framework for sustainable development and a clear commitment to supporting Green Growth
- ✓ The RDP complements other national and EU investment in the green economy, including Structural Funds and research support
- ✓ A suite of RDP investment measures is aimed at improving business efficiency and skills in the primary production and processing sectors
- ✓ Environmental land management and investment support is carefully targeted at clear objectives for green growth based on more efficient and innovative use of Wales' natural resources, particularly in combating climate change, managing water and protecting biodiversity
- ✓ Support payments are backed up by knowledge transfer and training services
- ✓ RDP support for both the farming and forestry sectors is fully integrated in a one-stop-shop delivery

¹²<https://businesswales.gov.wales/farmingconnect/>

¹³<http://gov.wales/topics/environmentcountryside/gwlad/?skip=1&lang=en>

¹⁴<http://gov.wales/topics/environmentcountryside/farmingandcountry/cap/wales-rural-network/casestudies/58173565/?lang=en>