

WORKING DOCUMENT

MEMBER STATE: UNITED KINGDOM

REGION: WALES

1. Approved programme

The Rural Development Programme 2007-2013 for Wales (CCI 2007UK06RPO004) as approved by Commission Decision C(2008)784 of 25 February 2008.

2. Legal basis for the modification

Modification related to the first implementation of Article 16a of Regulation (EC) No 1698/2005; Changes to the total Community contribution for the entire programming period - Revisions under Article 6, paragraph 1, letter a) of Regulation (EC) No 1974/2006.

3. Reasons and any implementation problems justifying the amendment

A. Introduction of additional funding from the increase of the EAFRD ceiling for the UK set in Commission Decision 14/2009.

Commission Decision 2009/14/EC of 17 December 2008 amended the Member State EAFRD allocations. €100,000 of the increase in the UK allocation has been distributed amongst the four regional rural development programmes of the UK. Wales has received an additional €9,000. This amount is not allocated to any specific measures or operations. It is included within the "EAFRD – non-convergence" allocation for 2013 and applied to Axis 2 in the financial tables but is otherwise disregarded in the remainder of this working document as the amount is too small to have any meaningful impact.

B. CAP Health Check – European Economic Recovery Package

Following the approval of the European Economic Recovery Package (EERP), additional resources have been made available to Wales as Community support for rural development in view of the new obligations. It is therefore necessary to revise the Rural Development Program 2007-2013 for Wales (RDP), alongside the UK National Strategy Plan (NSP). This revision of the RDP addresses, at the same time with one single programme modification proposal, the priorities referred to in Article 16a of Regulation (EC) No 1698/2005, as amended following the CAP Health Check (Reg. 74/2009) and the EERP (Reg. 473/2009).

CAP Health Check

The RDP commits the Welsh Assembly Government to review support provided under Axis 2. Following an extensive consultation, a new scheme called Glastir was announced on May 5th and it will be introduced with agreements running from 2012. This scheme will replace Tir Gofal, Tir Cynnal, the Organic Scheme, Tir Mynydd and the Catchment Sensitive Farming Scheme.

The existing schemes will deliver on the new challenges agenda until the Glastir scheme becomes fully operational.

European Economic Recovery Package

Take up of broadband has increased in Wales significantly over recent years and is now on a par with the UK average. Furthermore, recent research by the telecommunications regulator, Ofcom, suggests that broadband take up in rural parts of Wales compare favourably with take up in urban areas.

In practice, however, local issues, such as line length and variable network quality mean that some locations continue to face difficulties accessing a broadband service. Consumers report issues ranging from total lack of service to patchy or intermittent service. Some of these issues are documented in Wales' urban areas; however, the majority of known broadband notspots are distributed throughout Wales' rural areas. These areas also feature a lack of third generation mobile broadband services and diminished second generation mobile coverage. This suggests that additional investment by the market will be required to enable mobile broadband in these areas. There is an opportunity to target investment to extend and upgrade high-speed broadband services in these rural communities.

The above mentioned strategic approach of the Welsh Assembly Government relates very well with the national strategy of the UK as this is described in the NSP. More specifically, the UK authorities mention that:

- concerning Health Check, considering that the size of the UK budget will not increase as part of the Health Check reforms and because the emphasis of the UK programmes is already on delivering environmental benefits, the UK regions will predominantly deliver the new challenges via existing schemes under axis 2.
- concerning the EERP, although broadband availability is high in rural areas of the UK, given the growing importance of broadband, there is a case for addressing availability in the "white-spot" areas and for improving the speed and quality of the broadband connection. With this in mind, the UK government published in June 2009, a report entitled "Digital Britain". This report sets out a commitment to deliver 2mb per second broadband access to everyone in the UK by the end of 2012. In response to the EERP, UK programmes will set a priority for delivering improved access to rural broadband.

The indicative financial allocation of the amounts resulting from the CAP Health Check and the EERP is presented in Table I.

Table I. Indicative financial allocation

Priority	% financial allocation
Biodiversity	61
Climate change	22
Water management	13
Broadband infrastructure	4

4. Description of the amendments proposed

4.1 New priorities / types of operations

CAP Health Check

In Wales, the primary focus of activities under Axis 2 is on enhancing the environment. These activities will contribute significantly to the aims of the new challenges.

As a consequence, the additional compulsory modulation resulting from the CAP Health Check (41 M €) will be covered by the existing agri-environment schemes and the proposed new land management scheme (Glastir). The options under these schemes contribute towards achieving the biodiversity, climate change and water management targets.

European Economic Recovery Package

The Wales allocation from the EERP (1,6 M €) will be used to address the availability and speed of broadband connectivity in rural Wales. The RDP 2007-2013 for Wales may thus contribute towards delivering the recommendations in the recently published report “Digital Britain” which outlines the UK’s approach to delivering a fully inclusive broadband service.

Table 5.3.6 of the RDP provides information on the types of operations to be supported to meet the obligations, at programme level, resulting from article 16a(3)(a) and article 69(5a) of Regulation (EC) No 1698/2005. In addition, it presents which of these operations are based on existing or new types of operations, as well as the indicative targets for output indicators, broken down by type of operations.

Table 5.3.6. List of types of operations referred to in Article 16a (3)(a) of Regulation (EC) No 1698/2005 and up to the amounts referred to in Article 69(5a) of that Regulation

Measure	Types of operations	Potential effects	Existing or New type of operation (E or N)	Reference to the description of the type of operation in the RDP	Output indicator target			
					Number of holdings supported	Total area supported (Ha)	Physical area supported (Ha)	Number of contracts
214	Improve efficiency of nitrogen fertiliser use (e.g. reduced use, equipment, precision agriculture), improvement of manure storage	Reduction of methane (CH ₄) and nitrous oxide(N ₂ O) emissions	E	TirGofal	2.000	200.000	200.000	2.000
	Soil management practices (e.g. tillage methods, catch crops, diversified crop rotations)	Reduction of nitrous oxide(N ₂ O), carbon sequestration, adaptation to the effects of climate change on soil	E	TirGofal	1.019	8.311	8.311	1.019
	Extensification of livestock (e.g. reduction of stocking density) and grassland management	Reduction of methane (CH ₄) and nitrous oxide(N ₂ O)	E	TirGofal	349	23.752	23.752	349
	Wetland restoration	Conservation of high-value water bodies, protection and improvement of water quality	E	TirGofal	1.462	28.440	28.440	1.462
	Development of semi-natural water bodies	Conservation of high-value water bodies, protection and improvement of water quality	E	TirGofal	9	4	4	9
	No application of fertilizer and pesticides on high nature value agricultural land	Conservation of species-rich vegetation types, protection and maintenance of grasslands	E	TirGofal	1.236	64.791	64.791	1.236
	Extensive forms of livestock management	Conservation of species-rich vegetation types, protection and maintenance of grasslands	E	TirGofal	132	12.935	12.935	132
	Integrated and organic production	Conservation of species-rich vegetation types, protection and maintenance of grasslands	E	TirGofal	104	1.592	1.592	104
	Perennial field and riparian boundary strips and biobeds	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats conservation of protected fauna and flora	E	TirGofal	330	129	129	330

	Land use change (extensive grassland management, conversion of arable land to permanent pasture, long-term set-aside)	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering habitats conservation of protected fauna and flora.	E	TirGofal	189	63	63	189
	Management of high nature value perennials	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering conservation of habitats protected fauna and flora	E	TirGofal	1.981	36.272	36.272	1.981
	Setting up and preservation of meadow orchards	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering conservation of habitats protected fauna and flora	E	TirGofal	292	70	70	292
	Land use change (e.g. conversion of arable land to pastures, permanent set-aside)	Protection of birds and other wildlife and improvement of biotope network, reducing entry of harmful substances in bordering conservation of habitats protected fauna and flora.	E	TirGofal	566	2.621	2.621	566
	Others		E	TirGofal	123	1.902	1.902	123
321	Creation and enabling access to broadband infrastructure including backhaul facilities and ground equipment (e.g. fixed, terrestrial wireless, satellite based or combination of technologies).	N/A	N	Measure Fiche 321	Number of actions: 18 (one action per Local Partnership).		Total volume (000 €): 3.805	

4.2 Description of the amendments proposed to axes and measures

The Welsh Assembly Government is seeking EC approval to amend the text and financial tables within the RDP, in order to identify the operations and funding targeted at the new challenges.

No new measures are proposed. The possibility to fund broadband activities is reinforced under measure 321.

Measure 321

Scope and Actions

The EERP funding will be used to enhance activity that the Welsh Assembly Government is already undertaking to address the broadband needs of rural Wales. A project proposal to cover the whole of rural Wales will be appraised and approved by the Managing Authority. Local Partnerships will be involved in the selection of actions for their areas.

The European Economic Recovery Package funding will support the creation of and enabling access to broadband infrastructure including ground equipment (e.g. fixed, terrestrial wireless, satellite based or combination of technologies).

The EERP will be delivered across any of the eligible rural wards of Wales. The agreed aid intensity rate will be 50%.

Direct recipients of the aid will be a single, or a consortium of, provider(s) of electronic communications services, in particular licensed telecommunications operators, service providers and system integrators. Indirect recipients will be households and businesses in Wales that cannot currently access broadband via commercial telecommunications companies, as well as third party providers who may gain access to a wholesale service.

Demarcation with ERDF

The European Regional Development Fund will not contribute to activities funded by EAFRD that address internet access issues in rural areas.

More specifically, EAFRD funds provided under the EERP will be used under the State aid scheme N57/2005 for the "Regional Innovative Broadband Support" (RIBS) project. The aim is to intervene in all rural wards of Wales and provide first generation broadband. No funding will be provided for backhaul facilities.

On the other hand, ERDF funding for broadband infrastructure in Wales is covered by the State aid scheme N692/2007 for the "Fibrespeed broadband" project. This project will intervene only in 14 business parks in North Wales providing only backhaul facilities.

State aid

The State aid scheme N57/2005 will be used (duration of the scheme 2005-2011).

5. The expected impacts of the amendment

5.1 Impact on the programme implementation

In Wales, operations and activities contributing to the new challenges (except broadband) are already incorporated into existing schemes. A new scheme, Glastir, that will replace the existing schemes, is expected to be introduced by 2012 and this will further strengthen these activities.

In the case of broadband, this amendment will introduce a new scheme which will accelerate the implementation of infrastructure works in rural areas of Wales.

5.2. Impact on the indicators

The impact of the proposed amendment on the indicators is presented in table 5.3.6 of the RDP.

6. Overall assessment

The amendment is in line with the UK National Strategic Plan as revised and submitted to the Commission on 13 July 2009 and is in conformity with Council Regulation (EC) No 1698/2005 and with Commission Regulation (EC) No 1974/2006. Concerning the funds allocated to broadband activities, issues related to demarcation and state aid were highlighted under point 4.2 above.

7. Financial implications of the modification

This amendment involves a financial amendment. Changes to the financial tables have been made and tables 6.1, 6.2 and 6.3 meeting the Commission requirements as described in Annex II of Commission Regulation No 1974/2006 (as amended by Commission Regulations No 363/2009 and 482/2009) are presented in the following pages.

Table 6.1 - Annual Contribution from the EAFRD (in EUR)

Year	2007	2008	2009	2010	2011	2012	2013	2007-2013
Non Convergence Regions	26.614.520	27.733.765	26.718.953	26.943.141	26.577.491	26.268.293	25.889.636	186.745.799
Convergence Regions	13.800.420	14.792.873	14.353.798	14.460.316	14.285.426	14.147.487	13.978.562	99.818.882
Voluntary Modulation	0	0	8.841.395	9.008.285	11.710.364	11.242.810	8.326.015	49.128.869
Additional funds from Article 69(5a) of Regulation (EC) No 1698/2005 - non convergence region	0	0	239.850	1.629.209	2.200.418	2.936.204	3.665.403	10.671.084
Additional funds from Article 69(5a) of Regulation (EC) No 1698/2005 - convergence region	0	0	719.550	4.887.629	6.601.254	8.808.612	10.996.208	32.013.253
Total EAFRD	40.414.940	42.526.638	50.873.546	56.928.580	61.374.953	63.403.406	62.855.824	378.377.887

Financial plan by axis (in EUR total period)**Table 6.2a - Non-convergence regions (in EUR total period)**

Axis	Total Public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	76.799.336	50	38.399.668
Axis 2	381.960.838	26	99.309.818
Axis 3	57.525.628	50	28.762.814
Axis 4	30.176.418	55	16.597.030
Technical assistance	7.352.938	50	3.676.469
Total	553.815.159		186.745.799

Table 6.2b - Convergence regions (in EUR total period)

Axis	Total Public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	28.715.115	75	21.536.336
Axis 2	208.525.058	26	54.216.515
Axis 3	20.020.355	75	15.015.266
Axis 4	16.455.936	55	9.050.765
Technical assistance	0	0	0
Total	273.716.463		99.818.882

Table 6.2c – Voluntary modulation (in EUR total period)

Axis	Total Public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	16.396.771	55	9.018.224
Axis 2	56.531.675	55	31.092.421
Axis 3	16.396.771	55	9.018.224
Axis 4	0	0	0
Technical assistance	0	0	0
Total	89.325.216		49.128.869

Table 6.2d – Additional funds from article 69(5a) of regulation (EC) No 1698/2005 – Non convergence region (in EUR total period)

Axis	Total Public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	0	0	0
Axis 2	18.660.616	55	10.263.339
Axis 3	543.660	75	407.745
Axis 4	0	0	0
Technical assistance	0	0	0
Total	19.204.276		10.671.084

Table 6.2e – Additional funds from article 69(5a) of regulation (EC) No 1698/2005 – Convergence region (in EUR total period)

Axis	Total Public	EAFRD contribution rate (%)	EAFRD amount
Axis 1	0	0	0
Axis 2	55.981.851	55	30.790.018
Axis 3	1.359.150	90	1.223.235
Axis 4	0	0	0
Technical assistance	0	0	0
Total	57.341.001		32.013.253

Table 6.2f – Summary table (in EUR total period)

Axis	Total Public	EAFRD amount	% of EAFRD total
Axis 1	121.911.222	68.954.228	18
Axis 2	721.660.038	225.672.111	60
Axis 3	95.845.564	54.427.284	14
Axis 4	46.632.355	25.647.795	7
Technical assistance	7.352.938	3.676.469	1
Total	993.402.116	378.377.887	100

Table 6.3 Indicative budget related to operations referred to in Article 16a of Regulation (EC) No 1698/2005 between 1 January 2009 and 31 December 2013 (Article 16a(3)(b) up to the amounts specified in Article 69(5a) of Regulation (EC) No 1698/2005)

Axis/Measure	EAFRD contribution for 2009-2013
Axis 2	
Measure 214	41.053.357
Total Axis 2	41.053.357
Axis 3	
Measure 321	
Related to priorities listed in article 16(a)1, points (a) to (f) of Regulation (EC) No 1698/2005	0
Related to priorities listed in article 16(a)1, point (g) of Regulation (EC) No 1698/2005	1.630.980
Total Axis 3	1.630.980
Related to priorities listed in article 16(a)1, points (a) to (f) of Regulation (EC) No 1698/2005	0
Related to priorities listed in article 16(a)1, point (g) of Regulation (EC) No 1698/2005	1.630.980
Total programme	42.684.337
Related to priorities listed in article 16(a)1, points (a) to (f) of Regulation (EC) No 1698/2005	41.053.357
Related to priorities listed in article 16(a)1, point (g) of Regulation (EC) No 1698/2005	1.630.980

8. Monitoring Committee

The proposed amendment was submitted to the Programme Monitoring Committee by written procedure on the 7th July 2009. The Programme Monitoring Committee agreed the amendment.