

Common Agriculture Policy Task and Finish Group

CAP 3 - WLGA

WLGA response to the National
Assembly for Wales'
Environment and Sustainability
Committee Task and Finish
Group Inquiry into the proposed
reforms to the Common
Agriculture Policy

Friday 4th November 2011



WLGA • CLILC

INTRODUCTION

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities, the three fire and rescue authorities, and four police authorities are associate members.
2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
3. Following the publication of the draft regulations for the Common Agricultural Policy and Rural Development by the European Commission on 12 October, WLGA welcomes the opportunity to contribute to the National Assembly for Wales' Inquiry into proposed reforms to the Common Agricultural Policy (CAP). We are also encouraged by the aim of the inquiry to act as a forum for stakeholders in Wales to engage with the debate on the future of the policy.
4. This response has been put together in consultation with local government stakeholders across Wales. Local government has a direct interest in the wellbeing of rural communities across Wales, including the contribution that farming makes to the rural economy. WLGA will respond to the issues as set out under the terms of reference for the inquiry.

What the European Commission's proposals could mean for Wales?

5. On Pillar I, WLGA expresses some concern at attempts within the direct payments regulations to move suddenly from the historic payments system to an area-based payments system. This could result in significant financial disruptions for farmers in rural communities in the early stages of the programming period. **The regulations as they currently stand propose a 5 year transition period, we would rather see a longer transition period of between 7-10 years.**

6. Although the emphasis on 'greening' the future CAP to promote environmental practices and sustainable development is commendable, WLGA expresses concern regarding the greening component representing 30% of the direct payments, which could result in certain restrictions and reduced flexibility, a reduction in market orientation and additional bureaucracy. **WLGA calls for more flexibility for regions to choose how to allocate and manage the direct payments to farmers. We would welcome a menu of options rather than compulsory allocations for specific pre-determined outcomes.**

7. On Pillar II, WLGA largely welcomes the draft regulations for Rural Development. In particular, WLGA welcomes the emphasis on improving the competitiveness of the agricultural sector and the proposal for a Common Strategic Framework, which should simplify rural development policy, help deliver common objectives by harmonising the European Agricultural Fund for Rural Development (EAFRD) with ERDF, ESF, and EMFF (Maritime & Fisheries), and help ensure complementarity of rural development programming with other shared-management funds on the ground via single local partnerships and strategies.

8. Further, WLGA welcomes attempts to achieve more effective linkage with other policy areas, including cohesion policy, to ensure wider societal benefits in rural areas. Funding for supporting the wider rural economy should not be limited to the rural development plan, the other funding streams (ERDF, ESF, EMFF) all have a role to play in this.

9. As outlined in the WLGA response to the European Commission's Consultation on the Future of CAP Impact Assessment (January 2011), WLGA supports the definition of a broad rural development policy for Wales that goes beyond agricultural policy, in order to reflect the wide and diverse range of economic drivers within rural areas. WLGA supports a strong CAP that takes greater consideration of societal challenges in the wider rural economy, including environmental aspects, food safety and quality, but also social cohesion in rural areas.

10. WLGA welcomes the proposal that Pillar II of the CAP should work in a coordinated and complementary manner with the direct payments in Pillar I and other EU funds. The possibility of transferring funds between Pillars is also welcomed as it could lead to greater flexibility within the future CAP.
11. The WLGA supports the view that replacing the three axes structure with six EU broad objectives for the new rural development programming period, in line with the Europe 2020 goals, will lead to greater flexibility in delivering RDP.
12. WLGA also supports the focus on the three core objectives for the future RDP, namely competitiveness of agriculture, sustainable management of natural resources, and a balanced territorial development of rural areas. A horizontal local development approach is required in order to effectively support Wales' rural economies and make rural areas attractive and sustainable places to live and work.
13. WLGA also welcomes the increased focus on innovation in the new regulations, particularly the proposal for a European Innovation Partnership (EIP) for Agricultural Productivity and Sustainability. This Partnership should help develop local infrastructure and basic services, realising the growth potential and promoting the sustainability of rural areas. It may also help with the roll-out of fast and super-fast broadband networks, which is a key issue for rural areas in Wales. The idea of introducing 'prizes' for innovative, local cooperation projects could be an effective stimulus for rural areas. WLGA recommends that rather than establish additional partnerships, EIP operational groups use existing partnerships and networks in Wales.
14. WLGA also supports the continuation of LEADER and for its application to remain compulsory for all rural development programmes. LEADER and networking approaches will continue to play a key role, in particular for the development of rural areas and the promotion of innovation. Support to LEADER local development from the EAFRD should cover all aspects of the preparation and implementation of local

development strategies as well as the support of cooperation among territories and groups which carry out bottom-up and community-led local development in Wales.

15. The WLGA strongly welcomes the recognition in the rural development regulations of the role of local government in the strategic programming of the future programmes. We are extremely keen to ensure that this translates into genuine partnership working on the ground in Wales in developing the new Rural Development Plan for Wales.
16. Local government has, and continues to play a key role in delivering the current Rural Development Plan for Wales, in particular Axes 3 and 4 which focuses on wider rural development activities. By taking the lead body responsibilities on behalf of local partners, developing rural development strategies, initiating and developing project development, overseeing the successful management and delivery of projects and ensuring partnership engagement, local authorities have played a central role in the successful delivery of the current RDP. Their role in financially supporting the delivery of Axes 3 and 4 across Wales has been central to the delivery of the current RDP, without this support this would not have happened. Further, in their role as lead bodies supporting local partnerships in delivering the RDP, local authorities have been able to facilitate strategic integration of funding on the ground by ensuring that local partnerships make the best and complementary use of different EU funding streams, including the Structural Funds. As a result they are well placed to facilitate, support and deliver the integrated delivery of funds on the ground envisaged by the proposed Common Strategic Framework for future delivery of these various EU funding streams.
17. As a result, local government's key role in delivering the current RDP, in particular Axes 3 and 4, needs to be fully recognised. Further, local government should be centrally involved in developing the most effective and appropriate delivery mechanisms for the new RDP in Wales. As a result **we call on the Welsh Government to share their thinking regarding the future delivery of the RDP in Wales with local government as soon as possible.**

What should the Welsh Government's priorities be in its negotiations on CAP Reform to ensure a beneficial outcome for Wales?

18. The regulations for both future rural development funding and structural funding propose that a Partnership Contract must be developed and agreed between Member States and the European Commission to set out interventions, proposed outcomes, commitments to Europe 2020 goals and subject to a performance reserve. These Contracts will have to include an analysis of the development needs within the Member States and a summary of how the EAFRD and other funds will be deployed. They will include an assessment of what actions are planned to reduce the administrative burden for beneficiaries and authorities responsible for the management and control of programmes.
19. The WLGA would rather see a Partnership Contract developed and agreed directly between Wales and the Commission so that accountability for managing and delivering the new funding programmes is at the Wales level, rather than the UK level. **As a result we strongly urge the Welsh Government to lobby for a direct Partnership Contract between Wales and the European Commission.**
20. However, if the European Commission and the Member States insist that the Partnership Contracts have to be between them then it is crucial that the Welsh Government plays an active role in the preparation of the UK Partnership Contracts in order to ensure the specificities of rural areas in Wales are fully recognised. It will be important to ensure regional and local input into this document thus we welcome the proposals in the regulations that regions and localities must be involved in their development.
21. The Welsh Government should also press for sufficient flexibility at the local/regional level in Wales to manage funds and ensure an appropriate balance between fulfilling Europe 2020 goals and addressing local specificities. Flexibility to target funding where it is most needed will be important.

22. The Welsh Government should also prioritise calls for more streamlined, rolling rural development programming without delays and funding gaps, in order to address the 'stop-go' nature of rural development programmes and the time-consuming nature of European Commission approval of regional and national programmes.
23. Whilst the idea of introducing a performance reserve to best performing programmes in Member States is to be welcomed in theory, in practice the WLGA expresses concern at the uncertain implications of releasing funds (5% of the total EAFRD contribution to each RDP) at such a late stage of the programming period (2019). **The Welsh Government should seek further clarification on the performance reserve proposal and its implications for RDP practitioners on the ground.**
24. Further clarification on the allocation key for funds within the EAFRD for each Member State would also be welcomed. As the UK currently receives the lowest rate of EAFRD support per hectare, the allocation of EAFRD between Member States for the next programming period should reflect the past performance on the basis of the total funds available to previous programmes, rather than the past allocations of core EAFRD allocations. **The Welsh Government should therefore push for an increase in the UK and Wales' share of the EU rural development allocation.**
25. **We fully recognise and welcome the financial commitment made by the Welsh Government in delivering the current RDP for Wales and wish to see this continued in the future.**

How can Wales ensure that its views inform the negotiation process?

26. WLGA emphasises the need for genuine partnership working at the Wales, UK and European levels during the negotiations on the Common Strategic Framework and Rural Development Programmes.
27. At the Wales level, the WLGA wishes to see genuine partnership working with the Welsh Government in developing the new Rural Development Plan for Wales and the

delivery mechanisms thus wishes to be centrally involved in the planning, preparation and implementation of the future RDP for Wales. In this context the commitment made by the Minister for Business, Enterprise, Technology and Science to establish a collaborative approach between the Welsh Government and local government in taking this forward made at the WLGA Rural Forum meeting on the 13th of October is very encouraging.

28. At the UK level we strongly support the key messages in the joint position published by the Welsh Government, Scottish Government and Northern Ireland Executive in January 2011 which criticised the UK Governments' stance on CAP reform and called for a change in approach based on the three following priorities:
- securing a fair and proportionate share of the overall CAP budget;
 - ensuring regional flexibility in both pillars of the CAP and
 - achieving greater simplification of CAP.
29. We welcome the fact that the Welsh Governments' Deputy Minister for Agriculture, Food, Fisheries and EU Programmes has already attended a number of EU Agricultural Council meetings and would encourage him to continue to attend and argue the case for Wales as the discussions and negotiations progress over the next few months.
30. At the European level, WLGA stresses the need for a continued Team Wales approach, whereby WLGA works closely with its Wales House Brussels colleagues in the Welsh Government and National Assembly for Wales in order to ensure the best possible deal for Wales in the negotiations with the UK Government and European Commission. Close links and regular dialogue with Wales' MEPs is also crucially important in order to maximise lobbying opportunities in the European Parliament, particularly as the CAP will be adopted through the co-decision procedure for the first time. Wales' influence in the CAP/RDP negotiation process can only be strengthened through close collaboration, a strategic dialogue and sufficient consultation between the key stakeholders in Wales.

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