

Appendix C – Topic Guides

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1. Topic Guide for Axis 1

1.1 Overview Axis 1

Axis 1 Level Overview	
Axis Objective	Axis 1 was the principal means for supporting the outcome on improved business viability of land-based agricultural and forestry holdings.
<p>The following priorities were identified in the Scottish Rural Development Programme (SRDP):</p> <ul style="list-style-type: none">• encourage restructuring, and new and innovative activities, generating improvements in product quality and facilitating collaboration among producers, and encouraging new entrants;• increase market focus, encouraging business planning, helping consumers to understand how their buying decisions can support sustainable products from well managed countryside businesses, and helping the agriculture and forestry sectors to reduce costs, exploit new markets, add value through improved local processing and develop more integrated supply chains;• invest in training and development and knowledge transfer to help to enhance and broaden the capacity and skills of the agriculture and forestry sectors, and to sustain a skilled and confident workforce open to new opportunities; and• promote an efficient and environmentally sustainable industry through pollution control and resource management (including facilities for the improved handling, storage and efficient use of manure and slurry to reduce diffuse pollution) and energy-efficient plant and renewable energies.	
Intervention Logic for Axis 1	
Main Strengths <ul style="list-style-type: none">• economic importance of agriculture in some regions• productivity in agriculture and food is rising	

- tourism the most common form of on-farm diversification
- diversification opportunities into timber processing
- employment opportunities in forest recreation and tourism
- strong associations between Scottish food manufacturing and Scottish agriculture
- growth in the food manufacturing sector
- growth of the food service sector

Weaknesses

- decline in average farm incomes, with worst performing farms particularly fragile
- decline in agricultural employment
- low rates on on-farm diversification, especially into renewable energy
- low levels of training and education
- low rates of collaboration
- low timber prices restrict the economic contribution of forestry and returns to woodland owners
- low rates of on-farm diversification into wood processing
- weak food processing base
- insufficient levels of food chain collaboration among processors and producers

<p>8 SRDP Measures</p>	<p>111 Vocational training and information actions 112 Setting up of young farmers 121 Modernisation of agricultural holdings 122 Improvement of the economic value of forests 123 Adding value to agricultural and forestry products 124 Cooperation 125 Infrastructure re. the development and adaptation of agriculture + forestry 132 Participation of farmers in food quality schemes</p>
<p>5 Schemes</p>	<p>SDS; CCAGS; RP; LMO; FPMC</p>

Anticipated Outcomes for Axis 1

Improved business viability

Restructuring:	Increased	Improved	Enhance
(a) new activities and innovation	market focus: (a) reduced costs and better business planning	skills: (a) training (b) sharing of knowledge & best practice	efficiency and environmental sustainability: (a) pollution control (b) resource management
(b) improvements in product quality	(b) exploiting new markets	(c) confidence and open-ness	(c) energy-efficiency
(c) collaboration	(c) adding value locally through processing and marketing	to new opportunities	(d) renewable energies
(d) new entrants	(d) integrated supply chains		

SRDP Key Axis Level Facts

Total Axis Budget (€):	165,131,949	EAFRD Budget (€):	99,401,356
Actual Total Spent (€):	203,455,137	EAFRD Actual Spent (€):	99,221,265
Average Intervention Rate: 49%			

1.2 Axis 1 - Review of the Intervention Logic

With regard to the SRDP there are two key principles which underline its intervention logic to be considered by the ex-post evaluation:

- Interventions should foster **sustainability** whereby Measures achieve complementary outcomes – whether social, economic or environmental – and avoid net damage to the cultural and historic environment; and

- The interventions should **correct market failure and deliver outcomes** that are for the benefit of rural communities and the wider population.

What is meant to be achieved with the intervention logic (e.g. selection and composition of Measures and schemes around the Axis)?

The identified weaknesses were addressed well by the range of Measures available.

Axis 1 represented 12% of the much reduced SRDP final budget, its share on total public sector spend was higher though (14%). The relative financial weight and strategic relevance was therefore small (particularly in comparison with the significantly larger investment volume allocated to Axis 2 (75% of the total SRDP budget).

Whilst domestic public contributions were halved (compared to the original budget and modified allocations), the European Agricultural Fund for Rural Development (EAFRD) actual budget remained the same implying that higher intervention rates were applied. Axis 1 allocations were fully spent with 99.8% of EAFRD claimed.

Within the Axis budget, Measure 121 on Modernisation was by far the largest Measure both in terms of budget allocation and in achieving actual spent. Although all other Measures in Axis 1 had been reduced (mostly drastically reduced) in their Budget, Measure 121 received a 29% boost, which also was exceeded by 20% more spent than anticipated (representing 75% of all public SRDP funding awarded in Axis 1). This demonstrates the focus of the SRDP on supporting transformational change. The mid-term evaluation commented on its promising effect in this respect.

The next largest Measure in Axis 1 was Measure 123 (Adding Value to Products), pointing to the importance placed by the programme on

improving competitiveness and innovation. However, following the financial re-adjustment of the SRDP in view of the economic downturn, Measure 123 was reduced to 30% of its original budget. This much reduced allocation was exceeded by 49% representing 17% of the total Axis 1 SRDP spent.

All remaining Measures of Axis 1 were of much lesser financial volume (usually representing 1% or 2% of the Axis budget). With Measure 121 and 123 consuming 90% of the Axis budget, the strategic emphasis was firmly set on supporting transformative change, improving competitiveness and bringing about innovation and added value.

The mid-term evaluation reported a certain focus on addressing an initially poorly performing Measure 112 (young farmers) through a number of modifications, helping to increase up-take over the programme period. Notwithstanding the overall reduction in public sector commitments (for Measure 112 this was drastically reduced to 9% of its original budget), the modifications were realistic as far as the Measure completed with a 100% budget spend.

How has the programme and its intervention logic evolved over the programme implementation period, i.e. which major modifications have been undertaken?

Following the Government Spending Review in 2008, a substantial decrease (48% of its original budget) of total public sector allocations was undertaken through a number of Modifications including to Axis 1 (domestic contributions were reduced from €306m to €165m). Despite the wider economic crisis, agricultural commodity prices were strong, so it was anticipated that the farming sector could and would invest. Annual Implementation Reports (AIRs) in 2013 and 2014 show that there was a renewed focus on economic growth and sustainability with

farmers becoming increasingly interested in modernisation as a route to ensure viability.

The last Modification (15) saw reductions in budget allocations across many Measures – 111, 112, 122, 123, 124, 125 – a combination of demand being less than forecast and/or unrealistic estimates at the beginning of the programme (2013 and 2014 AIRs). At the same time, up-take and demand was strong in Measure 121, Axis 1's largest Measure by far.

Final monitoring data show that many of the modifications were too pessimistic as the actual spent of Axis 1 investments exceeded its final budget by 23% (almost a quarter: instead of €165m it achieved a spent of €203m). This was mainly driven by increased activity in Measures 121 - Modernisation, and 123 - Adding Value.

1.3 Axis 1 - Reported Up-Take and Investment

1.3.1 Overview

Most of the financial allocations to Axis 1 have been spent in line with the final modifications made to the various Measures. Three Measures have over-performed their financial targets to considerable extent (Measure 121 by 20%; Measure 123 by 49%, and Measure 124 by 75%).

Turning to the SRDP targets for physical up-take and performance indicators, we find the reversed situation. For example, the largest Measure of Axis 1 (Measure 121) overachieved its financial allocation by 20%, but under-performed drastically against its outputs targets with only 58% of its target was achieved regarding number of farm holdings supported. Similarly, Measure 124 (Co-operation) over-achieved its spent by 75%, but only achieved 53% of its number of initiatives targeted, indicating that larger grants were given to smaller

amount of beneficiaries than expected. According to the SRDP Monitoring Data, this is the case for all but two Measures in Axis 1.

For example, training Measure 111 spent 103% of its financial allocation although nearly 9-times more participants received training than anticipated, indicating that much more light-touch training was provided than originally planned.

1.3.2 Physical Up-take

There was a mixed performance across Measures in Axis 1 – but largely anticipated demand (in terms of numbers of businesses) was less than forecast over the years as reported in the AIR. Demand was stronger in some Measures (111, 123) than others. However, the end of programme budget shows that Axis 1 has comfortably achieved its re-revised EAFRD and domestic public sector budgets with 123% spend against allocations.

Output indicators for Measures 111, 112, 123 were exceeded manifold (indicating that targets were not set at realistic levels). In most other Measures, demand for, and uptake was, however, lower than anticipated - 121, 122, 124, 125, 132. This was related to unrealistic estimates at the beginning of the programme, but also due to unforeseen economic factors: the recession, economic uncertainty, accessing loans from crisis hit financial institutions, and businesses less able to part-fund activity where this was a requirement. (2013 and 2014 AIRs). Interestingly farm based investment was hit in this way, but investment by larger food businesses and cooperatives under Measure 123 does not seem to have been hindered to the same extent with data showing that targets have been over-achieved.

The number of farm holdings supported under Measure 121 – 5,845 – may be seen as disappointing for a Measure which aimed to be transformative and had an original target of 10,038 holdings.

The number of assisted young farmers (51) greatly exceeded target (23), but it could be argued that these are very small numbers for an entire scheme particularly as originally 500 young farmers were supposed to be supported by SRDP. The award per assisted young farmer was also much lower than anticipated at €35,000 compared to a target of €500,000. However this anticipated spend and target figures look unrealistic, even after the modifications vis-à-vis the outputs that have been achieved.

Reported figures show that there was significant variation in over and under-achievement of result indicator targets. For example, in Measure 111 (training) there was an overachievement of 517% (instead of an expectation to provide 9,000 training days, 30,000 were delivered). This raises questions either regarding the robustness of its original targets or on the fundamental rationale as to how many people were expected to receive training at which costs. The interpretation of the reported figures is that 517% more individuals received much more light-touch training than originally anticipated (more people received less days). The original target was for 2,820 individuals to receive on average 3.33 days training per head, but in reality 24,789 people received an average of 1.24 days of training. The Skills Development Scheme (SDS) which delivered much of Measure 111 heavily supported Monitor Farm programmes which provided knowledge transfer to groups rather than formal training. SDS programmes which delivered more formal training tended to do so through short one day workshops to fit with farmer availability.

1.3.3 Financial Up-Take

As highlighted earlier, the SRDP budget modifications resulted in significant reductions in budget allocations across Measures – 111, 112, 122, 123, 124, and 125 – a combination of demand being less than forecast and/or unrealistic estimates at the beginning of the programme.

A substantial increased budget allocation (29% more than in its original budget) was made to Measure 121 to support the economic recovery. Farmers were increasingly interested in modernisation as a route to ensure viability (2014 AIR) which resulted in an increase of spend by another 20%.

As discussed under Physical Uptake above, there was a substantial difference between the anticipated spend per assisted young farmer (€500,000) and the actual spend (€35,000). This may reflect a lack of understanding of the type of young farmer who would apply to the scheme and the extent to which they could raise the finance for a much larger start-up investment.

Measure 121 uptake was almost €26m (20%) above the final modified budget level. Reported total spend for Measure 121 was €160m with €153m of public sector contribution. This implies a 5% private sector contribution rate which seems unlikely. The average project size reported by the monitoring figures was €27,405 compared to a target of €38,343. However, averages tell a limited story, and primary research findings indicate that the perception of the industry is that a small number of very large awards were made that took up a large share of the funds. It was recognised by the Managing Authority that there were issues with capturing data on private sector contributions – an area where the new programme needs to learn from its previous lessons.

Measures 123-Adding Value and 124-Co-operation, largely delivered through the Food Processing Marketing and Cooperation (FPMC) scheme, were the other major part of Axis 1 and achieved levels of spending well above budget (149% of budget for Measure 123). This extra spend was justified, given the high leverage rate with 60% private sector contribution on average. While there were some large individual investments, the average project size at €406,000 was well

below expectations of €557,000. There were 50% more assisted enterprises than anticipated.

As discussed earlier the training provided under Measure 111 ended up broad and shallow rather than focused and intensive as targets would have suggested.

1.4 Axis 1 - Policy Relevance / Strategic Fit

1.4.1 Overview

The 2007 AIR reported no change in EC policy but change in Scottish Government (SG) following the May elections. Continuity of rural development policy was assured with the endorsement of the draft SRDP by the new SG and the addition of a Measure to support new entrants to farming.

From 2008 onward, AIRs indicate that there were no changes to community or national policies affecting the consistency of EAFRD and other financial instruments. However, recognition must be given to the 2008 Spending Review and a 25% depreciation of Sterling following the financial downturn in 2008. This resulted in a significant reduction of originally allocated public sector resources reducing the public sector budget of the SRDP by nearly half (48%).

The reduction of public sector resources was to some degree counterbalanced by the Economic Recovery Plan (EERP) and the AIR 2009 report states that the need to implement the EERP was considered and a renewed focus at Scottish and European levels for supporting economic growth and sustainability was applied justifying a substantial budget increase to Measure 121 (Modification 14).

Various reports and studies report that the Managing Authority and stakeholders reflected on achievements and actions, for example at the Ex-Ante SRDP 2014-2020 Working Groups, there was

disagreement that funds used to support crofters should be used to support all small farmers and not just crofters. Those in favour arguing that there is no substantial difference between them, and those against that crofters are burdened by additional regulation and support is justified.

The mid-term evaluation also confirmed that its strategic emphasis on facilitating transformational change (particularly through Measure 121) and improving competitiveness and viability of farms and forestry holdings was appropriate for the remainder of the programme period. An over-achievement of financial spend in both relevant Measures (121 and 123) confirm this assessment and demand for this type of investment.

Stakeholders observed that the more industry-driven the Programme was oriented in certain Measures, the more strategically relevant the outcomes have been perceived. Particular examples related to the support provided to crofters through the Crofting Counties Agricultural Grant Scheme (CCAGS) (part of Measure 121), and SDS (Measure 111).

However, there were also views that the SRDP was still too driven by the need to allocate the SRDP financial resources and lacked in its focus and dedication to help rural businesses, farm and forestry holdings to adapt to change, increase their business viability and self-sufficiency.

1.4.2 Stakeholder Observations – General Trends

A series of workshops with stakeholders across Scotland gathered views on the general trends in the rural economy and the influence of SRDP schemes on supporting positive development.

The analysis of perceived trends and how these affected the business viability generally showed that the start of the SRDP coincided with the

financial crisis in 2008. The farming community was less affected by the immediate impacts and benefited from a number of economic circumstances, such as low interest rates, increasing prices in sheep and cattle until 2012/13 which helped the rural economy to maintain its employment levels. However, rural businesses suffered considerably from uncertainty and a reduced level of confidence regarding new investment – this also created hesitation in taking on new risk in relation to creating new jobs. Bad weather in the winter of 2012, but also varying exchange rates, increasing fuel costs and product price fluctuations (grain prices fell, steel machinery prices rose) contributed towards a decreasing business viability by the end of the programme period.

The SRDP interventions were largely seen as a vitally important in supporting the rural economy through difficult and uncertain times and to support business growth and job creation when confidence levels were low. Stakeholders observed that although the SRDP was successful in creating jobs (often through supply chain impacts and jobs for contractors) it was felt that there was a decline in full time employment in the agricultural sector which was replaced by more flexible and part-time employment particularly in the latter years of the programme. Farm and Forestry incomes reduced, although productivity gains were achieved through improved machinery and reduced production costs over this timeframe.

Non-agricultural rural businesses were perceived to have fared better through adaptation to changing circumstances, experiencing rising incomes and increases in job creation as well as increases in productivity. It was felt that one reason for these positive developments was that the number of tourists increased (although the experience of this in the North (very positive with lots of innovative initiatives) and the South (negatively – tourists heading North rather than staying South) of Scotland differed considerably).

In terms of skills, most stakeholders in the workshops agreed that skills in agriculture and forestry become increasingly specialist in contrast to previous generations where the skills spectrum of a job in the primary sectors were much broader and multi-faceted. Therefore, it was observed that narrow technical skills increased leading to highly specialist knowledge and skills specialism rather than career development. Primary research indicates that there was an increase in business skills, less in agricultural practice.

Axis 1 also aimed to have an impact on the environment. Stakeholders felt that there was a general improvement in a wide range of environmental themes, but questioned if Axis 1 investment (water quality, slurry management, renewables etc.) impacted on this to any larger extent in view of other, more prominent support schemes (for example Feed in Tariffs (FiTs)).

In terms of improving access, population residing in the rural area and improved community well-being, there was a North / South divide with the northern areas experiencing an increase in population (albeit of mainly retired people) where stakeholders in the South of Scotland considered affordable housing as one of the key stumbling blocks regarding community development.

1.5 Effectiveness of the SRDP approach

Considering the identified priorities for Axis 1, a distinct financial focus was put on the restructuring and modernisation of agricultural and forestry holdings through Measure 121 (77% of all SRDP Axis 1 public sector spend) to help diversify and increase income (some of the key weaknesses identified in the Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis of the programme). In fact, uptake of the programme was frequent and increased over the programme period with very few 'recoveries'. As Measure 121 was over-achieved in its targeted investment, it would be fair to state that the demand

validated the need for action in this area – yet in view of the under-performing beneficiary numbers, it might just mean that there was a demand for larger projects than anticipated.

In terms of the priority to support training initiatives, and focusing primarily on the investment targets, Measure 111 was small representing 2% of the Axis 1 budget/spend (€3.7m). However, if monitoring data are accurate almost nine times more people participated in training and 50% successfully completing the training activity. In total, 12,395 people successfully completed training to a unit cost of €302 each (considering all 24,700 participants, the unit costs reduce to €151 – instead of an intended unit cost of €1,280 per participant). Some stakeholders observed that SDS achieved this by supporting bigger projects and because of its demand-led orientation. It was stated that 50% of the SDS allocation supported Monitor Farms which were considered as effective demonstration mechanisms to convey know-how across Scotland (the bigger the project the less often a training provider needed to go through the application and claiming processes).

The above calculations are to demonstrate that strategically, the programme/Axis 1 became much more light-touch regarding training; but much more intensive with regard to size of grant awarded to a smaller number of beneficiaries in most other Measures of Axis 1. Particularly with regard to the ambitions to support the rural economy more widely following the economic downturn, it seems that strategically the SRDP could have done more to reach a larger number of businesses rather than focusing more investment on fewer beneficiaries. Partly this was sought to be addressed during the later years of the SRDP, particularly through the Rural Priorities scheme (RP) starting to invest more in smaller projects rather than large-budget initiatives.

Stakeholders reviewed that the financial modifications had the objective to shift the original emphasis from large investments towards more numerous smaller awards, including new entrants. However, monitoring data do not reflect this sufficiently.

As indicated above, there is evidence that the SRDP has responded to evolving needs, particularly with regard to supporting the up-take of SRDP support by young farmers. Furthermore, the financial strengthening of Measure 121 and strong up-take of funding indicates that the SRDP was effective in adjusting to the needs of its target population and responsive to the economic downturn.

Over and above the ongoing and mid-term evaluations, the Programme has also commissioned a number of studies, for example the First Stage Review to investigate and assure its continuous strategic fit and orientation in line with need.

A SWOT analysis which was undertaken by the Ex-Ante SRDP 2014-2020 Rural Economy Working Group in 2012 'to inform future needs', finds that there was a relatively strong feeling that the rural areas of Scotland required more and better, less fragmented advisory systems. Yet, Measure 114 (Use of advisory services) was scrapped and removed from the programme in light of the fact that the Scottish Government already funded a £5m+ p.a. Veterinary Advice & Services programme. However, there could have been an issue regarding the need for a different type of advice system or themes of advice covered which was at the core of the identified needs. In addition, it was considered that there were not enough skills providers in rural Scotland. This was also identified as an issue in the First Stage Review, though the shortages were very regional – lots of advisers in the NE, not enough in the SW. The First Stage review identified this as one possible reason for the very rapid uptake of schemes in the NE in the first year of the programme. The need for advisers was especially important in this SRDP as all applications were initially

online and a proportion of farmers and crofters were uncomfortable with this approach.

The mid-term suggests that the more strategically focused schemes (those more closely coupled to national strategies e.g. food and drink) appear generally to have produced more coherent effects than those which are menu based. Having said this, the RP and the Land Managers Options Scheme (LMO) sought to stimulate an integrative, whole-farm approach, which single sector schemes did not. There is a balance to be struck.

The First Stage review identified that applicants were confused by the lack of obvious targeting of schemes. The large range of options, national and regional priorities and the use of a scoring system were meant to allow people to build projects which maximised national benefit. For producers who were used to all this thinking being done by the authorities, resulting in a targeted scheme with simple eligibility rules, this was a major change. Even to advisers (and the Scottish Government's Rural Payments and Inspections Directorate (SGRPID) staff) the policy intentions were not always clear. The adoption of an online approach simply added another layer of fog.

To improve the effectiveness of reaching beneficiaries in future, the SRDP Working Group further considered that it would be of benefit to have a one stop shop approach which could help join up public and private sector advice. It was thought that the previous SRDP could have fostered cohesion and integration better than was achieved. (*Report of the Advisory Services Working Group p.3*)

Despite the integrative nature of the LMO and RP application systems, the SRDP Working Group hoped that future training options could be linked more directly with business planning and development. The lack of a need for a business plan, especially for the investment based options, was felt by many, for example in the First Stage review

consultation, to be a mistake. The business plan process identifies the business needs and provides for more targeted investments.

In terms of adding value and improving the quality of agricultural and forestry products, the SRDP Working Group questioned if farm and forestry holdings should not be expected to improve their work practices and production methods to maintain their competitiveness by themselves, i.e. the market failure rationale of the SRDP intervention was questioned.

Overall, the Ex Ante SRDP 2014-2020 Working Group confirmed that the effectiveness of the SRDP to target sectors and businesses in need of support fairly well, with a number of considerations regarding improved facilitation and focus to be implemented in the new programme. For example, there are continuing needs particularly in widening the definition of young farmers (to avoid unfairly restricting options for those over 40 years old who wish to enter farming) and to make future applications less complicated where interest rate relief is concerned. The SRDP Working Group stipulated that achieving increased business competitiveness should be a clearer requirement in future.

Given the importance of the tourism sector to the rural economy, consideration could be given to deliver the Measures through the LEADER approach where the skills and business support base is available during project application and implementation. (*Final Report of the Rural Economy Working Group pp. 9 - 10*)

In the First Stage review there were concerns about the weakness of the Regionalisation approach. For example the need for slurry storage and management in some regions where there was intensive livestock production and water quality concerns, was not felt to have been given enough priority and the (Regional Project Advisory Committees) RPACs did not have the freedom to adopt a regional approach and to

alter the scoring regime. Later the need for waste management was given priority though RPACs were not given more power.

Stakeholder workshops indicated that within Axis 1, schemes such as the RP and FPMC (Measures 123 and 124) made a positive contribution to creating jobs in agriculture, forestry and rural businesses. CCAGS (part of Measure 121) was also considered very effective regarding job creation and safeguarding, although the scheme was small in scale it was very practical in application and therefore demand led, which was regarded positively. Other schemes, such as the SDS were considered too small to have made any significant contribution. At the same time, stakeholder pointed out that the programme was good in focusing on the Food and Drink sector – with a good alignment to strategic economic development in Scotland.

A small number of stakeholders commented that the SRDP was not flexible enough to react more quickly to changing circumstances and that policy was too removed from implementation and the real needs of the rural economy in this respect.

Most consultees were disappointed with the constant adjustments in funding, eligibility, etc. that needed to be undertaken, which caused considerable frustration among beneficiaries and stakeholders.

1.6 Axis 1 - Results and Improvements

Generally speaking at the time of the ex-post evaluation, the performance of Axis 1 schemes and interventions was felt to have been fairly successful in introducing innovative approaches and in restructuring/modernising the forestry sector, thereby helping to increase capacities and productivity (including that of the agricultural sector) and improve the quality of life in rural communities.

The mid-term evaluation emphasised the significant benefits identified in improved business efficiency in large part driven by Measures 111,

121 and 125. The FPMC scheme was referred to as particularly effective in reducing deadweight and therefore contributing high values for programme additionality. Yet, other Axis 1 Measures showed considerable deadweight (Measure 132).

The 2010 AIR report draws on mid-term evaluation findings:

- The mid-term evaluation found Measures within Axis 1 to be effective from a business development perspective. The survey of beneficiaries found that almost 70% of respondents reported positive impacts on their business efficiency and in many cases output, quality and competitiveness have been enhanced. The greatest contribution to employment arose from Measure 123 (Adding value to agriculture and forest product), Measure 121 (Modernisation of holdings) and Measure 111 (Skills). Measure 123 is highly valued by recipients and stakeholders and has generated significant positive impacts.
- The mid-term evaluation survey of beneficiaries found that under the suite of Axis 1 Measures, respondents reported positive impacts on business efficiency in 69% of cases, on output quality in 48%, on increased output in 52%, on business diversification in 39% and on competitiveness in 50% of cases. 49% of respondents report productivity gains and 37% report reduced waste. The Axis 1 developments were associated with adoption of new techniques in 56% of cases, increased family employment in 28% of cases, increased sustainability in 35% of case and increased income in 47%.

Overall (not just Axis 1) the mid-term evaluation found significant progress in creating rural jobs and, perhaps of greater importance in a time of economic difficulty, in sustaining employment. The importance of the SRDP in sustaining and safeguarding jobs was emphasised throughout the ex-post evaluation primary research as well. Previous

research found that substantial areas of rural Scotland are now under positive environmental management regimes and progress is emerging in terms of cooperation and complementarity e.g. in developing links within and between holdings. There has been progress in terms of regionalisation with the introduction of RP and a strengthening of rural governance through the introduction of the RPACs and other decision making bodies in the delivery schemes (although overall not considered a huge success due to issues of lack of empowerment).

2014 AIR has the latest information on progress against Result indicators but also evidence from Supplementary Monitoring Forms regarding Gross Value Added (GVA), jobs created, and new products/techniques.

The Rural Economy Working Group commented on the effectiveness of Measures in current SRDP relating to Axis 1 as follows:

- Training and information (Measure 111) has had good uptake with participants reporting improvements in skills and awareness of costs of production.
- Modernisation of holdings (Measure 121): High uptake of this Measure in SRDP with over 1,000 beneficiaries up to 2010. Potential improvements in water quality but difficult to Measure at this stage.
- Adding value Measure to agricultural products (Measure 123) has created jobs as well as added value and raised private sector investment.
- Measures with very low uptake are young farmers (112) and collaboration Measures (Measure 124).

- There is no additionality from participation of farmers in food quality schemes (Measure 132) (that is, participants would have gone ahead anyway without public money). (Final Report of the Rural Economy Working Group pp. 18-19, Excerpt from Background Paper on Paper for March 2012 SRDP strategic discussion on Initial Analysis to Inform Future Needs)

Measure 123 arguably has had sector scale benefits in Scotland. For example a successful application for the renovation of the Brechin abattoir for pig processing (by the two Scottish pig producer co-operatives and Tulip) arguably helped save the entire Scottish pig sector after the closure of the only Scottish volume pig processor at Broxburn. FPMC support enhances efficiency and product quality and range, but also in some cases helps anchor large chunks of primary production in Scotland.

Findings from the ex-post evaluation stakeholder consultations indicate that a high number of people were positively surprised by the good results of the SRDP. At the same time, the majority of consultees acknowledged that only those capable of going through the onerous application and claiming process, and able to up-front fund their projects (including paying agents to write their application) were actually able to benefit from SRDP. This was regarded as disappointing as it effectively excluded a considerable number of rural businesses in need and contributed to a geographic split in up-take.

In many areas it is difficult to assess the extent to which results have been achieved, particularly regarding environmental improvement, monitoring systems were largely not in place. There are a number of stakeholders who feel that the SRDP could have done better strategically, being more flexible to accommodate the needs of the smaller farm and forestry holdings and in preparing these businesses better for the future.

In terms of additionality, there was consensus that in principle the SRDP has supported the rural sector through challenging times and that without the SRDP investment jobs would have been lost and training would not have been undertaken and projects to support the improvement of the environment might not have been initiated would it not have been for SRDP. In this context, the RP scheme was seen as a positive mechanism supporting the learning of integrated approaches (albeit pitched far too ambitiously on capable applicants).

There was consensus that the SRDP supported and maintained the rural economy more than creating change and increasing self-sufficiency.

1.7 Axis 1 - Complementarity with other Funds

The AIRs reflect on this at Programme level, but not at Axis level.

Various AIRs (2010 onwards) refer to the mid-term evaluation which confirms that the SRDP has ensured complementarity and coherence between the programme Measures and activity funded by the Cohesion Fund, European Social Fund (ESF), European Fisheries Fund (EFF), EAFRD. The main ways identified in the mid-term evaluation were:

- in the design of the respective programmes in Scotland; there was an extensive programme of stakeholder consultation in the preparation of the SRDP involving those involved in the preparation of the other programmes.
- issues of complementarity and cohesion are monitored by the Managing Authority and the Programme Monitoring Committee (PMC), Scottish Government directorates manage the other funds, and the Scottish elements of the UK EFF programme are managed by the same department as the EAFRD. The SRDP PMC involves

representatives from the Managing Authorities of the other funds and agencies which are involved in elements of their delivery.

- the RPACs have a regional perspective on the interaction between the different support instruments and this informs the selection of priorities and some projects. Some stakeholders suggested that this element could be strengthened and that the Scottish Government should look at this when considering the design of the next Programme 2014-2020.

The 2009 AIR refers to complementarity and coherence being ensured through joint working and membership of the respective Monitoring Committees and Project Assessment Committees. To ensure that funding under each programme remains focussed on their strategic objectives.

Ex-post evaluation consultees felt that the complementarity with other initiatives could have been much clearer and was rarely a topic anybody was discussing. Awareness levels of this topic were therefore low, but it was hoped that if Schemes incorporated a good level of industry input and partnership that this would have ensured the complementarity of SRDP initiatives with other support action by the respective industry. In this respect, a number of stakeholders commented that SRDP helped to improve partnership working across the industry.

1.8 Axis 1 - Lessons Learnt

The intervention logic should be assessed for each Measure against the above demanding principles.

Not specific to Axis 1 but for programme in general, some AIRs refer that some targets were unrealistic – the popularity of certain Measures was underestimated or uptake did not match the original expectations. Reference to data being “flawed” was made. Recognition that there

could have been a more proactive approach, during the programme, to adjust targets.

It was reported that there needed to be ongoing work on systems to ensure that financial implementation and non-financial data were recorded. Ongoing work has been undertaken to improve the quality of the information collected and to ensure accurate assessment of the programme against targets.

Respondents were positive about the current FPMC scheme and its administration by the Scottish Government and argued that change should only be introduced if clear benefits could be identified. (*Ex-Ante Consultation 1 p. 23*)

Previous SRDP schemes had failed to adequately support crofting: In particular, CCAGS had not been well used by crofters. (*Ex-Ante Consultation 1 p. 25*)

The process of monitoring the extent to which specific projects met their aims and objectives has been reported as lacking in the 2007-2013 programming period (for example, in relation to the FPMC). In addition to ensuring that a suitable monitoring system is in place it will also be important to make sure that this is actively implemented. (*Ex-Ante Report p. 62*)

The output data shows that the success of investment options (and their level of uptake) is heavily dependent on the profitability of rural businesses and especially on their ability to raise finance.

The targets for Measure 111 depend on whether or not the actions are formal training or wider knowledge transfer. Modern group based confidence building and learning approaches do not lend themselves well to training categorisation.

The mid-term evaluation states that there are major programme design lessons to be learned particularly in respect of the articulation of the achievement of policy objectives through delivery practicalities to effect change.

The mid-term evaluation also found that the majority of views were that economic vibrancy was of critical importance in underpinning other objectives, including farm adjustment.

The mid-term evaluation estimated considerable net employment effects, however this included and was heavily based on counting safeguarded jobs (through Axis 2 on farm and agricultural investment) as well as newly created jobs.

1.9 Axis 1 - Judging – Evaluative Assessment

1.9.1 CEQs at Axis 1 level

1. To what extent has the RDP contributed to improving the competitiveness of the agricultural and forestry sector?

There is clear evidence that the RDP has had an important impact on competitiveness:

- High uptake of modernisation investment support, exceeding investment target
 - Skills development uptake three times greater than target (number of participants nine times over target)
 - Production chain and added value sectors very active within the RDP, Volume of Investment exceeding target and 50% more participants than target
 - Strong evidence that the availability of skills training support over a long period has led to a progression from simple technical issues to benchmarking and business management, providing larger long term gains
 - General perception that the forestry and agricultural sectors benefited from increased productivity.
-

2. To what extent has the RDP accompanied restructuring of the dairy sector?

The Scottish dairy herd has been restructuring rapidly with cow numbers dropping by almost a quarter between 2007 and 2014. Milk production has not declined at a similar rate. The herd is declining fastest in the East and North and is concentrating in the South West. RDP support for modernisation has assisted some major investments in upgraded and new dairy facilities. Investment in slurry storage and waste management in general has been widespread, often RDP supported. Skill development support through Measure 111 has been applied to the dairy sector through the Monitor Farm approach.

3. To what extent has the RDP contributed to improvement of water management (quality, use and quantity)?

Water quality improvements have been facilitated through Measure 121 investment options (specific manure/slurry storage and treatment options) and some related Axis 2 agri-environment Measures and options (water margins, field margins, overwintered stubbles, run-off treatment options, nutrient plans, organic conversion). Some of the Axis 2 options were available under the easily accessed LMO scheme.

Under Axis 1 it was largely felt that there was not sufficient focus on the environmental features and any positive changes achieved over the programme period were due to external influences other than the SRDP (for example FiTs).

The difficulty in measuring attribution levels by SRDP investment (i.e. water catchment areas) was seen as the major difficulty in assessing for example if the programme had any influence on improving the quality of water.

4. To what extent has the RDP contributed to introduction of innovative approaches?

Measure 111 with its broad definition of skills development has led to the development and trialling of a very wide range of knowledge transfer and business development approaches. These have spread across Scotland to an extent which would not have been possible without the support. The investment in Monitor Farms was also perceived as positive.

Measure 121 has stimulated some innovative restructuring and on-farm capital investments, though much of the investment has been for improved versions of existing technology. Particularly in forestry this was noted by stakeholders.

This Measure has provided complementary investment (woodchip storage sheds, kilns) for renewable energy projects which have been innovative.

Through the LMO mechanism Measure 121 has provided small levels of easily accessed investments in new technology including livestock electronic identification kit and precision farming/ mapping equipment. These have provided a first step into a whole new area of livestock and nutrient management.

Measures 123 and 124 have supported innovative investments in primary processing technology and food technology.

5. (How efficiently have the resources allocated to the RDP been used in relation to achieving the intended outputs?)

There is a variation within Axis 1 on the degree to which resources have created the intended outputs. Support for participation in quality schemes added little value as most producers needed to be within the quality assurance schemes simply to be able to trade their produce.

For the investment options while financial uptake is good, there is a question over how widely the improvements have been spread – the number of participants is well below target. Why have more businesses not invested in the future? Was the process a barrier, was the inability to raise finance the problem or are they not going to continue in the long term?

If the output data are correct then Measure 121 required far too high a level of public support. In contrast Measure 123 was very efficient in that it required far less public money to stimulate a much larger level of private investment.

1.9.2 CEQs at Measure level

6. How and to what extent has the Measure contributed to improving the competitiveness of the beneficiaries?

111 - Vocational training and information actions	While the mid-term evaluation showed reasonably good uptake against target, the final SRDP data demonstrate an 879% achievement of the originally expected 2,820 trainees. However, the 24,789 trainees received proportionately much less training days on average as originally expected, with an average of 1.2 days per trainees (instead of 3.3 days). Further, the increased number of trainees did not translate into the same degree of success as originally envisaged, whereby only 50% of trainees
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	<p>completed the training successfully (versus an 80% success rate) – potentially indicating that the shorter training days might not have been as effective as a longer exposure to training?</p> <p>Although the Measure achieved its financial targets by 104%, again in comparison to the much larger number of trainees (879% more than anticipated) this indicates a much more light touch and ineffective training.</p> <p>At mid-term surveyed beneficiaries expected positive effects from improved skills and expected very significant improvement to their sustainable business operations. However, the poor conversion rate of success can be regarded as disappointing.</p>
<p>112 - Setting up of young farmers</p>	<p>The small revised target of 23 young farmers supported (at the outset of the SRDP the target was 150) was overachieved with 51 farmers supported by the end of the programme.</p> <p>However, this was not matched in anyway with the expected total investment whose targets were only achieved by 16%. As financial table indicate that 100% of revised public sector funding was spent, this lack of total investment must be due to very limited levels of private sector contributions.</p> <p>At mid-term the number of beneficiaries was so small that not much evidence of change was gathered.</p>
<p>121 - Modernisation of agricultural holdings</p>	<p>This was one of the most important Measures of the SRPD representing 75% of the entire public sector spent of Axis 1.</p> <p>Final monitoring data show that despite the strong strategic importance of this Measure, up-take was disappointing with only 50% of revised targets</p>

	<p>achieved. Although the target of the revised public sector investment was overachieved (120%), a low 42% of total investment volume achieved indicates that private sector investment was much lower than expected.</p> <p>In terms of results indicators, a relatively high achievement of 70% of GVA generated, was not necessarily based on the introduction of new products and techniques whose target was only achieved by 38%.</p> <p>At mid-term, survey results showed a moderate achievement against objectives such as improved market access, achieved quality improvements. However, 88% expected that the investments had a lasting impact on the sustainability of their farm holding. At least half of the beneficiaries felt that the Measure contributed well to improving the competitiveness of farm holdings.</p>
<p>122 - Adding value to agricultural and forestry products</p>	<p>This was a very small Measure taking 0.17% of the Axis budget.</p> <p>The final monitoring data indicate that only 38% (14 forest holdings) of the targeted number of forest holders took up funding, reaching a total investment of €587,000 which represents 61% of the original target. In view of the fact that 103% of the budget for public sector investment was achieved, this indicates that assistance was given at a much higher level than planned and to much lower private sector contributions.</p> <p>In addition, these larger investments only achieved 18% of its result indicator target (new products/techniques introduced).</p>

	<p>At the time of the mid-term review participants' numbers were so low that no reliable findings could be reported at this stage.</p>
<p>123 - Adding value to agricultural and forestry products</p>	<p>With 14% of the allocated budget, this is the second largest Measure in Axis 1. The strategic importance given to this Measure was reflected in a higher than anticipated up-take of funding with 219 enterprises supported (152% of the original target). The public sector spend target was similarly over-spent (149%) indicating that the size of the projects were as originally envisaged. However, private sector investment, whilst higher than expected (111% of target) was proportionately slightly lower than thought. The high level of up-take was not matched by reported results as the final monitoring data indicate. The creation of GVA and the introduction of new products/techniques only reached up to 66% of their targets.</p> <p>At the mid-term survey, 77% of beneficiaries reported positive impacts on the diversification of their business operations; similar levels expressed positive impact on the improvement of quality of their products. Interestingly, higher positive values were found for beneficiaries supported under the FPMC scheme. The survey further found that 92% of respondents stated that the award has helped in a positive or very positive way to improve access to markets and their marketing options e.g. range of product.</p> <p>When questioned about competitiveness 85% indicated that the award has helped in a positive or very positive way to make the farm or business more competitive.</p>

<p>124 - Cooperation for development of new products</p>	<p>A very small Measure, representing 0.58% of the budget for Axis 1.</p> <p>As final monitoring data report, only half (53%) of the anticipated number of co-operative initiatives were supported, yet 175% of the public sector budget for this Measures was spent on the initiatives. However, this additional funding did not translate into satisfactory results, with only 3% of GVA increases recorded and 28% of anticipated new techniques to be achieved.</p> <p>At mid-term, only 6 initiatives were supported and findings of the survey could not deliver any robust findings.</p>
<p>125 - Infrastructure related to the development and adaptation of agriculture + forestry</p>	<p>The final monitoring data show that 864 operations were supported by this Measure (75% of the target) with their total investment volume met (111% of target) and also public sector investment fully spent (100% indicating that the Measure was successful in attracting more than the expected amount of private sector funds to support the infrastructure investments. However, the monitoring data also indicate that a negative effect on GVA creation has been created, possibly through productivity increases affecting job numbers?</p> <p>At mid-term, this negative development is confirmed by stating that overall 80% of respondents indicated that the support had a positive effect with 40% identifying a very positive effect in terms of inputs, labour, equipment or other resource use. However, two respondents (10%) reported that the award had produced a negative impact.</p>

132 - Participation of farmers in food quality schemes	<p>While attracting 8,099 farms, only 41% of the targeted number, the monitoring data show that the investment of 100% of allocated public sector resources achieved a massively increased 'value of production under quality label' with a reported €690m value achieved instead of the €2m target for this indicator.</p> <p>Disappointingly, the findings of the mid-term survey indicated that the achieved results were subject to a 100% deadweight, i.e. they would have been achieved anyway.</p>
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2. Topic Guide for Axis 2

2.1 Overview - Axis 2

Axis 2 Level Overview	
Axis 2 Objective	Axis 2 aims to deliver the outcomes relating to enhanced biodiversity and landscape, improved water quality and tackling climate change.
<p>The following 5 priorities were identified in the SRDP:</p> <ul style="list-style-type: none"> • Maintain traditional landscapes and High Nature Value systems; • Protect and enhance biodiversity; • Tackle climate change and other environmental hazards; • Improve water and soil quality; and • Enhance animal health, welfare and disease prevention. 	
Intervention Logic Axis 2	
<p>Key strengths</p> <ul style="list-style-type: none"> • Unique combination of flora and fauna, prioritised through biodiversity action plans; • World class landscapes, supporting the tourism sector, and protected through local landscape designations; • Agri-environment and forestry schemes have increased land managers' awareness of and interest in wildlife and the environment; • Generally good quality water environment; • Land-use sector – particularly forestry – acts as a carbon sink; • Substantial potential feedstock – mainly wood – for biomass and processing industries, with benefits for the environment, local communities and local economies; and • Generally good soil quality, with relatively stable or falling use of fertiliser. <p>Key Weaknesses</p> <ul style="list-style-type: none"> • Loss of biodiversity and landscape quality in some areas from intensive 	

farming activities; <ul style="list-style-type: none"> • Significant proportion of designated sites (e.g. Sites of Special Scientific Interest (SSSIs) require management to achieve favourable condition; • Nitrate and phosphate run-off from agricultural land is a major problem in some areas; • Agriculture is a contributor to greenhouse gases and to air pollution (through ammonia emissions); • Need to restructure even-aged forests established by previous generations and build on our very limited legacy of native woodland; • Potentially adverse effects on biodiversity and soils of increased bio-energy production; • Limited commercial experience of biomass production (e.g. short rotation coppice); • Soil losses from agriculture are the main source of diffuse pollution, exacerbated by erosion by run-off and flood water; • Loss of soil organic matter and climate change pose threats to soil quality; and • Limited data on soil quality. 			
Expected Outcomes for Axis 2			
Traditional rural landscapes and communities (LFASS)	Biodiversity (i) habitat and species protection and enhancement, particularly for SSSIs and Natura sites.	Climate change (i) woodland creation (ii) flood management (iii) mitigation and adaptation	Water quality (i) reducing pollution (ii) water resource
8 SRDP Measures	212 – Payments to farmers in areas with handicaps 214 – Agri-environment payments 215 – Animal welfare payments 216 – Non-productive investments 221 – First afforestation of agricultural land		

	223 – First afforestation of non-agricultural land 225 – Forest environment payments 227 – Non-productive investments (forestry)																
4 Schemes	LFASS (=Measure 212 only); RP; LMO; Challenge Funds (Measure 227 only)																
<table border="1"> <thead> <tr> <th colspan="4">SRDP Key Axis 2 Level Facts</th> </tr> </thead> <tbody> <tr> <td>Total Axis Budget (€):</td> <td>1,087,108,874</td> <td>EAFRD Budget (€):</td> <td>474,933,258</td> </tr> <tr> <td>Actual Total Spent (€):</td> <td>1,029,647,607</td> <td>EAFRD Actual Spent (€):</td> <td>474,416,608</td> </tr> <tr> <td colspan="4">Average Co-financing Rate: 46%</td> </tr> </tbody> </table>		SRDP Key Axis 2 Level Facts				Total Axis Budget (€):	1,087,108,874	EAFRD Budget (€):	474,933,258	Actual Total Spent (€):	1,029,647,607	EAFRD Actual Spent (€):	474,416,608	Average Co-financing Rate: 46%			
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2.2 Axis 2 Review of the Intervention Logic

With regard to the SRDP there are two key principles which underline its intervention logic and which should be considered during the assessment:

1. Interventions should foster sustainability whereby measures achieve complementary outcomes – whether social, economic or environmental – and avoid net damage to the cultural and historic environment; and
2. The interventions should correct market failure and deliver outcomes that are for the benefit of rural communities and the wider population.

Axis 2 Measures were designed to address less favoured areas, biodiversity decline, water quality, soil quality (erosion) and climate change. Apart from the Less Favoured Area Support Scheme (LFASS), which is a rather different scheme, there were two main routes to funding. There was a relatively modest funding pot termed

Land Manager Options (LMOs) to support positive environmental change in a non-competitive, self-selected menu-driven fund to act as an easy-entry, ‘appetiser’ and a bigger funding pot (RP) which consisted of targeted measures for which competitive bids were submitted by applicants. Closer working of public agencies was to be achieved through representation of all key bodies on RPACs, who considered bids using a scoring system and whose collaborative work was much appreciated by key stakeholders in building a more cross-sectoral understanding.

The SRDP states (p.47) that: “Two key principles underpin the priorities for the 2007-2013 SRDP. The first is sustainability whereby measures achieve complementary outcomes – whether social, economic or environmental – and avoid net damage to the cultural and historic environment. The second is the need to correct for market failure and deliver outcomes that are for the benefit of rural communities and the wider population.” On the basis of these principles and with due consideration of the intervention logic for specific measures, one might reasonably anticipate a need to evaluate against these criteria.

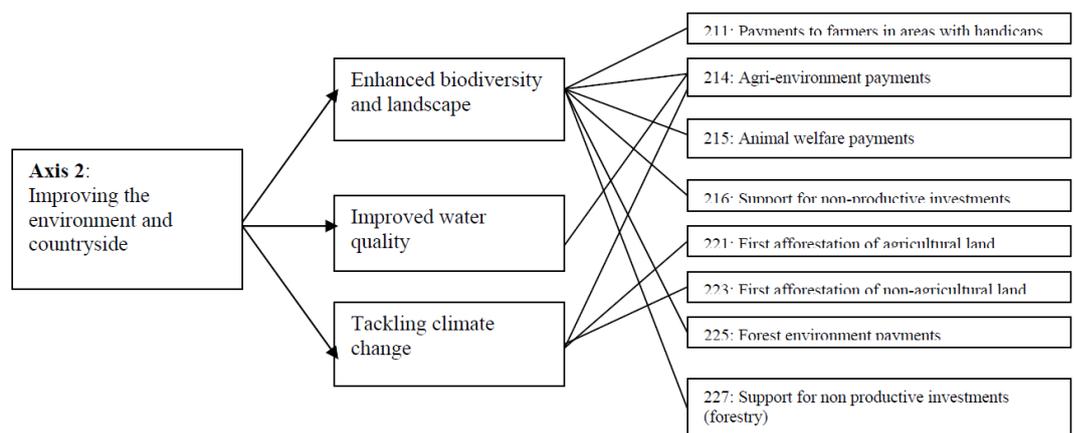


Figure 1 Organisation of Axis 2 measures in SRDP 2007-2013
Source: SRDP

The overall logic and structuring of Axis 2 and the links to associated schemes is indicated in Figure 1. Below the priorities and a range of

schemes is a array of measures, some of which include many options, with agri-environmental options the most numerous.

Although Axis 2 had always been the major beneficiary Axis of funds in the SRDP, a large proportion of this had been directed to LFASS, which, as the ex-ante evaluation indicated, had a very questionable environmental purpose, particularly as LFASS investment was not monitored in terms of any agri-environmental results and outcomes at all. It was recognised, however, that LFASS was a significant contributor to farm incomes for many recipients.

What is meant to be achieved with the intervention logic (e.g. selection and composition of measures and schemes around the Axis)?

Axis 2 is by far the dominant line of action of the SRDP, consuming 75% of the overall budget allocation of the programme (72% of total actual spend).

There is a strong emphasis on maintaining and improving traditional landscapes with nearly half of the Axis 2 budget (47%) committed to this aim via the LFASS scheme. However, in spite of this funding, there has been a “retreat from the hills”¹ with declines in ruminant livestock numbers, especially of sheep, but with a recent levelling off of cattle decline leading to consequential landscape change, The second major area of intervention focus was on fostering agri-environmental improvements, especially those related to biodiversity with a further significant tranche supporting forestry measures.

The intervention logic of Axis 2 is primarily one of identifying market failure and using policy means to address the market failure.

¹ SAC (2007) Farming’s Retreat from the Hills and Thompson (2011) Response from the hills: Business as usual or a turning point?

Market failure has a reasonably precise meaning in economics and this is not always reflected in the way market failure is interpreted in the SRDP. For example, lower incomes per hectare on hill farms may be a function of functional markets rather than market failure. Further, most economists would argue that where the market failure is associated with a negative externality (e.g. soil erosion, Green House Gas (GHG) emissions or water pollution), subsidy is rarely the most cost effective means of addressing such externalities. Where there are positive externalities rewarding the supplier of the biodiversity, carbon or landscape public good is much more defensible on economic theoretical grounds.

The choice of measures to be included in the SRDP broadly represents the range of weaknesses identified by the SWOT, although the justification for the LFASS as an agri-environmental measure should have been brought out more clearly in the SWOT.

The profile of final spend confirmed the original expectations of the SRDP, with 72% of total SRDP public sector spend being realised.

Despite the overriding emphasis on Axis 2 in the SRDP, Axis 2 did not have robust monitoring and evaluation systems in place, with only three measures reporting against a selected range of performance indicators. For example, measure 212 (LFASS) only provides result information on one indicator 'Areas under successful land management contributing to avoidance of marginalisation & land abandonment'.

Because of the lack of appropriate monitoring for Axis 2, it is difficult to establish what has actually been achieved by 75% of the total of SRDP funding.

In lieu of a monitoring system, a number of studies have been commissioned or undertaken independently to capture changes in

the farm sector such as, studies of the implementation of the SRDP by P. Cook et al and G MacRobbie, Scottish Government commissioned studies on monitoring the impacts of biodiversity measures and a review of climate change impacts and water quality impact assessment as part of the Ongoing support to SRDP contract, two studies on biodiversity monitoring and evaluation and SAC's Retreat from the Hills and follow up study, Response from the hills: Business as usual or a turning point?. These indicate a clear desire to improve the Scottish Government's ability to evaluate impacts of the SRDP and a recognition by third parties that some areas of policy concern merited attention.

How has the programme and its intervention logic evolved over the programme implementation period, i.e. which major modifications have been undertaken?

Following a dramatic reduction in SRDP domestic public sector funding, the AIRs 2013 and 2014 refer to Modification 14 which resulted in further actions regarding increases and decreases in budget allocations across the Axis 2 Measures including:

- a reduction in budget allocation to Measure 227 (much of which was reallocated to priority areas of the programme to support economic recovery – Measure 121 in Axis 1) – AIR references that demand was lower than anticipated, this is part was due to unrealistic estimates at the outset of the programme period (no change in targets);
- a reduction in budget allocation for measure 215 and 225 – again reallocated to Measure 121 in Axis 1. AIR references that demand was lower than anticipated, this is part was due to unrealistic estimates at the outset of the programme period;

-
- a reduction in budget allocation for Measure 214 (no change in output targets);
 - an increase in budget allocation to Measures 221 and 223 – and was reserved for supporting the economic recovery. Key priority of Scottish Government and EU, placing greater emphasis on economic growth and sustainability;
 - an increase in budget allocation for Measure 212 (no change in targets); and
 - an increase in budget allocation for Measure 216 – to support economic recovery.
-

2.3 Reported Up-Take and Investment

2.3.1 Overview

As well as being innovative and forward-looking, most elements of the RDP (with the exception of LFASS) imposed a need for web-based access (including a rather high broadband speed) and required a whole farm review to be undertaken, which made it transaction-cost heavy for people wishing to make simple RDP-supported changes to develop their business. Rather rapidly, it became apparent that farmers often needed the assistance of the consultancy community to produce a viable proposal and the land-based community became disaffected by the complexity of the programme and made their feelings known to the policy makers through representative bodies.

Two reports, the so-called ‘Cook Report’² dealing with the farm sector measures and the ‘MacRobbie Report’³ dealing with the forestry measures were commissioned to address the implementation challenges caused by the complex requirements of the application process. As a result of disaffection about the complexities of the

² Cook, P. (2009) Scotland Rural Development Programme: First Stage Review

³ McRobbie, G. (2008) Recommendations for changes to the systems and operations of the SRDP: A Forestry Perspective. *ConFor*.

application process and the recommendations of these reports, simplifications were introduced and the Minister responsible pushed hard to ensure that funds were distributed as fast as possible, which created a focus from delivery agents in SGRPID offices on financial spend (or more accurately throughput) rather than outcome. The complexity of application processes might well have resulted in sub-optimal rates of uptake. In addition, the desire to ensure spend in the aftermath of the Cook and MacRobbie reports may have resulted in a focus on distribution of funds rather than impact, as was clearly indicated at time of the mid-term evaluation by respondents to surveys.

2.3.2 Physical Up-take

There is a need for scrutiny of the relationship between the implementation of a measure and the results of a measure on the intended target, i.e. has the measure been taken up as expected?

Measure 212 – high take up (holdings) and was attributed to the scheme being well established, easy to access (no application as such) including low transaction cost and ‘ready to roll’ scheme. It was formed during previous programme period. Measure 214 – again good take up and reference that it was popular with farmers and landowners. Measure 227 – greatly exceeded target (forest holders). Also reference measures 221 and 223 – almost 60% of one target and exceeded beneficiary targets. Measure 225 – mixed – exceeded target for supporting forest holdings but fell short in other targets. Demand less than previously forecast, based on unrealistic estimates at beginning. Targets reduced accordingly in line with budget reduction. On the other hand, AIRs refer to several measures where uptake has been poor. Measure 215 – low uptake (farm holdings) and considered a factor was the complex nature of

the measure and the requirement to report information for the benchmarking database, which might have put folk some off applying for a grant. Demand was less than previously forecast, again pointing to unrealistic estimates at outset. Measure 216 – low take up from farm holdings.

2.3.3 Financial Up-Take

The share of the budget allocated to Axis 2 is nearly four times the minimum EU requirement (75% of total public sector allocations compared to a minimum of 20%). As the mid-term evaluation already indicated, the scale of Axis 2 reflects the history of rural support in Scotland. Measure 212 (LFASS payments) is by far the largest measure of the programme (almost half of the Axis 2 budget, and 37% of the entire SRDP). LFASS has been a long established scheme which has evolved as part of Pillar 2 and represents a scheme purporting to support multiple outcomes with the focus having progressively shifted towards environmental improvement. Due to the transition to ANC, there will now be a shift to financial compensation for physical disadvantage.

Measure 214, agri-environmental payments, is the second largest measure of Axis 2, claiming one fifth (21%) of the public sector budget for this Axis. The mid-term evaluation also pointed out that the legacy payments from the popular RSS of the SRDP 2000-2006 and the pent up demand from the rejections of many applications for this scheme in the financial year of 2005/06 has influenced the scale of the agri-environment Measure.

First afforestation of agricultural and non-agricultural land (Measures 221 and 223) amounted to 20% of Axis 2 spend. The remaining four measures are of a much smaller volume, jointly incorporating 11% of the Axis budget.

There is a need for scrutiny of the investments made: have financial expectations been realised, what modifications were necessary and why. Original budget, final up take, intervention rates, average EAFRD, average project size. At Axis and Measure level.

As highlighted earlier, Modification 14 resulted in reductions in budget allocations across some measures in Axis 2 – a combination of demand being less than forecast and/or unrealistic estimates at the beginning of the programme.

While there were increased allocations to some Axis 2 Measures to support economic recovery, much more was diverted to Measure 121 in Axis 1. This was in line with Scottish and European policy in response to the economic crisis that was impacting negatively on economies which led to a sharper focus on economic growth and sustainability.

2.4 Axis 2 - Policy Relevance / Strategic Fit of Interventions

The 2007 AIR mentions no change in EC policy but a change in Scottish Government following the May elections. Continuity of rural development policy was assured with the endorsement of the draft SRDP by the new Scottish Government and the addition of a measure to support new entrants to farming.

The AIRs from 2008 onward– each report contains no changes to community or national policies affecting consistency of EAFRD and other financial instruments.

The 2009 AIR– refers to the need to consider the implementation of the EC's EERP.

AIRs, reference a renewed focus at Scottish and European levels for supporting economic growth and sustainability – this was used to justify substantial budget increase to Measure 121 in Axis (Modification 14 – this included reallocating funds from Axis 2 Measures for this purpose.

LFASS is not only the largest single scheme within the SRDP, but also the largest Measure (212) of the SRDP taking up 37% of the total public sector budget of the programme, therefore suggesting a substantial strategic emphasis.

As reported in the mid-term evaluation, the objective of LFASS is to compensate land managers in LFAs for particular disadvantages that they face, and thereby sustain farming and crofting in these areas. This potentially provides associated economic, social and potentially environmental benefits that are dependent on continued active farming/land management in these areas. It is a ‘broad-brush’ scheme, which covered 2,824,630 hectares (78% of target) and supported 13,251 farmers (95% of target).

The main objectives of the LFASS were to:

- ensure continued agricultural land use in order to contribute to the maintenance of a viable rural community;
- maintain the countryside; and
- maintain and promote sustainable farming systems.

In order to enhance the environmental benefits of grazing in the LFA, the SRDP also included a number of agri-environment measures specifically designed to promote summer cattle grazing (to support varied structure and species composition of grazed land) and moorland stock disposal, away wintering of sheep and off-wintering of sheep (to promote growth of vegetation by managing grazing).

There were some changes to LFASS in 2010 to reflect rebasing and to ensure that LFASS payments are only going to those who were actively farming in 2009 and thus providing the presumed agri-environment benefits.

LFASS was managed by SGRPID and facilitated through its 16 area offices across Scotland.

LFASS was a non-competitive scheme and applications were made via the Single Application Form (SAF) mechanism of the Single Farm Payment Scheme.

The remaining Axis 2 measures were delivered via the RP and the LMO funds as well as the Challenge Funds (forestry measures).

Although it is recognised that LFASS will be replaced by another scheme (Areas of Natural Constraints (ANC)) we are still obligated to scrutinise the intervention logic and effectiveness of this very large measure. It should be noted that Wales and England no longer have an LFA scheme. A recent review of Scottish Government provided data for the Scottish Government (Grieve et al. 2016)⁴ concluded that “unfortunately, decoupled payments (*such as LFASS*) are at best a weak and blunt tool for influencing land management in ways likely to deliver on the stated policy objectives. Specifically, by imposing only weak conditionality on how land is managed, Less Favoured Area /ANC policy has little leverage on the occurrence or intensity of management activities or their knock-on effects with respect to production, retaining jobs and skills or delivering environmental benefits.”

⁴ Grieve, J, Cook, P, Moxey, A. and Slee, W. (2016) Evaluation of Less Favoured Area Support Scheme (LFASS) /development of Areas of Natural Constraint (ANC), for Scottish Government.

2.5 Axis 2 - Effectiveness of the SRDP approach

Axis 2 of the SRDP addressed the targeted approach in a number of ways. This included the identification of priority species, for example, corncrakes, choughs and corn buntings. Furthermore, a SRDP Targeting Steering Group oversaw the production of maps defining where each targeted agri-environmental management option and capital item would be available. This included a comparison with where actual activity took place in the 2007-2013 programme.

The biodiversity and water components of Axis 2 are a good example of effective targeted support simply by having applied land based eligibility criteria. LFASS (37% of the entire SRDP budget) was only available to farmers in areas with handicaps (Article 36 (a) (i) and (ii) of Reg. (EC) N. 1698/2005). However, as mentioned before, the need for LFASS support might have been more clearly stated in the programme's SWOT which informed the intervention logic (in particular the rationale and methods used for targeting need to be further explored in their relationship to the intervention logic of the SRDP). Similarly, whilst the identified outcomes of Axis 2 specifically state the importance of improving biodiversity in SSSI and Natura sites, the monitoring information does not differentiate sufficiently the areas of support. A similar focus to that which was requested in the SRDP document, such as 'need to restructure even-aged forests' and the need to target poor water and soil qualities in some areas, is impossible to trace in the Programme's monitoring and reporting documentation. It is therefore not possible to report fully on the degree of efficiency in which the SRDP was delivered and achieved against its key objectives and targeted areas.

The extent to which targeting was achieved at micro level (in terms of areas with highest scope for improving habitat for species X or numbers of Species Y) is not entirely clear across Axis 2, particularly

in relation to LFASS. However, it is felt that through the RP options a certain degree of targeting on priority species and areas was achieved. The RPAC approach was seen as a very positive move in the last SRDP in bringing different stakeholders together to improve collective understanding in reviewing competitive proposals, which effectively brought key stakeholders target areas to the decision making table.

In addition, in 2015 – after the completion of the SRDP 2007-2013 – the Scottish Government published the ‘Measuring the Natural Heritage Outcomes Resulting From the Biodiversity Measures in the 2007-2013 SRDP’⁵ (the ESTE report) which was commissioned to assess the effects of SRDP funding on biodiversity. This report looked at a range of species, but due to a missing agri-environmental baseline for the SRDP, and an inability to use a BACI approach, as recommended in an earlier commissioned report, the ESTE report was unable to identify policy-attributable change especially effectively. Some options were oversubscribed and others undersubscribed meaning that even if targets were appropriate, spend was highly variable across options.

The Ex-Ante SRDP 2014-2020 Working Groups agreed that the definition of a constrained area needed to be reviewed because the funding was apparently not reaching its target. Linked to this, several respondents asked for the move from LFASS to Areas of Natural Constraint to be progressed as fast as possible because this was seen as a step in the right direction. (*Ex-Ante Consultation 2 p. 10*). However, some might argue that, from an economic theoretical perspective, the intervention logic for ANC is neither clear nor robust. The recent report on LFASS to Scottish Government suggests such a policy has little to recommend it beyond its capacity to transfer income, and that without any means testing or degressivity with enterprise size.

⁵ ‘Measuring the Natural Heritage Outcomes Resulting From the Biodiversity Measures in the 2007-2013 SRDP’, Environment Systems Thomson Ecology, Feb. 2015.

Further the ex-ante points out a recommendation in the Strategic Environmental Assessment (SEA) for integrated land management plans (ILMPs) which was not taken up by the Scottish Government.

Agreement of reorganisation of Challenge Funds as there were seen as being overly complex with poor technical support (*Ex-Ante Consultation 1 p. 22*).

Arguably, previous SRDP schemes had failed to adequately support crofting: There was a view that LFASS supported the most favoured farmers and land in the least favoured areas. (*Ex-Ante Consultation 1 p. 25*). However, the LMO approach does favour small farmers, although sums are not large.

Cumulative effects of new buildings and activities could continue to adversely affect the “Conserve and enhance the Scottish landscape” SEA objective which has been recognised as a key issue/problem under the previous SRDP, given pressures and trends affecting the rural landscape, such as those from wind farm developments. (*Ex-Ante Report p. 98*). However, almost all funds for renewable energy developments came from outwith the SRDP. Nonetheless, adverse environmental impacts on landscape could have conceivably arisen from the application of Axis 1 and other measures.

Analysis of the effectiveness of the current programme in delivering these priorities was severely hampered by a lack of data and time. A key conclusion is that the principles underpinning the programme and most of the options are sound, but poor implementation and some design aspects have significantly limited its effectiveness in delivering Scottish Government priorities (*Report of the Agri-Environment-Climate Working Group p. 1*).

The lack of meaningful data on the location, extent and impact of agri-environment options seriously hampered the ability of the group to assess the effectiveness of the current SRDP (as was highlighted in

the mid-term evaluation). However, it was felt that the SRDP had been an ambitious programme, which had made important progress in delivering a more integrated approach to Pillar 2 delivery. In spite of all of the criticism of SRDP in general (and RP in particular), the predominant view of the SRDP Working Group was that with some significant changes, the basic model could be made to work, and we should not go right back to the drawing board and start again (*Report of the Agri-Environment-Climate Working Group p.2*).

Reflecting on the past SRDP, during the Ex-Ante SRDP 2014-2020 Working Groups the following key points arose when considering the problem of limited available data:

- The range of options available in the current SRDP is a strength. However, some of the options are over-prescriptive, the desired outcomes are not clear, and the design and implementation of the programme makes it extremely difficult to identify and focus on the elements of the programme which are most relevant to a given objective.
- Location is critical to delivering a positive impact from many options: low uptake options which are suitably targeted may be delivering considerably more environmental gain than poorly implemented or located options with a high uptake.

Many factors have influenced the rate of uptake and the choice of options, including: perceived cost/benefit to the farmer; influence of consultants or advisers; perceived environmental impact, and anticipated risk or hassle associated with implementing the option. Without a better understanding of the reason for poor uptake, it is hard to recommend what should be done. The SRDP Working Group also recommended that “the design of the next programme must have management information and monitoring requirements incorporated from the beginning – including improved spatial recording

(recommendation 2) (*Report of the Agri-Environment-Climate Working Group p.3*).

2.6 Axis 2 - Achieved Results and Improvements

A number of evaluation challenges relating to Axis 2 were flagged in the Ex-ante evaluation (2007) and the mid-term evaluation (RDC et al. 2010). Indeed the Agri-Environment-Climate Working Group for the new SRDP reported that “The design of the next programme must have management information and monitoring requirements incorporated from the beginning including improved spatial recording.” This is a clear criticism of the inadequacy of the systems in the SRDP 2007-2013.

The ex-ante evaluation noted that the High Nature Value (HNV) farmland indicator was not well developed in Europe and further work was to be undertaken to create an indicator. We review that work below. The review of the 2000-2006 SRDP in the ex-ante (2007) indicated that greater attention needs to be paid to collecting data for monitoring and evaluation purposes so that value for money and additionality can be assessed. These data problems were still evident at the mid-term evaluation of the SRDP 2007-2013 (RDC et al. 2010).

As mentioned above, the SRDP did not monitor and report comprehensively against the available result indicators of the programme. Additional indicators could have been established, for example to track investment in particular areas, such as SSSIs and Natura sites. The existing range of monitoring data does not provide a comprehensive basis for an assessment of the achievements. This situation is not helped by the questionable quality of the targets set in most cases, where it can be observed that despite less hectares covered by funding the physical performance of the investments is reported hundreds of times over the targets set.

While mid-term and ongoing evaluations have addressed the issue of targets, this challenge has persisted until the end of the programme.

Having said this, the Scottish Government published a study on the HNV Farmland indicator⁶: HNV farming and Forestry Indicators, 2009–2013 describes the area of land under agricultural and forestry systems that support a high level of biodiversity. The main purpose of these statistics is to monitor the area of HNV in Scotland, in support of monitoring the results and impacts of SRDP investment and to inform other Scottish Government Strategies such as the Land Use Strategy. However, there have been a number of methodological changes over time which makes a comparison between the data over a given time period and in future difficult. (i.e. the area of HNV farming is derived from information extracted from the June Agricultural Census. However there was a change made to the farm type classification in the June Census in 2013) which makes direct comparisons impossible. HNV figures relating to forestry are derived from the Scottish Ancient Woodland Inventory and the National Inventory of Woodland and Trees (NIWT) which was carried out from 1995 to 1999. The current HNV forestry data are estimates based on these statistics.

The report summarises the main findings as follows:

- In 2013 the total area of Utilised Agricultural Area (UAA) estimated to be under HNV farming systems was estimated at 2.4m hectares (in 2009 this was 2.3m ha). This accounts for 44% of the total UAA (in 2009 this was 41%⁷), including common grazings, which stood at 5.5m hectares.
- Geographically, the Highlands made up the largest area of HNV farming in Scotland (43% of HNV area being in Highland),

⁶ <http://www.gov.scot/Publications/2014/03/8273> An Official Statistics Publication For Scotland High Nature Value Farming And Forestry Indicators, 2009 - 2013 27th March 2014

⁷ This change in % might have been influenced by a change in the method of classifying the area of HNV land.

followed by Argyll (11%) and Tayside (10%). The Western Isles had the highest percentage of its UAA under HNV, at 77%.

- The area of woodland determined to be of HNV status was estimated to be 575,000 hectares as of 2013. This accounts for 41% of the total woodland in Scotland (1.4m hectares).

The report states that the 2013 figure of HNV farmland should be regarded as the preferred baseline for the assessment of future policies such as the next SRDP (2014-2020) as it is envisaged the new farm type classification will remain the same for several years whereby tracking of change will become more feasible and reliable.

The report provides charts showing the change in HNV by RPAC areas with increases in Highland (from 50% to 56% if the total UAA) and decreases in the Northern Isles (from 51% to 49% of total UAA). However, due to the changes in methodology it is not clear how valid this analysis is.

The 2010 AIR draws on mid-term evaluation findings:

- The mid-term evaluation found measures within Axis 2 to have the highest level of aggregate economic impact, which reflects the fact that it accounts for over 60% of the total SRDP budget. LFASS (Measure 212) is the largest contributor in terms of economic impact, but the scheme is relatively weakly geared to enhancing the delivery of environmental benefits at sub-regional scale. Agri-environment payments (Measure 214) created the next most jobs under Axis 2. The agri-environment measure uptake is embedded within the integrated RP scheme with around 500 people using Measure 214 – the single biggest component of RP scheme uptake.
- The mid-term evaluation survey of beneficiaries found that Axis 2 measures had broadly positive business impacts with 42% of

respondents reporting efficiency gains, 39% reporting increased quality of outputs and, perhaps surprisingly, 29% reporting increased outputs. In relatively few cases were labour costs reduced (13%) and the net effect of the suite of environmental measures was to generate productivity gains (28%), family employment, (26%), sustainability (43%) and increased income (70%).

Overall (not just Axis 2) the mid-term evaluation found significant progress in creating rural jobs and, perhaps of greater importance in a time of economic difficulty, in sustaining employment. It found that substantial areas of rural Scotland are now under positive environmental management regimes and progress is emerging in terms of cooperation and complementarity e.g. in developing links within and between holdings.

2.7 Complementarity with other Funds.

Various AIRs (2010 onwards) refer to the mid-term evaluation which confirms that the SRDP has ensured complementarity and coherence between the programme measures and activity funded by the Cohesion Fund, ESF, EFF, EAFRD. The main ways identified in the mid-term evaluation were:

- In the design of the respective programmes in Scotland; there was an extensive programme of stakeholder consultation in the preparation of the SRDP involving those involved in the preparation of the other programmes.
- Issues of complementarity and cohesion are monitored by the managing authority and the PMC, Scottish Government directorates manage the other funds, and the Scottish elements of the UK EFF programme are managed by the same department as the EAFRD. The SRDP PMC involves representatives from the

Managing Authorities of the other funds and agencies which are involved in elements of their delivery.

- The RPACs have a regional perspective on the interaction between the different support instruments and this informs the selection of priorities and some projects. Some stakeholders suggest that this element could be strengthened and this is something we will look at when considering the design of the 2014-2020 Programme.

The 2009 AIR refers to complementarity and coherence being ensured through joint working and membership of the respective Monitoring Committees and Proposal Assessment Committees. To ensure that funding under each programme remains focussed on their strategic objectives.

2.8 Axis 2 - Lessons Learnt

Not specific to Axis 2 but for Programme – some AIRs refer that some targets were unrealistic – popularity of measure was underestimated or uptake did not match expectations at outset. There was really no comprehensive understanding of the likelihood of uptake of Axis 2 measures and options (especially Measure 214) so target setting and final achievements were not so much a product of planned intervention as of unplanned and unforeseen variances in option uptake. There was recognition that there could have been a more proactive approach, during the programme, to adjust targets.

Also there needed to be ongoing work on systems to ensure that financial implementation and non-financial data were recorded. Ongoing work has also been undertaken to improve the quality of the information collected and to ensure accurate assessment of the programme against targets.

The approach taken to the implementation of agri-environment schemes in the 2007-2013 programming period did not allow the prioritisation of spend in different regions. This was considered to be one of the biggest problems and resulted in substantial funds being disbursed in the north-east which is not an area with the greatest environmental need. (*Ex-ante report p. 47*)

There was a view that the RP 'dumbs down' regionalisation to the extent that in the end every region had similar priorities, so differentiation was not possible. Whilst the Forestry Working Group supported the principle of 'regionalisation', we recommend that for Axis 2 type activities (land based) it is better to have national proposals and build in enough flexibility to the grant incentives so that these can respond to particular regional/topic priorities. This would be cross referenced to Local Authority regional forestry and woodland strategies which identify local priorities. (*SRDP 2014-2020 Forestry Working Group Report p.13*)

The previous programme, shows that action to prevent flooding through natural flood management, benefits biodiversity through creation of woodlands, buffer strips along water courses and flood plains. Improving the management of soil will help improve water quality by preventing soil erosion and run-off. Carbon storage through tree-planting and peatland restoration creates habitats crucial to species survival. (*2014-2020 SRDP Programme*).

The complexity of the agri-environmental measures and their splitting into LMOs and RPs may be sound in principle in order to engage as many as possible, but it makes for extreme challenges in evaluation.

The SRDP Working Group on agri-environment in the new RDP noted "good geographic information is critical for appropriate targeting and for sensible monitoring of the next programme." This clearly implies an inadequacy in the 2007-2013 programme which required

remediation. However, the group also argued that regionalisation did not really work as there would have been a need for different regionalisation for different purposes.

Although the Scottish Government commissioned a number of studies to gain insights into the change brought about by the SRDP investment, no systematic monitoring and evaluation regime was established to measure change and impact for the agri-environmental measures under Axis 2 of the SRPD. This lack in monitoring the effects of the SRDP makes funding commitments highly dependent on a good intervention logic in the hope that there are underlying models of impact which can be used to judge performance (effectiveness and efficiency). However, at times and in some areas, clear intervention logic is lacking.

On a positive note, a number of the studies undertaken during the SRDP 2007-2013, particularly those commissioned towards the end of the programme, will be able to be used as baselines for the new SRDP. However, these are not comprehensive and will provide only limited information in the absence of any attempt to establish a robust counterfactual.

A further observation is that the underlying philosophy of trying to engage the actors and get them to think holistically about their whole business and its social economic and environmental setting is highly laudable but if this then deters a farmer who would otherwise say, have planted 10 hectares of woodland with SRDP assistance, it can become a barrier rather than an enabler. It is premised on a model of decision making at farm/land based business level which assumes 'everything is possible' whereas many managers may make changes much more incrementally, or at particular points in a family life cycle.

2.9 Axis 2 - Judging - Evaluative Assessment

This section provides a background to the monitoring and evaluation issues relevant to the ex-post evaluation that arise with respect to Axis 2 of the SRDP 2007-2013. It frames the evaluation needs both in terms of the requirements stated in the Common Monitoring Evaluation Framework (CMEF) and in the aspirations intimated in the SRDP. It points out the complexity of the individual schemes and the application process and the impact of these on scheme delivery and data collection. It focusses on the particular challenges faced in evaluating biodiversity measures and then considers the evaluation challenge with HNV farming, water quality, climate change and LFASS.

The SRDP 2007-2013 was a highly ambitious programme with an underlying desire to build a holistic approach to delivery of the programme across all axes. In seeking to apply a whole farm (and even to a degree a landscape scale) approach, it can be seen as innovative and forward looking, recognising the interlinkages between measures that have become such a challenge to the evaluation community. However, that ambition to create an integrative view can become a liability when farmers who would be prepared to undertake modest improvements are required to undertake a complex whole farm appraisal as a precursor.

2.9.1 CEQs at Axis 2 level

To what extent has the RDP contributed to protect and enhance natural resources and landscape including biodiversity and HNV farming and forestry?

Biodiversity

Recognising the challenges of evaluating policy impact, external research was commissioned from FERA in 2009 detailing recommended approaches to the evaluation of biodiversity measures. FERA deem the Before-After-Control-Impact (BACI) approach as recommended by Klein and Sutherland (2003) who describe this approach as the 'gold standard'. This is based on having a clear baseline, a set of control farms of a similar nature but not signed up under the scheme and a means of measuring the change from baseline to end of programme. An absence of baseline, especially given the prior recognition that farms that sign up for schemes might well have a higher level of wildlife of interest, means that assessing only the population that has signed up, with no consideration of a counterfactual, is highly likely to generate misleading results. They conclude an extensive review of the factors by suggesting that "in order to be effective, agri-environment monitoring for biodiversity should be:

- Linked to well-defined objectives (which may include maintenance as well as restoration) and performance indicators;
- Include baseline assessments;
- Include appropriate controls, within the limitations imposed by the design of the scheme;
- Be conducted over an appropriate timescale in relation to the expected impacts;

- Be conducted in a context-sensitive manner, and collect sufficient supporting information to allow the context to be understood;
- Use appropriate indicators that are likely to respond to the management changes envisaged, within the timescale of the monitoring programme, and that can be measured effectively with the resources available.”

The recommended FERA approach was to sample about 30 farms who had participated in a particular measure paired with 30 similar farms outwith the Measure. This enabled a control sample to be compared with a policy ‘treatment’ so that the policy effect could be established.

A further unpublished study on cost effectiveness commissioned by the Scottish Government led to a journal paper (Austin et al. 2015: 1359)⁸ which asserted that there was “a need to focus not only on improving the cost-effectiveness of biodiversity conservation programmes, but also to improve the robustness of cost-effectiveness assessments, in terms of data availability and accuracy and improved monitoring of the outcomes of interventions.” Based on a combination of quantitative and qualitative evidence the study also asserts that there is a need “for improved advice on appropriate management and meaningful monitoring programmes linked closely to the objectives which have been set” (Austin et al. 2015: 1359)⁹.

The main evidence base for assessing the biodiversity enhancement arising from the SRDP 2007-2013 is the Environmental Systems and Thomson Ecology (ESTE) reported on a monitoring study undertaken for Scottish Government in 2015 (hereafter referred to as the ESTE report). Their references do not acknowledge the FERA report. They

⁸ Austin, Z., McVittie A., McCracken, D., Moxey A., Moran, D. and White P.C.L. (2015) Integrating quantitative and qualitative data in assessing the cost-effectiveness of biodiversity conservation programmes, *Biodiversity and Conservation* 24,6, 1359-1375

⁹ Austin, Z., McVittie A., McCracken, D., Moxey A., Moran, D. and White P.C.L. (2015) Integrating quantitative and qualitative data in assessing the cost-effectiveness of biodiversity conservation programmes, *Biodiversity and Conservation* 24,6, 1359-1375

report only on monitoring selected LMOs and RPs and do not consider the climate change elements, the water elements or LFASS within the SRDP 2007-2013. Part 1 examines the monitoring of LMOs and RPs; Part 2 details the case studies; Part 3 comprises the results of the farmer survey; and part 4 comprises the landscape scale monitoring.

The ESTE study monitors a sample of measures from the LMOs and RPs. For each of the measures 'Biodiversity Success Criteria' were identified to indicate what successful engagement with the measure would comprise, some of which could be evaluated remotely and some of which required field surveys. The report adds (p. 11): "analytical methods were identified for evaluating some of the outcomes of the management criteria." The ESTE study notes (p.38) that "although this was not a traditional monitoring approach, by combining levels of information at different scales, corroborative evidence could be compiled to infer trends and provide indicative success scores for each of the Options." From this, the ESTE report concludes for those measures (termed options by ETSE)¹⁰ selected for further scrutiny (20 out of a much larger list) that it is possible to identify the measures meeting the biodiversity success criteria (6), not fully meeting the biodiversity success criteria (6) and those only partly meeting the biodiversity success criteria (7).

A farmer survey of the investigated holdings was used to provide corroborative evidence and more detailed information about the farmer. Farmers were asked about biodiversity changes that they had observed.

The overall conclusions drawn were that "The multi-level approach to monitoring used in this study, of assessing biodiversity impacts

¹⁰ The criteria for selection of these were agreed in consultation with SG and the Steering Group partners; they were Options from either LMO or RP schemes that had more than £1 million spend agreed up to March 2010 (Scottish Government, 2011) and in addition:
a) Were considered likely to have observable effects on biodiversity within the three year duration of the monitoring programme; and
b) Options which support particularly important habitats.

separately at the landscape level, the farm level and the Option level proved useful in enabling data collection to address the objectives of the monitoring programme (as specified in the SRDP)” (ESTE p.39). As the ex-post team, we accept that the evaluation approach devised allows some monitoring of ecological change on farms adopting RP measures, but attribution of biodiversity effect of RP measures to policy intervention by this method is fraught with difficulty in that there is scope for multiple intervening variables to influence outcomes.

It may be appropriate to examine the ESTE approach in the light of the six recommendations from FERA associated with an effective monitoring programme.

Table 1: The ESTE approach to biodiversity monitoring in the SRDP 2007-13 and the FERA recommendations.

FERA Recommendation	ESTE method compliance with FERA	Comments from the ex-post team
Monitoring should be linked to well defined objectives	√	The suite of RP schemes has well-defined objectives, built on priorities agreed for particular species or habitats normally connected to Natura 2000 or Biodiversity Action Plans
Include baseline assessments	-	This is routinely rather weak or non-existent. There may be some evidence of presence or absence of target species associated with the application.
Include appropriate controls	-	There are no controls at all. The only 'control' is the baseline elicited from satellite photography to establish the habitat mix.
Be conducted over an appropriate timescale	-	The late start of this monitoring scheme left only three years of the programme over which to monitor change.
Be conducted in context-sensitive manner	√	The method used for monitoring impacts was sensitive to context and surveyors were asked to record this (and satellite photography was used to supplement this).
Use appropriate indicators likely to respond to intervention, measurable within resource limits	-	Indicators need to do two things- (i) be sensitive to the intervention and (ii) be capable of upscaling to EU impact indicators. The general approach to develop a set of 'biodiversity success criteria' is plausible and sensible. The fit to CEMF is problematic when dealing with non-bird interventions for biodiversity as the Farmland Bird Index is the sought for impact indicator, but this may still aid national level monitoring and evaluation.

The farmer survey yields information on attitudes and observations.

The growing trend towards participatory appraisal suggests this is a useful addition. The considerable use of satellite imagery may enable

effective monitoring of habitat change and potentially with some aspects of climate change, but is unlikely to be of assistance in relation to other Axis 2 Measures such as LFASS and those relating to water quality issues.

LFASS and HNV farming

The ex-ante evaluation of the SRDP (published 2007: p24) recommends that LFASS should not be seen as an agri-environment measure but as compensation for poor quality land, remoteness and low prices which implicitly questions its inclusion in Axis 2. In many ways, the environmental rationale for LFASS has been shunted into the consideration of HNV farming and the development of an index. Recent work on LFASS has questioned whether it might not better be paid as a supplement to the ABPS, Area Based Payment Scheme (Pack, 2010).¹¹

In the course of the SRDP 2007-2013, several pieces of work were undertaken to address the acknowledged deficit of a methodology to define HNV farming land and a means of establishing effective monitoring and evaluation. It was widely and uncontentionally recognised in Scotland and elsewhere that high nature value farming systems have been threatened by both abandonment and intensification and that there was a case for supporting HNV farming to ensure the public good delivery of landscapes and biodiversity.

Building on work undertaken by McCracken (2011)¹² the SRDP Working group report (2011)¹³ notes three types of HNV farming area:

¹¹ Pack, B. et al. (2010), The Road Ahead For Scotland: Final Report of the Inquiry Into Future Support For Agriculture In Scotland.

¹² McCracken, D. (2011) Supplementary Paper 1 to Summary Report on Developing High Nature Value Farming and Forestry Indicators for the Scotland Rural Development Programme: Report to the Technical Working Group on High Nature Value Farming and Forestry Indicators for the Scotland Rural Development Programme.

¹³ TWG HNV farming (2011) Developing High Nature Value Farming and Forestry Indicators for the Scotland Rural Development Programme Summary Report of the Technical Working Group on High Nature Value Farming and Forestry Indicators.

areas with a predominance of rough grazing; areas with a complex and rich mosaic of habitats; and areas with environmental designations. These parallel the EU classification of HNV types. In Scotland most of the emphasis has been on the extent of semi-natural vegetation. McCracken (2011) designed a set of surrogate criteria based on stocking density and percentage of rough grazing to determine the HNV farming area and this provides the basis for the SG approach, even though it was recognised that it is within the land area defined by the surrogate indicators that most HNV farming was found, rather than high nature values being found in all areas of land thus designated. However, farming systems with a *high likelihood or possibility* of HNV values effectively morph into HNV farming areas, with the surrogate criteria based on semi-natural habitat and grazing intensity become the only two criteria for designation. The method proposed makes it relatively easy to designate HNV land but it is much more problematic to move towards an impact indicator based on changes in ecological condition on that land. The key evaluation question is not the area designated, or indeed the change in the area designated, but whether the biodiversity indicators (normally the Farmland Bird Index, but potentially supplemented by other programme-specific indicators) yield evidence that support has enhanced biodiversity or at least slowed biodiversity decline. Given that there is widespread evidence of a continued decline in moorland birds in Scotland this seems unlikely. Southern Scotland is identified as a hotspot of curlew decline¹⁴ and more widely SNH (Foster et al. 2013)¹⁵ note: “The overall trend in Scotland for breeding farmland waders is one of steep decline.” SRDP interventions to support the corn bunting seem to have been rather successful but SNH caveat their report by noting that “although we present trends for SRDP

¹⁴ <http://www.rspb.org.uk/whatwedo/projects/details/263911-investigating-the-causes-of-uk-curlew-declines->

¹⁵ <http://www.snh.gov.uk/docs/A1075307.pdf>

Priority Species a causal link between the trend and the SRDP measures cannot be made.”

To what extent has the RDP contributed to the supply of renewable energy?

The impact of the SRDP has been minimal as FiTs and other support mechanisms meant that the alternative FiTs based measures were much preferred on financial grounds. This is not a reflection on the design or quality of the SRDP scheme which was effectively superseded by energy policies which offered alternative funding to land managers and resulted in high uptake in some regions.

To what extent has the RDP contributed to climate change mitigation and adaptation?

Generally the Axis 2 Measures were rather blunt with respect to mitigating GHGs. The SRDP only really considered climate mitigation through forestry measures, leaving to one side the multiple sources of emissions from farming practices. Keeping unproductive livestock in hill areas may add more to GHGs than arises from carbon sequestration in permanent pastures. Alternative uses of such land may well increase carbon sequestration and reduce net emissions. The Scottish Government developed new approaches to climate change mitigation but these happened outwith the RDP. Suggestions were made to the Scottish Government as to how climate mitigation could be more thoroughly incorporated as part of the ongoing support to Scottish Government in the last programme period.

Climate change measures can comprise at least three types. First, there is potential for measures that impact on greenhouse gas emissions either by reducing emissions or increasing sequestration. In the SRDP, this is one of the rationales for the afforestation measures and, to a lesser extent, biodiversity measures. Second, there is scope for reducing energy use on farms for example through

minimum tillage systems, or reduced vehicle passes. This area of activity is part of the Scottish Government funded Farming For A Better Climate initiative but not part of the SRDP 2007-2013. Finally, farmers can engage in renewable energy production thereby changing the energy mix. Though many farmers have engaged in renewable energy, most have used funding from the FiT system or the Renewable Heat Incentive as they offered much more advantageous financial benefits to the farmer. Work was undertaken by Slee (Slee and Feliciano, 2015)¹⁶ under the ongoing support contract to the Scottish Government in which it was suggested that baseline estimation of emissions accompanied by farm-level planning to reduce emissions using customised Marginal Abatement Cost Curves would provide an economically efficient route to move down to reduce emissions cost effectively. It was also suggested that emissions should be considered per kg of product not per unit area.

To what extent has the RDP contributed to improvement of water management (quality, use and quantity)?

Water quality is normally assessed at sub catchment or catchment level not farm level and there are many confounding factors that could influence water quality such as changes in stocking and cropping and changes in fertiliser applications. The high pollution burden of some crops such as potatoes is a likely cause of high phosphate emissions to water bodies.

The SRDP 2007-2013 targets water quality with a clear intervention logic as agricultural activity is implicated widely in diffuse water pollution in Scotland. Although there is a very good understanding of the general land management processes that compromise water quality, the exact attribution of damage when causes are multiple is more problematic which makes the determination of cost-effective

¹⁶ Slee, B. and Feliciano, D. (2015) Challenges in the design of indicators for assessing the impact of the Scotland Rural Development Programme 2007-2013 on climate change mitigation, *Ecological Indicators*, 59 94-103.

mitigation strategies very challenging. Work was undertaken by Vinten (no date)¹⁷ to explore enhanced assessment of water quality impacts and design more effective indicators. He questioned the use of Gross Nutrient Budget based on widespread concerns about its accuracy at local level and argued instead for : “an index of the size of change in a critical water quality metric for relevant water bodies or catchments, relative to the standard required for Good Ecological Status (GES) that is the result of measures funded by SRDP.” (Vinten op cit.: 13)

The identification of priority catchments and the focusing of advisory support by SEPA and others into catchment walking and farmer meetings can be seen as a desirable behavioural approach to engaging farmers in mitigating water pollution. On the ground advisors could and did steer farmers towards actions deemed most likely to reduce the pollution burden of water bodies. However, quantification of water bodies is at measurement points at sub-catchment level, not farm level, making quantitative attribution of water quality gains to SRDP interventions impossible. As noted elsewhere, the period was one of substantial change in farming with livestock reductions and different cropping practices. This makes attribution to a specific policy intervention even more problematic.

To what extent has the RDP contributed to introduction of innovative approaches?

There is little in Axis 2 of the SRDP 2007-13 which can be regarded as innovative. The agri-environment measures had been effectively piloted in the previous policy period. However, the LMO “appetiser” can be regarded as an innovative measure although there is no evidence to show land managers graduating from LMO interventions to RPs over the policy period. The identification of priority catchments was a desirable and beneficial innovation in that it provided a sharp

¹⁷ Vinten, A. et al. (n.d.) Development of indicators of the impact of SRDP 2007-13 measures on water quality.

focus for SRDP-driven interventions. There was not much effort towards collaborative initiatives but we should not forget the aspirational element of this RDP in its desire to get people to think comprehensively and holistically about their businesses.

How efficiently have the resources allocated to the RDP been used in relation to achieving the intended outputs?

It is very hard to make judgements here in the absence of more detailed data. We understand efficiency as the relationship between the cost of a policy measure and the achieved effect. The relationship between Measure expenditure and intended outputs is difficult to establish.

LFASS is likely to be an efficient means of retaining employment on some farms but inconsequential on others. It is a very blunt and inefficient Measure for delivering environmental benefits.

There are likely to have been major differences between farm differences in efficiency with different options under Measure 214. On balance, evidence-informed management prescription options for target species under some of the options in Measure 214 are likely to have been efficient but in the absence of baseline data this is cannot be confirmed.

The woodland Measures achieved rather less coverage than the target area but with the roughly the same expenditure. This does not suggest efficiency, although smaller sized (and therefore more expensive to establish woodlands) might have higher benefits on landscape and biodiversity than larger woodland blocks.

2.9.2 Axis 2 - CEQs at Measure level

Axis 2 was by far the largest programme Axis with accommodating 72% of the entire SRDP budget. Within Axis 2 three main Schemes were implemented: LFASS, RPs and forestry Measures.

For each measure in this Axis the following questions should be answered by the evaluator:

How and to what extent has the measure contributed to improving the environmental situation?

212 - Payments to farmers in areas with handicaps (=LFASS)	LFASS, by far the largest measure of the SRDP achieved 78% of its target in terms of geographic coverage and 95% of its targets regarding number of farms that benefited from payments. The only result indicator that is reported by LFASS is 'Areas under successful land management contributing to avoidance of marginalisation & land abandonment'. 78% of the target area was achieved but the budget was wholly committed Although the mid-term evaluation stated that LFASS was well regarded for its ability to achieve multiple positive outcomes in line with the objectives of the SRDP, the programme reported against one result indicator (and this in an unclear manner as to the unit counted) and did not collect or monitor any additional information from claimants. 37% of the entire SRDP budget therefore remains un-reported in terms of results achieved. It should also be noted that there was a significant amount of land abandonment in this period (see SRUC's Retreat from the Hills and follow up publication). However, the net environmental consequences of this are very unclear. Whilst the physical performance targets were under-
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	<p>achieved, the financial budgets were met by 100% as reported on the basis of the revised Modification 15 tables.</p>
<p>214 - Agri- environment payments</p>	<p>Although 3,362 holdings were supported by this measure (160% of the anticipated target), the actual land area covered by this report was considerable less than planned (77% of the target).</p> <p>Although less hectares were covered, the support was reported to have achieved hugely more than expected, over 700% of its biodiversity and soil quality targets, 306% more area contributing to improved water quality and a 2,714% larger than anticipated positive impact on mitigating climate change. This extraordinary over-achievement of targets indicates that there are either issues with the calculation of targets, or the measuring and reporting of these indicators. It is not wholly clear how data are collected by the Scottish Government in monitoring impacts of such measures.</p> <p>In terms of financial performance, the measure met its EAFRD targets, but only 86% of its domestic public sector budgets were spent. Considering that 160% more holdings were supported than expected, this indicates that not only EAFRD but, more profoundly, domestic public sector funding per holding was much smaller than originally intended.</p> <p>Although less funding was provided per holding, less area coverage was achieved, significant over-achievements of result targets were created. This is likely to an artefact of how results were calculated with, for example, all Measure 214 options appearing to contribute beneficially to climate change mitigation, when often the impact was likely to be negligible.</p>

<p>215 - Animal welfare payments</p>	<p>Considered an innovative Measure for RDP support in Scotland, this Measure had a very small budget of 1% of Axis 2 public sector monies – all of which has been spent. However, only 44% of the number of holdings targeted by this Measure have taken up support, on average receiving three contracts (instead of one contract per holding as originally expected).</p> <p>There was no result indicator against which the support was measured or reported against. This measure arguably should have been associated with improved business performance (Axis 1) as enhanced animal health should enhance business performance.</p>
<p>216 -- Non- productive investments</p>	<p>This comprised two groups of measure: first bridges and gates to reduce livestock induced water pollution; second, active shepherding in designated areas to improve moorland quality. Only 44% of targeted holdings were supported by this measure, 3,470 less than expected. However, the financial targets for total investment volume as well as for public sector expenditure were achieved by 89% and 83% respectively, indicating that the size of individual SRDP investment per supported holding must have been double that expected.</p> <p>There was no result indicator against which the support was measured or reported against.</p>
<p>221 - First afforestation of agricultural land</p>	<p>The budget of the third of the largest measures included in Axis 2 was fully spent (101% of public sector expenditure).</p> <p>The physical performance indicators (outputs and results indicators) are jointly reported with Measure 223 in the monitoring data sets. The full set of result indicators is reported, but cannot be broken down by agricultural and non-agricultural land.</p>

	<p>1,339 more beneficiaries have been supported by the two measures than expected (330% of target), but only 60% of the target for area coverage has been achieved.</p> <p>The joint measure targets for areas covered to improve biodiversity have been reported as met by 50%, those to improve water quality by 45%, and those supporting the mitigation of climate change have been met by 60%.</p> <p>Whilst the achievements of results are roughly in line with the area of hectares anticipated to be achieved, they are in contrast to the substantially higher number of beneficiaries involved.</p>
<p>223 - First afforestation of non- agricultural land</p>	<p>While all allocated EAFRD has been spent, interventions were less supported by domestic public sector monies only spending 83% of its allocated budget.</p> <p>The physical performance indicators (outputs and results indicators) are jointly reported with Measure 221 in the monitoring data sets. The full set of result indicators is reported, but cannot be broken down by agricultural and non-agricultural land. Please see Measure 221 for detail.</p>
<p>225 - Forest environment payments</p>	<p>Whilst all allocated EAFRD has been spent, only 80% of the domestic public sector funding was used by this measure.</p> <p>At the same time, 901 more holdings were supported, but only 26% of the targeted hectares were achieved. This indicates that a significantly higher number of holdings were supported (857% of the target) applying the lower than expected funding per holding to a significantly smaller area than anticipated. However, the key question is if and how any biodiversity monitoring was undertaken on this land.</p> <p>Apart from biodiversity, there was no other result indicator against which the support was measured or reported against.</p>

227 - Non-productive investments (forestry)	<p>This is the only measure in SRDP where the EAFRD allocation was not spent to 100%. However, 626 more holdings were supported than originally anticipated.</p> <p>The total investment volume (including private sector contributions) reports a lower achievement figure than the reported public sector investment figure. This might be due to the fact that public expenditure for commitments from previous programming periods were included but the corresponding private investment was not.</p> <p>There was no result indicator against which the support was measured or reported against.</p>
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In summary, most Measures were not covered or monitored against the available result indicators which could have provided a more comprehensive insight into the supported change of Axis 2. However, two of the largest Measures reported a full set of result indicators, yet over-achieved against their original targets so much that either a serious under-estimation of targets or over-reporting must be considered.

Overall, targets must have been extremely poorly estimated unless reporting is to blame for the vastly diverging values between target and reported achievement.

3. Topic Guide for Axis 3

3.1 Axis 3 Overview

Axis 3 Level Overview	
Axis 3 Objective	<p>Axis 3 supported the outcome on thriving rural communities.</p> <p>Support under this Axis aimed to diversify rural enterprise, to facilitate sustainable growth in the rural economy and generate employment opportunities beyond the land-based industries.</p>
<p>The following priorities were identified in the SRDP:</p> <ul style="list-style-type: none"> • add wider value to rural goods and services, encouraging the development of businesses, including tourism, that can capitalise on the high quality of rural Scotland's natural and historic environment; • build capacity in local communities, through training and skills development, and through support for the creation and development of micro-enterprises and social enterprise service providers; • promote public enjoyment and understanding of the countryside through raising awareness of countryside activities, assisting land managers to provide facilities for use by local communities and visitors, and promoting community involvement in land management; and, • support rural services and infrastructure at a local level through support for local facilities in rural communities. 	
Intervention Logic Axis 3	
<p style="color: #0070C0;">Key strengths</p> <ul style="list-style-type: none"> • diversification underway and good levels of business start-ups; • significant further potential in tourism; • increase in internet and broadband access; • extensive enjoyment by the public of access to the countryside, underpinned by Land Reform legislation; • extensive and varied network of sites of historic interest, and strong cultural heritage; and • high levels of participation in voluntary work and community activity. 	

<p>Key Weaknesses</p> <ul style="list-style-type: none"> • low growth from primary industries; • predominance of small businesses, with relatively low growth potential; • a legacy of industrial and mining land in some rural and peri-urban areas and consequential quality of life impacts; • poorly constructed and managed paths can result in soil erosion; • deprivation of access to services across rural Scotland; • further improvements needed to paths and facilities for visitors; • culture and traditions under threat from falling populations in some areas; • poor maintenance of some features of the historic environment; and • pockets of deprivation that are difficult to measure. 			
<p>7 SRDP Measures</p>	<p>311 – Diversification into non-agricultural activities 312 – Business creation and development 313 – Encouragement of tourism activities <i>321 – Basic services for the economy & rural population (Measure 321 transferred to LEADER delivery at August 2010 although the Forests for People element continued to be delivered by the Forestry Commission until September 2011)</i> 323 – Conservation and upgrading of the rural heritage 331 – Training and information <i>341 – Skills acquisition, animation & implementation of local development (this Measure was eventually not implemented and the funds were transferred to LEADER delivery)</i></p>		
<p>3 Schemes</p>	<p>RP; LMO; Challenge Funds</p>		
<p>Expected Outcomes for Axis 3</p>			
<p>Business development</p>	<p>Landscape and historic environment</p>	<p>Public enjoyment and understanding</p>	<p>Rural services and infrastructure</p>

SRDP Key Axis Level Facts			
Total Axis Budget (€):	120,314,128	EAFRD Budget (€):	55,619,970
Actual Total Spent (€):	118,718,939	EAFRD Actual Spent (€):	55,570,306
Number of beneficiaries supported:	309	Average Co-financing Rate:	47%
Number of microenterprises supported:	102	Number of tourism activities supported:	901
Number of actions supported:	4,361	Gross Jobs Created:	1,960

3.2 Axis 3 - Review of the Intervention Logic

With regard to the SRDP there are two key principles which underline its intervention logic and which should be considered during the assessment:

- Interventions should foster **sustainability** whereby Measures achieve complementary outcomes – whether social, economic or environmental – and avoid net damage to the cultural and historic environment; and
- The interventions should **correct market failure and deliver outcomes** that are for the benefit of rural communities and the wider population.

What is meant to be achieved with the intervention logic (e.g. selection and composition of measures and schemes around the Axis)?

In total, Axis 3 represented 8.3% of actual public sector spend and 8% EAFRD of the completed SRDP, in line with the original 8% target after Modification 15 but below the minimum investment levels requested by EAFRD regulation (10%). This indicates that Axis 3, with its key task to help improve the quality of life in rural areas, was of considerably lower strategic priority than Axis 2 (biodiversity) and Axis 1.

Almost half of the final Axis budget (43%) was allocated to supporting tourism activities, the intervention logic was to address the identified weaknesses by seeking to improve the attractiveness of the rural area and thereby encourage tourism activity. However uptake of the tourism measure (313) remained very low at 26% of its target of tourism activities supported and only 5% of its job creation target achieved at completion of the programme.

Measure 323 proved far more popular in up-take than anticipated and addressed conservation and rural heritage improvements issues the improvement of basic services. Measure 321 supported a significant number (475) of basic services actions (excluding those following the transfer to LEADER delivery). Together these Measures addressed a fair number of weaknesses identified at the outset, such as further improvements needed to paths and facilities for visitors, improvements to activities focusing on culture and traditions under threat from falling populations in some areas, and regeneration of the historic environment.

At mid-term, up-take of projects was generally very low except for 'Conservation and Upgrading of the rural heritage' which from the

start was the most attractive measure of this Axis.

It should be noted, that there were 20 LEADER initiatives which all addressed the intervention logic of Axis 3 to some extent. However, performance achievements of LEADER projects were not added to Axis 3 performance. This missing contribution was identified throughout the programme, by mid-term and ongoing evaluations, but remained unresolved.

How has the programme and its intervention logic evolved over the programme implementation period, i.e. which major modifications have been undertaken?

Like Axis 1 and 2, Modification 14 had implications for budget allocations for various measures across Axis 3: (2014 AIR),

- Reduction in the allocation for Measure 321 – (at this time it was thought to have already exceeded target) – the 2015 AIR notes revision of Measure 321 data due to data quality work. Number of actions supported figures had included commitments from the 2000-2006 RDP in error, see below. Funding released in particular to Axis 1 Measure 121. Achieved 47% of target following correction.
 - Increase in allocation for Measure 323 – (already exceeded target) – reserved for activity to support the economic recovery. In line with priorities of Scot Government and EC to focus on economic growth and sustainability. No change in target as already well exceeded.
 - Reduction in allocation also for Measures 311, 312, and 331 – demand was less than forecast, in part due to unrealistic estimates at the beginning. Output target reduced for Measure 331.
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- Increase in allocation for Measure 313 – even though uptake had been low – for activity to support the economic recovery. Output targets increased.
 - No reference to Measure 341 in AIRs post 2009 – this Measure was transferred to delivery through LEADER. When Measure 341 was transferred to LEADER it was not ‘ring fenced’, rather it became part of the LEADER ‘pot’.
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3.3 Axis 3 - Reported Up-Take and Investment

3.3.1 Physical Up-take

There is a need for scrutiny of the relationship between the implementation of a Measure and the results of a Measure on the intended target, i.e. has the measure been taken up as expected?

Most Axis 3 Measures experienced lower than expected uptake:

- The exception being Measure 323 which well exceeded its target – there is no further narrative to explain why uptake was strong, feedback from consultations suggests the scale of support and relative ease of securing this were factors here.
 - In the 2015 AIR data for Measure 321 were adjusted down due to data quality work carried out as part of the ex-post evaluation, identifying errors in the Number of actions supported. It was discovered that commitments from the 2000-2006 RDP had been incorrectly included in the 2007-2013 programme. This also had an impact on the Total Volume of Investment value.
 - Uptake was lower for Measures 311, 312, 313, 331 – in part attributed to the programme being active during the recession
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with potential project holders not able to access or unwilling to invest funds to finance the rest of the work. As highlighted above, there were budget reductions for Measures 311, 312, 331 – demand was less than previously forecast, and there were unrealistic estimates at the outset. Output targets for Measure 331 were reduced.

- Measure 341 (Skills acquisition, animation & implementation of local development – this measure was not mentioned in any of the AIRs post 2009 having been transferred to Axis 4.
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3.3.2 Financial Up-Take

There is a need for scrutiny of the investments made, have financial expectations been realised, what modifications were necessary and why.

In the completed SRDP, Axis 3 represented 8% of total actual public sector spend and 8% the EAFRD, these figures are lower than both the original and modified targets and the minimum investment levels of 10% specified by the EAFRD regulation.

As highlighted earlier, Modification 15 resulted in reductions in budget allocations across some Measures in Axis 3 – a combination of demand being less than forecast and/or unrealistic estimates at the beginning of the programme. The Scottish Government indicate that initial target estimates were massively wrong and had to be corrected twice through modifications.

There were increased allocations to some Axis 3 Measures to support economic recovery, but much was diverted to Measure 121 in Axis 1. This was in line with Scottish Government and European policy in response to the economic crisis that was impacting negatively on rural economies i.e. a renewed focus on economic

growth and sustainability.

Feedback from stakeholder interviews and the MAPP workshops suggested that issues of transition and lack of continuity from the previous programme and bedding in difficulties of the new approach (and particularly the application process) had a significant effect on physical and therefore financial uptake.

As result of the financial crisis Ministers shifted the focus for SRDP support to smaller businesses and this shift continued progressively more and more, this also affected support for new entrants. In the early stages of the programme the focus was on achieving spend to optimise EAFRD draw down and therefore on larger projects, RP was criticised for this and this contributed to the shift towards more smaller interventions.

3.4 Axis 3 - Policy Relevance / Strategic Fit of Interventions

The 2007 AIR reported no change in EC policy but there was a change in the Scottish Government following the May elections. Continuity of rural development policy was assured with the endorsement of the draft SRDP by the new Scottish Government.

AIRs 2008 onward – each of these report no changes to community or national policies affecting consistency of EAFRD and other financial instruments.

The 2009 AIR references the following: we also addressed the need to consider the need to implement the EERP.

AIRs do however reference a renewed focus at Scottish and European levels on supporting economic growth and sustainability.

The SRDP First Stage Review and the mid-term evaluation both confirmed the policy relevance and strategic fit of Axis 3 with no major changes suggested. Only in the case of Measure 341, the First Stage Review suggested that the aims of Measure 341 should be delivered by LEADER (responsibility for delivery of Measures 341 and 321 was later transferred to LEADER but finance and physical performance for Measure 341 was not recorded against Axis 3).

Stakeholder consultations confirmed that the Forestry Commission Scotland were happy with the fit with the identified priorities for the sector. The NFUS were concerned by the extent to which the approach was demand, input and output led (and spend focused) with a lack of real prioritisation rather than strategically driven by outcomes sought, this should have focused more on resilience and adaptability of the business sector. The rural sector (especially agriculture) was in a worse state in 2007 than was appreciated. The Scottish Government's RDP manager suggested that the logic as designed was sound but not as delivered. The RPAC approach could have been stronger here in addressing regional priorities.

3.5 Axis 3 - Effectiveness of the SRDP approach

Axis 3 was primarily implemented via the RP, LMO, Forestry Challenge Funds, and indirectly through LEADER (via transfer of funds and remit particularly regarding Measure 321)¹⁸. Therefore, Axis 3 was based on an integrated approach encouraging applicants to address rural issues from different angles in support of each other. Whilst the LEADER approach was an excellent mechanism in targeting SRDP action, its performance in contributing to the achievements of Axis 3 (or any other Axis for that matter) was never recorded. Although LEADER funding only represented 5% of the overall SRDP budget (and 7% of EAFRD), it could have added

¹⁸ LEADER supported activities were expected to contribute to the objectives of the other Axes although the funding was not actually allocated against these.

significantly to the reported performance of Axis 3. In terms of an assessment of policy effectiveness this must be regarded as a missed opportunity.

Ex-Ante SRDP 2014-2020 Working Groups for the new Programme, identified Axis 3 as overlapping with LEADER (Final Report of the Rural Economy Working Group p. 10) – this is at odds with the original EAFRD design that LEADER action should contribute towards the objectives of Axis 1, 2 and 3 (through the process of Mainstreaming). This misconception of LEADER overlapping or competing with rather than contributing to Axis 3 suggests that the overall policy and intervention rationale was not made sufficiently clear or well understood. This aspect of RDP design and delivery has been a common problem across many RDPs, stakeholder and beneficiary consultations suggested some confusion on the ground.

Axis 3 mechanisms were unable to reach the Axis' key target audience (rural businesses diversifying or focusing on tourism activities) (see low uptake of Measure 313), whilst other, much smaller Measures were more popular in implementing activities in the area of conservation and basic services (relating more to the Quality of Life element of the Axis). Although this was in line with the identified weaknesses, the results of the implementation of the programme (low tourism uptake, higher conservation, rural heritage and basic services up take) are somewhat contradictory with the allocation of the Axis 3 budget. Taken at face value these figures suggest that the logic was not wholly appropriate to the needs of the rural area.

Stakeholder feedback shows that the Forestry Commission Scotland consider that RP did not work, it was too complex, difficult and slow and therefore presented a barrier to prospective applicants. NFUS highlight that geographical targeting was poor in RP with insufficient differentiation between regions, they would rank the scheme as being poor because of the implementation issues. Scottish Government

consultees see little achieved other than funding delivery. Very few applications were rejected, there was little real regional prioritisation. The Programme and its delivery schemes were designed with good intentions but it did not work in practice.

3.6 Axis 3 - Achieved Results and Improvements

The 2010 AIR draws on mid-term evaluation findings:

- The mid-term evaluation found Measures within Axis 3 had generated nearly 900 net jobs to date. The two most important Measures in terms of job creation are Measure 323 (Conservation and upgrading rural heritage) and Measure 313 (Encouragement of tourism).
- The mid-term evaluation survey of beneficiaries found that Axis 3 Measures generated many positive business effects. The greatest impact was on diversification of the rural economy (57%) followed by increased income (50%), competitiveness (43%) and quality of outputs (41%). The most serious negative effect was the increased labour costs reported by 8% of respondents.

Overall (not just Axis 3) the mid-term evaluation survey found that significant progress in creating rural jobs and, perhaps of greater importance in a time of economic difficulty, in sustaining employment.

At the mid-term, it was thought that there has been progress in terms of regionalisation with the introduction of RP and a strengthening of rural governance through the introduction of the RPACs and other decision making bodies in the delivery schemes through which Axis 3 measures were delivered.

Both the Scottish Government and NFUS consider this to be poorly evidenced in terms of outcomes, impacts.

Final figures reported for Axis 3 show only one Measure where a result target was met, Measure 323 exceeded the target for population benefitting from improved services by over 100%. The highest achievement against any other indicator target was a 22% increase in non-agricultural GVA, Measure 313.

3.7 Axis 3 - Complementarity with other Funds

Various AIR (2010 onwards) refer to the mid-term evaluation which confirms that the SRDP has ensured complementarity and coherence between the programme measures and activity funded by the Cohesion Fund, ESF, EFF, EAFRD. The main ways identified in the mid-term evaluation were:

- In the design of the respective programmes in Scotland; there was an extensive programme of stakeholder consultation in the preparation of the SRDP involving those involved in the preparation of the other programmes ensuring that views were listened to across various programmes;
- Issues of complementarity and cohesion are monitored by the Managing Authority and the PMC, Scottish Government directorates manage the other funds, and the Scottish elements of the UK EFF programme are managed by the same department as the EAFRD. The PMC involves representatives from the Managing Authorities of the other funds and agencies which are involved in elements of their delivery.
- The RPACs have a regional perspective on the interaction between the different support instruments and this informs the selection of priorities and some projects. Some stakeholders suggest that this element could be strengthened and this is something we will look at when considering the design of the next Programme 2014-2020.

The 2009 AIR refers to complementarity and coherence being ensured through joint working and membership of the respective Monitoring Committees and Project Assessment Committees. This ensures that funding under each programme remains focussed on their strategic objectives.

3.8 Axis 3 - Lessons Learnt

The AIRs are not specific to Axis 3 but at programme level the later AIRs acknowledge that some targets were unrealistic – popularity of Measure was underestimated or uptake did not match expectations at outset. Reference was made to the approach being “flawed”. There is recognition that there could have been a more proactive approach, during the programme, to adjust targets, however as the Programme neared closure the decision was taken to focus on using the experience of the 2007-2013 Programme to improve monitoring of performance in the 2014-2020 Programme.

There also needed to be ongoing work on systems to ensure that financial implementation and non-financial data were recorded. Ongoing work has also been undertaken to improve the quality of the information collected and to ensure accurate assessment of the programme against targets.

For Axis 1 and Axis 3 type “forestry” activities the argument for a regionalised approach to decision making on funding priorities and decisions is now considered being much stronger than before. (SRDP 2014-2020 Forestry Working Group Report p.13) Feedback from the primary research suggests that significant improvements were needed however and that the RPAC approach was flawed.

Not to count LEADER performance towards Axis 3 performance targets is a significant missed opportunity. There is evidence that the

relationship between LEADER and the other SRDP Axes was and still is not well understood.

Respondents suggest that there is a clear need to get policy and implementation better aligned and sooner in the process in order better to focus on and adapt to needs.

3.9 Axis 3 - Judging – Evaluative Assessment

According to the CMEF, the ex-post evaluation is required to contain answers to all (applicable) CEQs and PSEQs (please note there are no PSEQs for the SRDP) derived from an assessment of the effectiveness and achievements, efficiency and relevance of measures and programmes, as well as programme results and impacts.

3.9.1 CEQs at Axis 3 level

1. (Programme CEQ): To what extent has the RDP contributed to improving the competitiveness of the agricultural and forestry sector?

This was not the primary focus for Axis 3 objectives and interventions. Nevertheless Measures 311 and 312 could be expected to have made some positive contribution here although these sectors are not differentiated in the reporting data. There were some positive indications here at the time of the mid-term evaluation although these were caveated in relation to the low level of recorded outputs. Beneficiary expectations were strong. The outturn in terms of the final figures reported for outputs and results for these Measures are very low and disappointing. Across both Measures a very low overall level of beneficiary involvement is reported, The reported level of increase in GVA is also very low. Given this and the limited direct targeting of the agricultural and forestry sectors it can reasonably be concluded that the contribution of Axis 3 has been

very low. The fact that LEADER performance against these Measures has not been reported may have a marginal effect. The transfer of resources to Measure 121 may have enabled this objective for these sectors to be more directly addressed.

The MAPPs reported that there had not been much impact on productivity in agriculture – there is no evidence of technology increasing productivity here (more so in England).

Forestry – there have been increases in jobs but not really due to Axis 3 Measures – this has contributed more to woodland creation. All such activity is proportionate to subsidy – and subsidy dependent. Forestry Commission Scotland rank the SRDP contribution to restructuring and modernisation as a 3 on a scale of 1 to 5.

2. (Programme CEQ): To what extent has the RDP contributed to improving the quality of life in rural areas and encouraging diversification of the rural economy?

There appears to have been a shift in the balance of SRDP Axis 3 focus (and some resources) towards the Quality of Life objectives. This appears to have been largely driven by the high level of demand and uptake of Measure 323 and the low uptake for Measures 311, 312 and 313.

The mid-term evaluation reported positively on beneficiary perspectives of the contribution Measures 311, 312 and 313 made to diversification of the rural economy but again caveated this with the low level of activity and clearly identified that this was a measure of potential rather than achievement. The other Axis 3 Measures were thought to have had very little if any effect in this regard at the mid-term evaluation. At the end of the programme uptake, outputs and results from Measures 311, 312 and 313 remained very low (as noted

above for Measures 311 and 312) in relation to the previous evaluation question and their contribution to rural diversification therefore appears likely to be limited. Once again the lack of LEADER reporting against these Measures is likely to have resulted in underreporting.

The mid-term evaluation reported the potential Quality of Life contribution of Measures 312 and 321 as being moderate, the other Axis 3 Measures implemented were thought to contribute little if anything. At the end of the Programme the reporting data suggest that Measure 323 is likely to have made the greatest contribution here by delivering a high level of participation and population coverage very substantially above the targets set.

At closure Measure 321 had delivered 47% of target with 475 actions supported. Due to its transfer to LEADER midway through the programme actions and achievements post the move have not been recorded against the Measure.

Feedback from stakeholders suggests a moderate overall effect on quality of life but stronger effects on community capacities. LEADER and support for the Food and Drink sector did best here but failed to address territorial imbalances. The quality of life impact could have been greater with more resource (but dependent on LEADER delivery).

3. (Programme CEQ): To what extent has the RDP contributed to introduction of innovative approaches?

A number of the Axis 3 Measures may be expected to have resulted in the development and /or implementation of innovation, particularly those Measures concerned with business development and diversification – Measures 311, 312 and 313. The levels of reported activity and achievement here are low and the level of innovation is

therefore likely to be lower than may have been expected.

Furthermore the data do not provide qualitative insights into levels of innovation, activities supported through LEADER which may be expected to have a degree of innovation are not reported.

Stakeholder feedback suggests the influence was greatest in relation to forestry, the Food and Drink sector, and under LEADER.

4. (Programme CEQ): How efficiently have the resources allocated to the RDP been used in relation to achieving the intended outputs?

At Axis level actual expenditure is very close to budget (99%) although there are significant variances between Measures achievement of spend against budget, e.g. 141% for Measure 312 and 85.3% for 313. Where spend is higher than budget this has resulted in a reduction in the budgeted EAFRD intervention rate e.g. in Measures 312 and 313. The reported output levels (number of beneficiaries, micro-enterprise supported) for Measures 311 and 312 are however very low and this appears to indicate a particularly high unit cost very substantially above budget e.g. for Measure 312 the achievement of 6% of target output versus 141% of budget.

For the highest spending Measure 313 the intervention rate (39%) has increased versus the budgeted EAFRD intervention rate (33%). Performance here in achieving the output target is better but at 23% still well short, unit cost again appears to be high.

Measures 321 and 323 both were very close to profile in financial terms with Measure 323 substantially exceeded output targets and 321 meeting 47% of targets.

On the basis of Total Volume of Investment figures reported it

appears that there were very substantial variances in the ability to attract private sector funding. Measure 323 appears to have been very successful (143%), but Measure 313 performed poorly (54%). It should be noted that these figures are based on Scottish Government estimates.

The Scottish Government and the NFUS suggest that resources may have gone disproportionately to the more enabled applicants rather than those who most needed it. More could have been done with the money.

Stakeholders consulted suggest that the whole approach was too conservative in its implementation, the aim was to hold what we have rather than drive positive change.

5. (Programme CEQ): To what extent has the RDP contributed to creation of access to broadband internet (including upgrading)

Broadband support was assigned to and delivered specifically through LEADER, in the Broadband Challenge Fund, with a budget of €1,003,000. Five Local Action Groups (LAGs) were successful in their bid for a share of the fund to deliver pilot broadband solutions with a mixture of success. Most of the support for broadband in Scotland has come outwith the SRDP through the €330 million (including ERDF) *Step Change* programme, which, alongside commercial deployment, will deliver next generation broadband access to 95% of premises in Scotland by 2017/18.

3.9.3 Axis 3 - CEQs at Measure level

For each measure in this Axis the following questions should be answered by the evaluator:

6. (Measure CEQ): How and to what extent has the measure contributed to improving the competitiveness of the beneficiaries?

<p>311 - Diversification into non- agricultural activities</p>	<p>At mid-term there had been very little up-take of this Measure, up-take remained low until the completion of the Programme by which time it had achieved only 11% of its output target (number of beneficiaries). This appears to be at odds with the achievement of the financial targets where a figure of 89% of Total Volume of Investment (including private) is recorded. (the previous caveat regarding Total Volume of Investment figures at 4 above also applies here).</p> <p>In terms of public sector investment, the measure has overachieved its target at 115%. The actual intervention rate of 50% was lower than the 57% budgeted but substantially higher than the original figure of 32%.</p> <p>(On the basis of the reported achievement, the relatively high achievement rates in terms of finance vis-à-vis a much lower number of beneficiaries, indicate a significant increase in the size of grants approved, an average total investment of €88,400).</p>
	<p>MAPP workshops reported this Measure to have had strong benefits in relation to increased jobs and farm incomes although other respondents were less positive. It was thought that grants for diversification had increased the speed of project delivery. Some</p>

	<p>thought that the delivery of funding had supplanted the achievement of outcomes. Concerns were expressed that supported businesses who were able to invest, particularly in the tourism sector may have displaced non supported businesses.</p> <p>However, at the end of the Programme job creation remained low at 11% of the target achieved, the increase in non-agricultural GVA was also very substantially below target, this was despite the higher public sector investment made.</p>
<p>312 - Business creation and development</p>	<p>At mid-term there was very little up-take of this Measure and this remained the case until the completion of the Programme with only 6% of the output target (number of beneficiaries) achieved. This again appears to be substantially at odds with the overachievement of its financial targets, i.e. public sector investment where the measure has over-achieved its target at 141%. The actual intervention rate (43%) is substantially below the budgeted figure (61%). Nevertheless the unit cost per business supported is very substantially above budget, €123,108 versus €5,174.</p> <p>Despite the low up-take, at mid-term the beneficiaries were positive about the benefits arising from the support, particularly regarding an increase in entrepreneurial spirit, increased competitiveness, new techniques and improved quality. However, at the end of the Programme reported job creation remained low at 12% of the target achieved, the increase in non-agricultural GVA reported was 5% of target. These low levels of achievement were reported despite the significantly</p>

	<p>higher public sector investment made.</p> <p>It appears likely that LEADER may have produced outputs and results here which are not recorded.</p>
<p>313 - Encouragement of tourism activities</p>	<p>At the time of the mid-term evaluation up-take under this Measure was very low (16 tourism actions supported against the output target of 3,265). This level of uptake improved in absolute terms with a total of 901 tourism actions supported by the end of the programme but remained low in performance terms achieving only 28% of its output target.</p> <p>In terms of results, only 5% of the job creation target was achieved by the end of the programme, despite an 85% achievement rate in its public sector investment target. As a consequence the actual intervention rate of 39% (the lowest of any Axis 3 Measure) is higher than the budgeted 33%. Survey respondents in the mid-term evaluation survey were fairly positive about the extent to which the investments have supported diversification into non-agricultural activities. MAPP respondents also reported that the support had been effective but this did appear to reflect more the ability of the sector to adapt particularly in response to the financial crisis and the associated trends e.g. to increased staycation, extending deeper into rural areas, new activities etc.</p> <p>Budgeted private investment for the Measure appears very low at €168k, this does not appear to be consistent with the €97m output target for Total Volume of Investments which with a public budget of €59m implies a private contribution of €38m.</p>

	<p>Comparing this output indicator with the public sector financial figures provided by the Programme shows only 0.04% achievement of this target representing a contribution of €1,700 per action supported. Had the number of beneficiaries target been reached this average contribution would have returned €5.8m, 15% of target. This indicates that many of the grant payments may not have been matched by private sector contributions.</p> <p>It appears likely that LEADER may have produced outputs and results here which are not recorded under Axis 3.</p>
<p>321 - Basic services for the economy & rural population</p>	<p>Whilst the number of supported actions at mid-term were very low (4 against a target of 1,007). At the end of the programme, the target of supported actions was 475, 47% of target.</p> <p>This uplift contributed to improvements in the financial performance of the Measure with the Total Volume of Investment target (including private sector) now reporting 78% achievement and total public sector budget expenditure of 101% of target. The average amount of grant per project was originally estimated at €13,877, the actual public sector grant paid to projects in this Measure is markedly higher with an average of €29,764. In practice it appears that the overwhelming majority of supported actions were delivered under the Forest for People scheme. This was closed at the beginning of 2012.</p> <p>The mid-term evaluation reported that the Measure was successful in reaching a wide range of organisations, particularly in the forestry sector.</p>

	<p>Most surveyed beneficiaries reported an improved quality of life due to the investments made. This included very high ratings for improving the attractiveness of the rural area and improved well-being. In addition, beneficiaries were very confident that the investments would lead to a reversal of economic and social decline and therefore would fight the depopulation of their rural areas.</p> <p>Despite the improvement in the number of actions and financial performance the relevant result indicator target for population coverage was only 7% achieved.</p> <p>This Measure was moved to LEADER for delivery and may have produced further outputs and results which are not recorded.</p>
<p>323 - Conservation and upgrading of the rural heritage</p>	<p>At the mid-term evaluation this Measure reported the largest up-take within Axis 3 and a proportionate Volume of Investment at that stage. Final figures show that this Measure continued to be the most attractive in Axis 3, with 689% achievement of the target for the number of actions supported.</p> <p>The significantly larger number of actions supported within the same total value of public sector grant indicates that average grant contribution per action was only €4,190 rather than the expected €29,768. At the same time, the increased Total Volume of Investment target was exceeded, achieving 143%. Note that despite there being a target for this indicator there is no private sector finance figure in the original and final budgets.</p> <p>In terms of the result indicator 'population benefiting</p>

	from improved services', the measure surpassed its target with 207% achievement.
331 - Training and information	<p>At mid-term no data were available for this Measure. The final figures available at the completion of the Programme indicate that this Measure under-achieved significantly, with only 25 economic actors trained (8% of target) receiving on average 3 days of training (originally it was assumed that each beneficiary would only receive one day of training). Half of this group (13) is reported as having successfully completed the training, which is a poor result considering the very small number participating.</p> <p>There is also a mismatch between the targets of relevant indicators, with the overall participant target at 330 and the target for actors completing the training successfully set at 529. For both types of indicator the number of unique individuals should be reported.</p>
341 - Skills acquisition, animation & implementation of local development	<p>At mid-term no data were available for this Measure. There was low uptake, with only two supported actions at the mid-term evaluation and the Measure therefore moved to LEADER delivery.</p>