Welsh European Funding Office

Rural Development Programme 2014-2020

Research Report

Ex-ante Evaluation and Strategic Environmental Assessment of the Rural Development Programme - Wales 2014-2020

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EX-ANTE EVALUATION AND STRATEGIC ENVIRONMENTAL ASSESSMENT OF THE RURAL DEVELOPMENT PROGRAMME - WALES 2014-2020

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Introduction

Old Bell 3 Ltd., working in association with Regeneris Consulting, Bangor and Cardiff Universities, Wavehill Ltd. and Mott MacDonald, was commissioned by the Welsh European Funding Office (WEFO)\(^1\) in August 2012 to undertake the ex-ante evaluations of the Welsh European Structural and Investment (ESI) Fund Programmes to be developed for the 2014 – 2020 period. The ESI Funds comprise of the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD), the European Maritime and Fisheries Fund (EMFF) and the Cohesion Fund.

This report concerns the ex-ante evaluation of the Rural Development Programme for Wales.

\(^1\) A part of the Welsh Government which is also the Managing Authority for the ERDF and ESF in Wales.
PART 1: EX ANTE EVALUATION REPORT

Glossary of Terms

CAP       Common Agricultural Policy
CAPIT     Common Agricultural Policy Information Technology
CCT       Cross Cutting Theme
CPR       Common Provisions Regulation
CSF       Common Strategic Framework
CLLD      Community-led Local Development
EAFRD     European Agricultural Fund for Rural Development
EC        European Commission
EIA       Equality Impact Assessment
EMFF      European Maritime and Fisheries Fund
EPPF      European Policy Partnership Forum
ERDF      European Regional Development Fund
ESF       European Social Fund
ESI       European Structural and Investment
EU        The European Union
EU2020    Europe 2020
GHG       Greenhouse Gas
HRA       Habitats Regulation Assessment
KTI       Knowledge Transfer and Information
LEADER    In French, Liaison entre actions de développement rural
NUTS      Nomenclature of Territorial Units for Statistics
NRP       National Reform Programme
OJEU      Official Journal of the EU
OP        Operational Programme
PIG       Programme for Government
PMC       All-Wales Programme Monitoring Committee
PPIMS     Programme and Project Information Management System
PSED      Public Sector Equality Duty
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>RDP</td>
<td>Rural Development Programme</td>
</tr>
<tr>
<td>RME</td>
<td>Research, Monitoring and Evaluation</td>
</tr>
<tr>
<td>SEA</td>
<td>Strategic Environmental Assessment</td>
</tr>
<tr>
<td>SFC</td>
<td>System for Fund Management</td>
</tr>
<tr>
<td>SMART</td>
<td>Specific, Measurable, Achievable, Realistic and Time-bound</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small and Medium Sized Enterprises</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities and Threats</td>
</tr>
<tr>
<td>WEFO</td>
<td>Welsh European Funding Office</td>
</tr>
<tr>
<td>WRO</td>
<td>Wales Rural Observatory</td>
</tr>
</tbody>
</table>
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Executive Summary

An ex-ante evaluation is required by European legislation as part of the process of developing Operational Programmes (OP) which provide the basis for the utilisation of European Structural and Investment Funds. This ex-ante evaluation of the Rural Development Programme for Wales 2014-2020 (RDP) has been conducted in accordance with guidelines published by the European Evaluation Network for Rural Development which described the ex-ante evaluation as both an accompanying and an independent task with the intention that the ex-ante evaluators should act as a critical friend to Programme authors during the development of the OP.

The ex-ante evaluation process has been grounded on solid co-operation between the ex-ante evaluation team and key officials in WEFO and the Welsh Government. Programme authors have taken care both to address methodically and, where possible, respond to the wide range of issues highlighted by the evaluators.

Ex-ante assessments are *iterative*, in other words, they are intended to inform the OP as it is developed rather than simply being a critique of a final document. In the case of the RDP, a number of consultation documents have been reviewed and commented upon during the process in addition to draft versions of the OP and its various sections. The team have also met with and had a number of informal discussions with those involved in the development of the OP over the course of the last 18 months.

In order to meet the deadlines for the submission to the European Commission (EC), only limited time was available for consideration of the detailed sections of the proposed RDP: this also meant that we were, in some cases, commenting on individual draft sections of the OP in isolation, which has to some extent constrained our ability to judge the internal coherence of the Programme as a whole.
The overarching conclusion of the ex-ante evaluation is however that the draft OP is fit for purpose and provides a sound basis for the RDP 2014-2020. The more detailed conclusions and associated recommendations of the ex-ante evaluation are noted in the table below.
<table>
<thead>
<tr>
<th>Ex ante element</th>
<th>Conclusions</th>
<th>Recommendations</th>
</tr>
</thead>
</table>
| The assessment of the context, SWOT and needs | • It is clear that stakeholders have been closely involved in the development of the proposed RDP for 2014-2020 via a number mechanisms including multiple consultations and a series of workshops and events.  
• The analysis of the current situation is based on a thorough socio-economic analysis and uses the evidence base appropriately.  
• Overall, there is a high-level of consistency between the SWOT analysis and needs assessment within the RDP on the one hand, and, on the other, the analysis presented in the UK and Welsh Chapters of the (draft) UK Partnership Agreement. | • Programme authors should consider reducing the number of issues identified within the SWOT analysis by having a greater focus on 'strategic level' issues. More information could then be provided about the issues that remain in order to further improve the clarity of the links (logic) between the current situation analysis, SWOT and needs assessment.  
• The potential for reducing the number of needs identified (by for example merging some of those currently identified where they are similar) with a view to reducing duplication and also simplifying the OP and the strategy within it should be considered. |
| Relevance, internal and external coherence | • The proposed RDP is consistent with the objectives of the EU Rural Development Programme Regulation (and hence, the CSF and EU2020). | • It is recommended that the Welsh Government ‘map’ / create a hierarchy of objectives for the RDP which could be used to test the assumptions within the results chain (i.e. the programme |
- Broadly speaking, the selected priorities and focus areas match the needs assessment and SWOT analysis as presented in the OP.
- Whilst the way in which the information is presented could be improved and further detail provided, the proposed mix of measures for each focus area is appropriate and (subject to the consideration of financial allocations below) has the potential to lead to the achievement of the stated objectives of the RDP.

**Type of support**

- Grants of some type are being provided in the majority of Measures. In general the measure level fiches seek to retain great flexibility over grant rates and amounts.
- The use of financial instruments is still under active consideration but is not currently proposed.

- With a view to ensuring that the resource available supports as many beneficiaries as possible, the appropriateness of a grant rate of 100% should be reconsidered unless the rationale for that level of support is very clear.
- Whilst the rationale of using a standard approach is understood, it is recommended that the risk assessment for measures and sub-measures is revisited to ensure that risks that are specific to...
| LEADER | • The approach to the implementation of the LEADER approach is, whilst focused on a specific number of themes, consistent with the objectives of the RDP. | • Given the important role that the document will play, the potential to extend the timescale given to the LEADER Local Action Groups to develop their Local Development Strategies should be considered. |
| National Rural Network (NRN) | • Proposals for the NRN set out what activities will be undertaken but do not always give a clear understanding of how these relate to the Programme objectives. | • Programme authors should consider the potential to further develop the intervention logic within the proposed activities of the NRN with a view to more clearly specifying how the proposed activities would achieve the objective specified for the NRN and how the activities of the NRW contribute to achieving the overall objectives of the RDP. |
| The consistency of budgetary allocation | • Priority 4 (ecosystems related to agriculture and forestry) is by far the largest in financial terms taking 56% of the planned total expenditure. That | • The allocation of the available budget between the measures and focus areas should be kept under review with a view to assessing whether
Priority has therefore, in financial terms, clearly been ‘prioritised’.

- The allocation of the proposed total public expenditure per measure is dominated by two measures.
- The allocation to Measure 10 (agri-environment) looks reasonable, while in principle a strong focus on Measure 04 (investment in physical assets) also seems consistent with the needs analysis.
- However, the apparent indicative allocation of so much of the funding reserved for investment in physical assets to Priority 4 appears somewhat less consistent with the strong focus within the described strategy on enhancing competitiveness and investing in human resources.
- Resources are spread rather thinly across the other nine selected measures.

| The use of Technical Assistance | The SFC provides information on the ways in which technical assistance will be used which changes will be necessary in order to maximise the impact of the RDP. | Further detail should, when and where possible, be provided in relation to how technical
conforms to the regulatory requirements. assistance will be used during the next Programme period. In particular detail of proposed activities under the ‘other activity’ heading should be provided including ‘client engagement’ and ‘technical advice’.

<table>
<thead>
<tr>
<th>Measuring the progress and the results of the Programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The funding allocated has, understandably, been a key contextualising factor for the targets that have been set. It would also seem that policy leads within the Welsh Government have been rather conservative in their estimates in order to ensure that the numeric values being quoted are achievable (in line with the SMART approach being encouraged). Our concern however is that (based on the figures suggest) in a number of instances, the overall impact of the Programme may be limited at a macro level and the Programme may struggle to deliver and achieve some of the objectives set out.</td>
</tr>
</tbody>
</table>

| • A review of the indicators and milestone targets should be undertaken at a relatively early stage in the delivery phase of the RDP with a view to testing their ‘appropriateness’ as indicators of the achievements of the Programme as a whole. |
| • The work to develop Wales specific indicators (including monitoring of the LEADER approach) should be completed as soon as possible in order to ensure that all relevant data is captured throughout the lifetime of the RDP (including setting appropriate baselines) and that sufficient evidence is available to fully evaluate the performance and achievements of the Programme. |
## The adequacy of human resources and administrative capacity for Programme management

- Papers have been provided by the Welsh Government that demonstrate that extensive discussions and planning have been ongoing regarding the implementation phase of the Programme. We also note the fact that the Welsh Government has extensive experience of managing and delivering previous RDP programmes.

- It is not possible to assess the adequacy of human resources and administrative capacity for programme management at the current time. The matter should therefore be kept under review as the deliver elements of the Programme are developed.

## Monitoring, data collection and the Evaluation Plan

- The Evaluation Plan is well structured, covers the essential areas and is in our view fit for purpose: the comments made by the ex-ante evaluation team have all been addressed. Overall, we take the view that WEFO has an experienced Research, Monitoring and Evaluation (RME) team in place with a strong track record of managing monitoring systems and commissioning evaluation.

## Horizontal themes: equal opportunities

- The draft Equalities Impact Assessment (EIA) found that due to the nature of the RDP it is

- Please refer to the EIA and SEA
and sustainable development | highly unlikely that there will be any disproportionate negative impacts on any of the characteristics protected by the Equality Act 2010.

- The Strategic Environmental Assessment (SEA) found that the RDP clearly has the potential to protect and enhance ecosystem services and biodiversity values, culture and heritage and climate issues. Further, without the RDP it is arguable that significant and urgent interventions would not take place.

- The overall conclusion of the Habitats Regulations Assessment was that the RDP will have a significant positive effect on European sites and species.
1. Introduction

1.1 Objectives of the Ex Ante Evaluation

An ex-ante evaluation is required by European legislation as part of the process of developing Operational Programmes (OP) which provide the basis for the utilisation of European Structural and Investment (ESI) Funds. The formal requirements for ex-ante evaluation are laid down in Article 55 of the Common Provisions Regulation (CPR)\(^2\) which, in summary, requires such evaluations to appraise:

(a) the contribution of the OP to the EU’s 2020 strategy for smart, sustainable and inclusive growth;
(b) the internal coherence of the OP and its relation with other relevant policies and Programmes;
(c) the consistency of the allocation of budgetary resources with the objectives of the Programme;
(d) the consistency of the interventions envisaged with the EU’s Common Strategic Framework for the ESI Funds and the Partnership Agreement between the UK and the EU\(^3\);
(e) the relevance and clarity of indicators proposed to measure outputs and results;
(f) how the expected outputs will contribute to results;
(g) whether the target values for indicators are realistic;
(h) the rationale for the form of support proposed;
(i) the adequacy of human resources and administrative capacity for management of the Programme;

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\(^3\) A document setting out the overall strategy for the use of the Funds in the UK, which is being developed in parallel with the Operational Programmes in Wales and elsewhere in the UK and which is also required by European legislation
(j) the suitability of the procedures for monitoring and evaluating the Programme;
(k) the suitability of the milestones selected for the performance framework;
(l) the adequacy of planned measures to promote equal opportunities between men and women and to prevent discrimination;
(m) the adequacy of planned measures to promote sustainable development;
(n) the adequacy of measures planned to reduce the administrative burden of beneficiaries.

The Regulation also requires the ex-ante evaluation to incorporate the requirements for the Strategic Environmental Assessment (SEA) Directive\(^4\), which requires the assessment of such plans and Programmes on the environment. In addition, although not explicitly required by the Regulation, it was also agreed during the course of the evaluation that a Habitats Regulations Assessment\(^5\) (HRA) was also needed and this was incorporated within the ex-ante evaluation work Programme.

The ex-ante evaluation of the Rural Development Programme (RDP) has been conducted in accordance with guidelines published by the European Evaluation Network for Rural Development\(^6\) which describes the process as follows\(^7\):

> Ex-ante evaluation concerns the process of developing a policy Programme and is performed before its implementation. The evaluation involves a range of stakeholders and acts as a critical mirror for the authorities responsible for Programme development. It provides an assessment of whether development issues have been diagnosed

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\(^6\) Getting The Most From Your RDP: Guidelines for the Ex Ante Evaluation of 2014-2020 RDPs (EENRD, 2012)
\(^7\) Ibid pg. 5
correctly and should identify any gaps; whether the strategy and objectives proposed are relevant to national and regional needs; whether the approach proposed is coherent, and consistent with Community policies and guidelines; whether the assumptions concerning expected results and impacts are realistic and in line with the resources available. This process should enable successive drafts of the Programme to be refined and improved so that it is more likely to achieve its objectives in a cost-effective manner.

The same guidance described the ex-ante evaluation as both an accompanying and an independent task with the intention that the ex-ante evaluators should act as a critical friend to Programme authors. In this context, the guidance sets out that the ex-ante evaluators should contribute to refining and improving the RDP through a process of incremental adaptations. This requires a well-designed, iterative co-operation between the Managing Authority and the ex-ante evaluators and should take place throughout the lifespan of the Programme development process from its genesis to the submission of the draft Programme to the EC.

This report is primarily an account of the process followed, the main issues raised by the evaluators, how they have been responded to, and recommendations where the evaluation team are of the view that further improvements could be made. While the evaluation process has involved the appraisal of all those elements required by Article 55 (ex-ante evaluation) of the Common Provisions Regulation (CPR), the report itself is not intended as a comprehensive appraisal of these issues.

1.2 Approach and Methodology for the ex-ante evaluation

Ex-ante assessments are iterative, in other words, they are intended to inform the OP as it is developed rather than simply being a critique of a final document. In the case of the RDP, a number of consultation documents have been reviewed and commented upon during the process in addition to draft versions of the OP and its various sections (written within the SFC template
for later iterations). The team have also met with and had a number of informal discussions with those involved in the development of the OP over the course of the last 18 months.

The main elements of the work undertaken by the ex-ante team have been:

- An initial inception meeting with the Research, Monitoring and Evaluation (RME) team within WEFO and the production of an Inception Report (September 2012);
- Meetings with Welsh Government officials involved in drafting the OP (throughout the process);
- Facilitating and participating in an event with stakeholders to launch a consultation on the SWOT analysis and seek initial views (January 2013);
- The production of a synthesis paper (literature review) relating to the RDP\(^8\) which was shared with the drafting team to inform consideration of the evidence base (March - April 2013). The review considered the policy context (including the relevance to Europe 2020 strategy and targets, as well as current UK and Welsh Government policy frameworks), evidence relating to current challenges in Wales in general and Rural Wales more specifically, and evaluation evidence on ‘what works’ in terms of tackling these challenges, drawing both on evaluations specifically related to the Welsh context (including previous and current RDPs) and the wider literature;
- Observing meetings of working groups established within the Welsh Government to consider the RDP regulations and the development of the new Programme in order to understand the views of scheme managers. This also involved reviewing various papers produced for those groups (Autumn 2012 – Winter 2013)
- Attending meetings of the RDP Advisory Group established by the Minister to support the development of the new RDP as an observer in

\(^8\) See Section 2 below
order to understand the views of stakeholders with regards to the next Programme (Autumn 2012 – Winter 2013)

- An initial review and appraisal of the socio-economic analysis by an expert regional and labour market economist (January - February 2013);
- Undertaking a Stage 1 (Screening) (January 2013) and Stage 2 (June 2013) Assessment of the case for using Financial Instruments (FI);
- Providing comments on initial proposals for the Wales Rural Development Programme as set out in the consultation document The CAP Policy Reform - RDP 2014-2020: Next Steps (March 2013);
- Facilitating three large-scale stakeholder consultation events regarding the next Wales Rural Development Programme (June – July 2013);
- Receiving a draft of the Welsh Chapter of the Partnership Agreement and commenting on this (October 2013);
- Participating in two consultation events to present and discuss the final draft of the Wales Rural Development Programme (March 2014);
- Preparing an analysis of responses to the consultation document CAP Reform: Wales Rural Development Programme 2014-2020 Final Proposals (May 2014);
- Undertaking a second iteration review and appraisal of the socio-economic analysis by an expert regional and labour market economist including a review of responses to previous comments (May 2014)
- Undertaking a detailed review and critique of the draft OP as entered into the System for Fund Management SFC being used for its submission to the EU (June-July 2014);
- Drafting this report (June-July 2014);
- Finalising this report, including considering further changes made to the draft OP after the final full iteration in the light of our comments. (July 2014)
Where comments were provided on documents originated by the Welsh Government, this was done using the Comments tool in Microsoft Word on the face of the document. All comments were also reproduced in a comments log with a brief summary of the main concerns highlighted: this also provided the drafting team with the opportunity to explain how they had responded on each point, thus providing a comprehensive audit trail.

The process has been thorough and has been grounded on solid co-operation between the ex-ante evaluation team and key officials in WEFO and the Welsh Government. However, in order to meet the deadlines for the submission of the SFC to the EC, only limited time was available for consideration of the detailed sections of the SFC: this also meant that we were, in some cases, commenting on individual draft sections of the OP in isolation, which has to some extent constrained our ability to judge the internal coherence of the Programme as a whole.

1.3 Structure of the report

The remainder of this report is structured as follows:

- Section 2 provides context for the discussion that follows by briefly introducing the Rural Development Programme Regulation and the proposed OP in Wales;
- Section 3 is focused on the assessment of the current situation, the SWOT and the needs assessment that has been undertaken during the preparation of the Programme;
- Section 4 considers issues relating to the relevance and coherence of the proposed Programme with EU level strategy and other European funded Programmes in Wales. It also considers the ‘logic’ for the proposed Programme in terms of whether the need for the interventions being proposed are clear and so on;
• Section 5 looks at how the progress and achievements of the RDP will be monitored and whether the anticipated results of proposed measures are likely to achieve the objectives that have been set for the Programme;

• Section 6 is focused on issues relating to the governance of the Programme;

• Section 7 considers how the ‘horizontal themes’ of equal opportunities and sustainable development are incorporated into the proposals; and

• Recommendations are, where appropriate, noted within each section of the report. They are however subsequently drawn together along with the key conclusion of the evaluation in Section 8.

Additional information has also been provided as appendices to the main report including a table showing the Programme priorities, focus areas, performance indicators and the budget allocated (Appendix 1), an outline description of the proposed measures (Appendix 2) and the needs that are identified within the draft OP (Appendix 3).
2. The Regulation and the Operational Programme for Wales

2.1 Introduction

This section provides some context for the discussion that follows as well as providing some background information. It begins by briefly introducing the relevant EU Regulations before moving on to introduce some of the key elements of the proposed Rural Development Programme in Wales (hereafter referred to as the ‘RDP’) as it stood when this report was prepared.

2.2 The Regulation

The RDP is the Common Agricultural Policy’s (CAP) Pillar 2. It is subject to its own regulation\(^9\), but will operate under common funding rules operating under a Common Strategic Framework (CSF). The RDP is designed to complement the provisions of Pillar I of the CAP, as well as those of the other funds operating under the CSF (see Figures 2.1)\(^{10}\). The intention is to ensure harmonisation of funds, to promote administrative efficiency and to minimise the likelihood of double-funding.

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\(^{10}\) The regulatory 'suite' comprises Regulation 1307/2013 (direct payments); Regulation 1308/2013 (organisation of markets), Regulation 1305/2013 (rural development); Regulation 1306/2013 (financing); Regulation 1293/2013 (environment and climate action (LIFE)) and Regulation 1310/2013 (transitional provisions)
Figure 2.1: Overall CAP intervention logic showing links between the 1st and 2nd Pillars.

Source: Helpdesk of the European Evaluation Network for Rural Development
Within the overall framework of the CAP, it is expected that the rural development programmes will contribute to achieving the following objectives:

a) Fostering the competitiveness of agriculture;

b) Ensuring the sustainable management of natural resources and climate action; and

c) Achieving a balanced territorial development of rural economies and communities, including the creation and maintenance of employment.

Six Priorities are specified within the regulation which reflect the Thematic Objectives of the CSF:

1. Fostering knowledge transfer and innovation in agriculture, forestry, and rural areas
2. Enhancing competitiveness of all types of agriculture and enhancing farm viability
3. Promoting food and non-food chain organisation and risk management in agriculture
4. Restoring, preserving and enhancing ecosystems related to agriculture and forestry
5. Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors; and
6. Promoting social inclusion, poverty reduction and economic development in rural areas

These six priorities have been further broken down into 18 Focus Areas (see Appendix 1). Specific intervention types and methods are prescribed as Measures with funding drawn from Articles. Any intervention proposed must fit within the Priorities, the Focus Areas and the Measures.
Environment, Climate Change Mitigation and Innovation are cross-cutting objectives across all the priorities.

There are two mandatory features within the Regulations which must be borne in mind:

- A minimum of 30% of the EAFRD budget must be spent on climate change mitigation and adaptation and land management through the agri-environment-climate, organic farming and payments to areas facing natural or other specific constraints measures; and
- A minimum of 5% of the EAFRD budget must be spent on LEADER.

2.3 **The Operational Programme for Wales**

Operational Programmes (OPs) are the formal documents through which Managing Authorities set out their proposals for using part or all of the ESI Funds within its territory. Once agreed with the European Commission (EC), they form the legal basis on which money is drawn down from the EU. The EU’s requirements in terms of the content of OPs are laid down in legislation, and for the 2014 – 2020 Programmes, the EC has provided a template (within the SFC) with strict word limits.

There are 25 ‘needs’ identified within the draft OP (Section 4), listed in Appendix 3 for ease of reference.

Section 5 (Strategy) of the draft OP then prioritises the needs identifying those to be addressed by setting out the three objectives of the RDP. These are to:

1. Increase the productivity, diversity and efficiency of farming and forestry businesses, improving their competitiveness and resilience, reducing their reliance on subsidies
2. Improve the environment, encouraging sustainable land management practices, the sustainable management of our natural resources and climate action
3. Promote strong, sustainable rural economic growth and encourage community-led local development

In Wales, it is proposed that all six of the priorities set out within the Regulation are to be addressed by the RDP via 11 measures as set out in the table that can be found in Appendix 1. A brief description of each measure can also be found in Appendix 2. The Programme is also organised into ‘key structural elements’ and actions as shown in table 2.1.
<table>
<thead>
<tr>
<th><strong>Key structural element</strong></th>
<th><strong>Actions (needs to be addressed)</strong></th>
<th><strong>Measures (introduced in the following section)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Human and Social Capital measures</td>
<td>• Knowledge Transfer and Information support</td>
<td>M01, M02, M16</td>
</tr>
<tr>
<td></td>
<td>• Advisory Services for businesses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Cooperation support</td>
<td></td>
</tr>
<tr>
<td>Investment measures</td>
<td>• Investments in Physical Assets</td>
<td>M04, M06, M08</td>
</tr>
<tr>
<td></td>
<td>• Farm &amp; Business Development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Restoration of Forestry Potential</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Risk Management in agriculture (possibly in 2017)</td>
<td></td>
</tr>
<tr>
<td>Area-based measures</td>
<td>• Agri-Environment-Climate interventions</td>
<td>M08, M10, M11, M15</td>
</tr>
<tr>
<td></td>
<td>• Forestry</td>
<td></td>
</tr>
<tr>
<td>LEADER and Local Development</td>
<td>• Local Action Groups (LAGs)</td>
<td>M07, M19</td>
</tr>
<tr>
<td></td>
<td>• Rural Community Development Fund</td>
<td></td>
</tr>
</tbody>
</table>

*Source: analysis of the draft OP by the ex-ante evaluation team (Section 5.1 of the draft OP)*
3. The assessment of the context, SWOT and needs

3.1 Introduction

The analysis of the situation in terms of Strengths, Weaknesses, Opportunities and Threats (SWOT) is described in the ex-ante evaluation guidance as a prerequisite for the needs assessment and setting of relevant objectives to meet the challenges and needs of the rural population, the agricultural and forestry sector and the rural economy as a whole. The SWOT analysis provides the background against which the proposed interventions can be checked to ensure that they are justified, relevant and adequate in terms of using the funds available in the best possible way. The SWOT analysis should also enable the most important needs that the RDP should address to be identified.

As set out in the previous section, the RDP Regulation sets out clear priorities and focus areas that rural programmes must work within. There is however a recognition that rural areas within the EU are hugely diverse. The way in which the common goals set out within the regulations are achieved must therefore take into account the specific characteristics (and needs) of the rural areas in question. The SWOT and needs analysis within an OP should identify those characteristics, needs and the logic that connects them.

The key elements that the ex-ante evaluation should consider are whether the SWOT and needs assessment:

- are comprehensive and provide a holistic picture of the programming area, and are based on appropriate data;
- are logically interlinked so that it can be seen that the needs chosen to be addressed by the RDP intervention, are sufficiently and properly justified as the most important by the SWOT;
- are consistent and complementary with the SWOT and needs assessment carried out for other CSF ESI Programmes; and
integrate the environment, climate change mitigation and adaptation and innovation as cross-cutting priorities of the Europe 2020 Strategy.

3.2 Summary of ex ante evaluator comments

Two iterations of the situation analysis, SWOT and needs assessment have been reviewed and commented upon by the evaluation team in March 2013 and then in June 2014. The analysis within the OP is supported by a more comprehensive situation analysis, two iterations of which have also been reviewed and commented upon by the evaluation team.

Table 3.1 summarises the main issues raised by the ex-ante evaluation within both iterations together with a note of the action taken by the Welsh Government in response to those comments.
### Table 3.1: Main issues raised on the assessment of the context, SWOT analysis and needs assessment

<table>
<thead>
<tr>
<th>Iteration</th>
<th>Comment</th>
<th>Action Taken in Response</th>
</tr>
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<tbody>
<tr>
<td>First (March 2013)</td>
<td>The next iteration of the SWOT should develop the arguments around the prioritisation of needs – leading to a more robust basis for choices in terms of interventions. We noted at the first iteration stage that there did not appear to be a clear prioritisation strategy (i.e. of which needs are the most pressing) and which needs the RDP was being designed/shaped to address.</td>
<td>Needs were identified in the June 2014 draft OP document but we still felt that there was scope to improve this section with further prioritisation. Programme authors noted however that the character limits for this section within the SFC template made this particularly challenging to accommodate.</td>
</tr>
<tr>
<td>First and Second (March 2013 and June 2014)</td>
<td>There continued to be a need for more work on the situation / SWOT analysis to ensure that the links between the description of the current situation, the SWOT and the needs being identified were clear and, importantly, logical.</td>
<td>Changes have been made to the analysis of the current situation (section 4.1.1) which clarify the logic flow. Specifically, the links between the issues identified within the SWOT and the subsequent needs assessment are more coherent.</td>
</tr>
<tr>
<td>First and Second (March 2013 and June</td>
<td>We felt that the OP could be strengthened by providing greater explanation as to the rationale for a number of the issues being identified within the SWOT. A number of the issues identified were, we argued, too operational in nature for the strategic level analysis required. It was</td>
<td>Programme authors have not made significant changes to the SWOT analysis in this regard due to word limits of the SFC. Text has been included in section 5.1 (Justification of the</td>
</tr>
<tr>
<td>2014)</td>
<td>therefore recommend that consideration be given to grouping the issues identified into ‘strategic’ level strengths, etc. and, as part of that process, providing further information on why they have been identified / the rationale for highlighting them as strengths, weaknesses and opportunities for rural Wales (linked to the current situation).</td>
<td>Strategy) to explain why the SWOT is set out by RDP Priority. The SWOT as presented is the result of two public consultations and input from a ‘Vision and Outcomes Policy Group established by Welsh Government. Given the process followed the Programme authors did not believe it was appropriate to make significant changes to the SWOT.</td>
</tr>
<tr>
<td>Second (June 2014)</td>
<td>The justification for the ‘needs’ being identified could be strengthened further. We recommended that one potential way in which to improve this would be to introduce a more logical structure (e.g. via consistent use of sub-headings) across the various sections. For example, agriculture, food, access to service, etc.</td>
<td>A much clearer structure was subsequently introduced for section 4.1.1 (description of the current situation) which significantly improved the section in terms of the readers’ ability to understand and consider the information being presented.</td>
</tr>
<tr>
<td>Second (June 2014)</td>
<td>There was a need for far more comprehensive referencing of the evidence which supports the statements made within the document. Without such referencing, the basis (evidence) upon which comments were being made / issues were being identified was not clear.</td>
<td>Changes have been made although there remain instances where the source of the information being quoted is not referenced.</td>
</tr>
</tbody>
</table>
In a number of instances, we commented that the OP could be strengthened by providing an additional focus on the 'need' that has been identified. There was also again a need for greater referencing of the evidence upon which the issues being identified are based.

Changes to the analysis of the current situation have addressed this comment. The text describing the individual needs identified has also been amended.

There were a number of potential opportunities to merge the 'needs' identified as the issues being described were very similar. This would reduce duplication and also potentially significantly simplify the document, aid flow and clarify the needs being identified / prioritised.

Text has been added or amended to make the distinction between the needs identified clearer.
As is apparent from the comments made by the ex-ante evaluators, considerable emphasis has been placed on the situation analysis, SWOT and needs assessment during the evaluation process which is consistent with the emphasis placed on this element of the OP within EC guidance.

It is clear that stakeholders have been involved in the process of developing the SWOT analysis having been able to respond to multiple consultation documents as well as participating in a series of workshops and events that were undertaken alongside those consultations. This is very positive as it has allowed the Welsh Government to consider the views of a wide range of organisations and sector representatives when developing the analysis.

Significant changes were made to the assessment of the current situation (section 4.1.1) and the needs assessment (section 4.2) in response to the second iteration evaluation comments addressing the majority of the comments made and, in our view, significantly improving those sections.

There remain some instances where the source of the information being quoted within the analysis is not referenced. There is also an over reliance in some instances on one source of evidence. For example, the section on ‘business’ only discusses the findings of the Wales Rural Observatory (WRO) business surveys (the latest of which was in 2014) rather than drawing on more general evidence and resources, for example, analysis of business demography and business structure data. We acknowledge that the character limitations of this section of the SFC have placed limitations on the amount of information that can be provided. We also note that, as we suggested within our comments, the complete situation analysis is appended to the SFC since it includes substantially more information than can be presented within the SFC itself.

No changes had been made to the sections describing the SWOT analysis at the time of writing, which in our view remains largely a list of issues that have
been identified with little explanation of the reason as to why they have been identified or the underpinning evidence base. We acknowledge the fact that the character limitations of this section of the SFC have restricted the amount of information that can be provided. The Welsh Government’s objective of highlighting the wide range of strengths, weaknesses, etc. identified under each RDP Priority is also understandable and probably reflects the range of issues and challenges facing the rural parts of Wales. Nevertheless, we remain of the view that there is scope to improve the link (logic) running through this section of the draft OP by providing more information about the issues being identified in the SWOT.

Moreover, a number of the issues identified are, we would argue, too operational in nature for a strategic level analysis which in our view is what was required. As a result, there is scope to reduce the number of issues noted (and hence the text) providing room for greater explanation of the issues that remain. We would also suggest that there is an opportunity to make the link between the needs assessment and the SWOT clearer by numbering the issues identified within the SWOT and then referencing those numbers within the needs analysis.

As noted in Section 2, the draft OP identifies 25 needs (listed in Appendix 3). Although text has been added since our second iteration to make the differentiation between the needs clearer, we are still of the view that there remain potential opportunities to amalgamate some of the ‘needs’ that have been identified, reducing duplication and also simplifying the OP and the strategy within it.

There is little explicit reference to the lessons learnt from past interventions within the SWOT and needs analysis although some examples of good practice from the current Programme are noted. We are however satisfied that lessons learnt have been taken into account in light of our discussion with stakeholders and various parties involved in the development of the RDP and
also from relevant references within background internal Welsh Government papers that have also been provided.

Overall, there is a high-level of consistency between the SWOT analysis and needs assessment within the RDP on the one hand, and, on the other, the analysis presented in the UK and Welsh Chapters of the (draft) UK Partnership Agreement which in turn also reflects the socio-economic analysis. In particular, the UK Partnership Agreement draws attention to the issues of:

- Low (and – compared to other EU countries and the US) falling productivity in agriculture and forestry, with this a key component of the low productivity found in rural Wales, and the urgent need to address this;
- Low levels of innovation in agriculture and forestry and the need to increase it;
- Related to this, the importance of addressing the relatively poor skills profile of the sector, investing in both generic management and sector-specific skills in agriculture and forestry;
- The key role of micro-enterprises in rural Wales but the potential to increase business creation and growth;
- The importance of using ESI funds to respond to ‘latent demand’ for farm-level and small-scale community renewable energy installations to complement national interventions to increase large-scale renewable energy production;
- The specific need to address low broadband speeds in rural areas which are functioning as a brake on business creation, productivity and growth;
- The relatively large contribution made by agriculture to greenhouse gas (GHG) emissions and the key importance of the sector in terms of addressing emerging issues around soil and water quality and the need to use EARDF to address these, while simultaneously boosting productivity.
At the same time, some significant foci in the broader needs analyses are not strongly reflected in the RDP, notably perhaps issues around unemployment, under-employment and in-work poverty (where the RDP tends to focus on farm incomes) and transport infrastructure (where the RDP focuses on public transport). However, in both these cases, interventions from other ESI funds (ESF and ERDF respectively) are clearly more appropriate and will be deployed across Wales as a whole.

**3.2.1 Recommendations**

Programme authors should consider:

- Reducing the number of issues identified within the SWOT analysis by having a greater focus on 'strategic level' issues. More information could then be provided about the issues that remain in order to further improve the clarity of the links (logic) between the current situation analysis, SWOT and needs assessment.

- Reducing the number of needs identified (by for example merging some of those currently identified where they are similar) with a view to reducing duplication and also simplifying the OP and the strategy within it.
4. Relevance, internal and external coherence of the Programme

4.1 Introduction

This section is focused on the following issues:

- the contribution of the proposed RDP to the EU’s Europe 2020 strategy (EU2020);
- the external consistency of the RDP with key strategic documents including the Common Strategic Framework (CSF), the UK Partnership Agreement and CAP pillar I;
- the coherence of the RDP Programme with other policy and activity in Wales;
- the proposed forms of support within the proposed RDP; and
- the consistency of the budgetary resources with the Programme objectives.

4.2 The contribution to the Europe 2020 strategy & consistency and coherence with other policy and Programmes

EU2020 sets the strategic views of the EU for the next programming period. It defines objectives and corresponding targets for the EU which all policies are expected to contribute towards. The CSF builds on this by setting out the strategic vision of the EU for the use of the ESI funds in the next programming period including EAFRD.

The Common Provisions Regulation (CPR) harmonises the rules of implementation of the ESI funds that are complemented by fund-specific Regulations deriving from the specific characteristics and implementing mechanisms of the respective policies. In particular, the CPR establishes 11 Thematic Objectives (see figure 4.2), derived from the EU2020 objectives, to which the ESI funds are expected to contribute within the scope of their respective fields of action.
The ex-ante evaluation examined how the intervention logic of the RDP and the choice of measures and focus areas under the six priorities will contribute to the objectives of the EU2020 strategy. The evaluation also examined whether the Programme takes into account the influence of other policies and Programmes, including other CSF Programmes, on its expected results.

Table 4.1 includes the key comments made in the course of the ex-ante evaluation process in respects of these issues.
Table 4.1: Main issues raised in relation to the contribution to the Euro 2020 strategy and consistency and coherence with other policy and Programmes

<table>
<thead>
<tr>
<th>Iteration</th>
<th>Comment</th>
<th>Action Taken in Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>The links between the Programme for Government and the objectives, priorities and focus areas in the Rural Development Regulation were clearly set out. However, it was not clear as to why the analysis was restricted to considering the opportunities from the SWOT - rather than also considering the strengths, weaknesses and threats. We recommended that the analysis could be more fully developed and explained to include reference to Europe 2020 objectives and targets.</td>
<td>The links to Pillar 1 of the CAP have been made clearer within section 5.1. Relevant additions have also been made following the second iteration comments to Section 4.1 (SWOT). Programme authors explained that it would not be possible to make substantial additions to Section 5 (Strategy) due to the character limitations within the SFC template.</td>
</tr>
<tr>
<td>First</td>
<td>We felt that further work to explore and demonstrate linkages with the Structural Funds Programmes was required.</td>
<td></td>
</tr>
<tr>
<td>Second</td>
<td>We felt that Section 5.1 (description of the strategy) of the draft OP would benefit from having clearer and stronger references to how the RDP would link to / deliver the objectives of the UK Partnership Agreement, EU2020 Strategy, Structural Funds and CAP pillar 1.</td>
<td></td>
</tr>
<tr>
<td>Second</td>
<td>In terms of assessing and demonstrating coherence between measures and objectives and the priority needs identified, we</td>
<td>This has not been added due to character limitations within the relevant SFC template.</td>
</tr>
<tr>
<td>Second (June 2014)</td>
<td>suggested that a succinct table would be useful as a means of demonstrating (a) which measures would achieve which objective; and (b) that all objectives / priority needs identified were being addressed by a measure.</td>
<td>sections.</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------------------------------------------------------------------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Overall, we felt that Section 14 of the draft OP (information on complementarity) generally covered much of the required ground although there was potential to improve its presentation. We made the recommendation that it would benefit from some linking narrative - particularly where we had identified potential duplication (e.g. in support for non-farm based micro-enterprises). We also recommended the addition of text to demonstrate that adequate mechanisms would be in place ensure good linkages between the different ESI Programmes.</td>
<td>Additional text has been provided which explains the general mechanisms in place to ensure that there is coherence between the different funds. No additional information has however been provided with regards to how the specific examples of potential duplication identified in ex ante evaluation comments will be addressed. The character limitations within the relevant SFC template sections are however again noted.</td>
<td></td>
</tr>
<tr>
<td>Second (June 2014)</td>
<td>We felt that Section 14 could usefully be strengthened by focusing on what mechanisms would be put in place to ensure that there is sufficient emphasis on coherence – rather than describing what the different funds will do in isolation.</td>
<td></td>
</tr>
</tbody>
</table>
In response to comments from the evaluation team, additional text has been added (in Section 4.1 [SWOT] rather than Section 5 [strategy] due to the character limit in Section 5) setting out the strategic context for the RDP including EU2020, the Welsh chapter of the Partnership Agreement and at a Wales level in terms of the Programme for Government (PfG). For the latter, this includes a graphic demonstrating that, although two of the priorities are clearly the most relevant to the RDP (‘rural communities’ and ‘environment & sustainability’) the Pillar 2 Priorities will contribute to delivering all elements of the PfG, as shown in the graphic below.

*Figure 4.1: Programme For Government priority areas mapped against Rural Development Priorities*

<table>
<thead>
<tr>
<th>Welsh Government Priorities</th>
<th>Pillar 2 Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth and Sustainable Jobs</td>
<td>1. Facilitating knowledge transfer and innovation in agriculture, forestry and rural areas</td>
</tr>
<tr>
<td>Equality</td>
<td>2. Enhancing competitiveness of all types of agriculture and enhancing farm viability</td>
</tr>
<tr>
<td>Tackling Poverty</td>
<td>3. Promoting food chain organisation and risk management in agriculture</td>
</tr>
<tr>
<td>Rural Communities</td>
<td>4. Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry</td>
</tr>
<tr>
<td>Environment and Sustainability</td>
<td>5. Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors</td>
</tr>
<tr>
<td>Culture and Heritage of Wales</td>
<td>6. Promoting social inclusion, poverty reduction and economic development in rural areas</td>
</tr>
</tbody>
</table>

*Source: Draft RDP Operational Programme, Welsh Government*
Figure 4.2 provides an illustration of the links between the six RDP priorities and the CSF Thematic Objectives as envisaged during the design of the EAFRD. As noted in Section 2, all of these priorities (and almost all focus areas) are included within the proposed RDP. There is therefore a clear commitment to achieving the objectives of the EU Rural Development Programme Regulation (and hence, the CSF and EU2020).

**Figure 4.2: Links between rural development priorities and the CSF thematic objectives**

<table>
<thead>
<tr>
<th>EU 2020 Headline Targets</th>
<th>CSF Thematic Objectives</th>
<th>Union priorities for rural development</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Employment</td>
<td>1. Research, technological development, innovation</td>
<td></td>
</tr>
<tr>
<td>2. R&amp;D/innovation</td>
<td>2. Information and communication technologies</td>
<td></td>
</tr>
<tr>
<td>3. Climate change / energy</td>
<td>3. Competitiveness of SMEs, agriculture and fisheries</td>
<td></td>
</tr>
<tr>
<td>4. Education</td>
<td>4. Low-carbon economy</td>
<td></td>
</tr>
<tr>
<td>5. Poverty/social exclusion</td>
<td>5. Climate change adaptation, risk prevention and management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. Environment and resource efficiency</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7. Sustainable transport and infrastructures</td>
<td></td>
</tr>
<tr>
<td></td>
<td>8. Employment and labour mobility</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9. Social inclusion and combating poverty</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10. Education, skills and lifelong learning</td>
<td></td>
</tr>
<tr>
<td></td>
<td>11. Institutional capacity and efficient public administration</td>
<td></td>
</tr>
</tbody>
</table>


We are satisfied that the activities proposed under each of the measures (Section 8 of the draft OP) are consistent with the priorities and focus areas specified within the Regulation. However, we maintain that there is still further potential to add detail and specificity (within Section 8) as to the potential links.
between individual measures and other, complementary ESI funded priorities and interventions.

Text added to Section 14 (Information on Complementarity) following the second iteration comments have provided far greater clarity in terms of the mechanisms that will be in place to ensure that there is coherence between the various funds. In our view, further clarification would be useful where the potential for overlap is most apparent. For example, it is noted that the RDP will provide a capital/revenue mechanism for non-farm micro-enterprise creation and development. Some explanation would be useful as to how a good fit will be ensured with interventions targeted at micro-enterprises within the ERDF Programmes and how it will be ensured that EAFRD interventions are properly targeted on rural communities. We would however acknowledge that character limitations within the SFC template restrict the amount of detail that can be provided.

4.2.1 Recommendation

We have no recommendations for further work in relation to the issues discussed in this section.
4.3 Programme intervention logic

Within the RDP, ‘internal coherence’ should be demonstrated through the presentation of the intervention logic which illustrates the (logical) link between the selected priorities and focus areas, and the measures selected to achieve them. In other words, it is the link between what the measures will do and achieve and the priorities / focus areas of the RDP. The selected priorities, focus areas and measures should also however (as discussed above), be consistent with the SWOT and needs assessment undertaken for the rural parts of Wales. The intervention logic for the RDP therefore has to be rooted in the specific needs of rural Wales, whilst at the same time contributing to the common purpose set out within the EU regulations.

As already outlined, a review of the intervention logic within the draft OP was an important part of the work of the ex-ante evaluation. This included a review of:

- Whether the selected priorities and focus areas match the needs assessment; and
- Whether the mix of measures proposed for each focus area are likely to lead to the achievement of the stated objectives.

Information about the programme intervention logic is provided throughout the OP. It is however particularly relevant to Section 3 (SWOT and Needs Assessment), Section 5 (Description of the Strategy) and Section 8 (Description of the Measures Selected) of the OP.

Table 4.2 presents the key comments made during the course of the evaluation process in relation to the programme intervention logic.
Table 4.2: Main issues raised in relation to the programme intervention logic

<table>
<thead>
<tr>
<th>Iteration</th>
<th>Comment</th>
<th>Action Taken in Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>First (March 2013)</td>
<td>We felt that there was a clear opportunity to use the intervention logic framework in a more proactive and cohesive way to assist the selection of priorities and focus areas.</td>
<td>Additions and drafting changes have been made to various sections of the draft OP in response to the second iteration comments which provide further information regarding the intervention logic.</td>
</tr>
<tr>
<td>First (March 2013)</td>
<td>We suggested that the rationale for the interventions being proposed would benefit from further development and could be linked more explicitly to the evidence base in the Situational Analysis and the SWOT. As then drafted, it was difficult for the reader to link the proposed interventions discussed back to the situation analysis (i.e. to understand the rationale for the proposed intervention). We recommended that this section could be strengthened by:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Referencing specific links to evidence of need or opportunity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Defining the outcomes that interventions are intended achieve</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Setting out the rationale for why particular interventions were selected over potential alternatives.</td>
<td></td>
</tr>
<tr>
<td>Second (June 2014)</td>
<td>Our overarching comment on Section 5 (Description of the Strategy) of the draft OP was that there was scope for a greater focus on identifying and justifying the needs that the 2014-2020 Programme had been</td>
<td>Drafting changes and the introduction of a clearer structure in sections 5.1 and 5.2 significantly improved the section in terms</td>
</tr>
<tr>
<td>Second (June 2014)</td>
<td>designed to address and the outcomes that the Programme would seek to achieve (linked to the SWOT). We pointed out that this should be a critical part of the construct of the intervention logic that needs to run through the OP. Whilst a substantial amount of information about proposed activities was provided, our view was that the intervention logic could be strengthened.</td>
<td>of identifying the priority needs to be addressed by the RDP and how the priorities of the RDP will be delivered in Wales.</td>
</tr>
<tr>
<td>--------------------</td>
<td>----------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Second (June 2014)</td>
<td>In Section 8 (Description of the Measures Selected) where information about the rationale and need for a measure or sub-measure was being included in the 'description of the type of operation', the importance of ensuring consistency with Section 4 (SWOT and Needs Analysis) was stressed. We underlined the importance of this as a critical part of the logic modelling process which should be made explicit within the OP.</td>
<td>Changes were made to the text in various measures and in Section 4 to make the links clearer.</td>
</tr>
<tr>
<td>Second (June 2014)</td>
<td>The amount of information provided for some measures / sub-measures within Section 8 made it difficult at times for the reader to gain a clear appreciation/understanding of what was being proposed. Where a substantial amount of information was provided, it often related to the need/rationale for the intervention and so should in our view have been introduced/presented earlier in the document (in either Section 4 or 5) and only needed to be summarised in order to demonstrate the</td>
<td>Text was added and amended to address this comment. It was however noted that the character limitations within the SFC template restricted the potential to move text from Section 8 into Sections 4 or 5 as suggested.</td>
</tr>
<tr>
<td>Second (June 2014)</td>
<td>In a number of instances, there was a lack of detail about the intervention logic in Section 8. For example, for measure 19, it was stated that: 'In terms of the Intervention Logic, close attention has been paid to the overarching RDP SWOT analysis in order to shape the strategic context of LEADER to target the key needs and priorities emerging for rural Wales as a whole'. We commented however that there was a lack of detail as to which of the needs identified / objectives will be addressed by the measure.</td>
<td>Text has been added and amended in order to respond to this comment and with a view to clarify the needs / objectives to be addressed by the individual measures.</td>
</tr>
<tr>
<td>Second (June 2014)</td>
<td>For some measures / sub-measures described in Section 8, there were gaps / missing sections in the information provided which needed to be addressed before the Programme was submitted.</td>
<td>Additions have been made to address the gaps that were identified.</td>
</tr>
<tr>
<td>Second (June 2014)</td>
<td>There was inconsistency in both the information being provided within Section 8 and the way in which that information was presented. This meant that it was very difficult for the reader to compare the information</td>
<td>Changes have been made to the text in order to improve the consistency of the information provided for each measure.</td>
</tr>
</tbody>
</table>
being provided for the different measures and, therefore, to assess the overall intervention logic for the Programme as a whole.

In a number of instances, we commented that the description of how measures (undertaking similar activity) would complement each other could be strengthened, for example Measure 19 (LEADER) and Measure 16 (Cooperation).

In some instances, additional information was provided to address these comments although in other instances Programme authors considered that additional text was not required.

It was suggested that a table be produced in order to assess / demonstrate coherence between measures and objectives / priority needs identified and thereby strengthening the intervention logic within the OP. Such a table would assist in demonstrating (a) which measures would achieve which objective; and (b) that all objectives / priority needs identified were being addressed by a measure. The suggested format was as follows:

<table>
<thead>
<tr>
<th>Objectives / priority needs</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>I.</td>
<td></td>
</tr>
<tr>
<td>II.</td>
<td></td>
</tr>
<tr>
<td>III.</td>
<td></td>
</tr>
<tr>
<td>IV.</td>
<td></td>
</tr>
<tr>
<td>And so on...</td>
<td></td>
</tr>
<tr>
<td>Second (June 2014)</td>
<td>We felt that Section 8 (Description of the Measures) would be strengthened by demonstrating a clearer link to the Measures ‘grouped’ in Section 5 (i.e.: Human and Social Capital measures, Investment measures, Area-based measures, and LEADER &amp; Local Development). We felt that this would help facilitate clearer articulation of the logic flow and internal coherence of the OP and would also underpin the strategy for the implementation of the RDP more generally.</td>
</tr>
</tbody>
</table>
A substantial amount of information was included in Sections 5 and 8 of the draft OP reviewed by the evaluation team. Much of this information is useful and relevant in terms of demonstrating the intervention logic but, particularly for some of the measures and sub-measures in Section 8, was difficult to analyse and understand due to the volume of information being provided. For other measures and sub-measures within Section 8, the opposite was true, with significantly less information being provided. As such we noted a lack of consistency in the approach adopted. Further redrafting in response to our comments has improved matters considerably, even though not all of our suggestions have been taken on board.

Our conclusion is that the selected priorities and focus areas match the needs assessment. However, the way in which the information is presented could be improved in order to simplify and strengthen how this is demonstrated. The references to the SWOT analysis and needs assessment (including those needs to be addressed by the measures and sub-measures) are often very general making it more complex for the reader to understand which needs in particular will be addressed by specific measures. This should be addressed in the early stages of the implementation of the Programme for monitoring and evaluation purposes.

4.3.1 Recommendation

- It is recommended that the Welsh Government ‘map’ / create a hierarchy of objectives for the RDP which could be used to test the assumptions within the results chain (i.e. the programme logic). This will be an important consideration in providing a basis for subsequent evaluation activities which will review achievements.
4.4 The proposed forms of support

The ex-ante evaluation is required to appraise the rationale of the proposed forms of support included in the RDP as described in Section 8 of the OP (description of the measures). Table 4.3 contains are the key comments made in relation to this issue during the course of our review of Section 8.
Table 4.3: Main issues raised in relation to the proposed form of support

<table>
<thead>
<tr>
<th>Iteration</th>
<th>Comment</th>
<th>Action Taken in Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second</td>
<td>In some instances, there was a lack of justification for the proposed support / intervention rates. In particular, proposed intervention / grant rates of 100% (for example, for businesses participating in cooperative activities [measure 16]) needed, in our view, to be very clearly justified as lower intervention rates would potentially facilitate a higher number of potential beneficiaries of the support being provided.</td>
<td>Additional information has been provided which seeks to justify the proposed high intervention rate. In a number of instances, the fact that the maximum flexibility possible is being built into the measure is also noted.</td>
</tr>
<tr>
<td>Second</td>
<td>There was some inconsistency in terms of the information included in the ‘verifiability and controllability of the measures’ box in Section 8. In a number of instances what seemed to be a standard/generic set of risks, etc. were presented whilst in other instances sub-measure specific issues were identified. We suggested that the latter approach was preferable (and more in-line with the spirit of what was being requested in the SFC) but again we emphasised above all the need for consistency of approach. We felt that there was also scope to improve consistency in terms of how the ‘overall assessment of the measure’ was presented suggesting to the reader that an overall</td>
<td>Welsh Government noted that the risk assessment approach had been standardised for the socio-economic interventions because a single Management and Control System was being developed for all of those measures. Some additional text has however been added relating to the specific measure or sub-measure in question in order to address the comment made.</td>
</tr>
</tbody>
</table>
assessment of risk (whereby the measures were compared and the overall risk associated with the OP) may not have been undertaken as thoroughly as is required. We recommended that this should be addressed before the Programme was submitted.
Table 4.4 summarises the type of support it is proposed will be provided via each measure within the proposed RDP.

**Table 4.4: The type of support proposed by each measure of the draft RDP**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Type of support</th>
</tr>
</thead>
</table>
| M01 - Knowledge transfer and information (KTI) action (Article 14) | • Centrally procured services (advice, information and guidance)  
• Grants scheme |
| M02 - Advisory services, farm management and farm relief services (Article 15) | • Grants scheme  
• Centrally procured services (advice, information and guidance) |
| M04 - Investments in physical assets (Article 17) | • Grant schemes |
| M06 - Farm and business development (Article 19) | • Grant scheme  
• Centrally procured services (advice, information and guidance) |
| M07 - Basic services and village renewal in rural areas (Article 20) | • Grant scheme |
| M08 - Investments in forest area development and improvement of the viability of forests (Articles 21-26) | • Standard cost payments for costs incurred (grant scheme)  
• Grant scheme (capital / equipment)  
• Funding for Natural Resources Wales (disease monitoring activities) |
| M10 - Agri-environment climate (Article 28) | • Multi-annual, area-based, standard cost payments for the income foregone and costs incurred (grant scheme) |
| M11 - Organic farming (Article 29) | • Multi-annual, area-based standard cost payments for the income foregone and costs incurred (grant scheme) |
| M15 - Forest environmental and climate services and | • Payment in compensation for costs and income forgone (grant scheme) |
As is clear from the table above, grants of some type are being provided in the majority of Measures. In many instances, the grant rate proposed is *up to 100%*. The rationale for this is that the Welsh Government wants to maintain the maximum possible flexibility in terms of how it delivers the Measures as is also apparent from the range of possible values for the support being proposed (in some instances a range of £1 to £22million). While the rationale for this is understandable, in the view of the evaluation team it leads to a lack of specificity within the Measure regarding the nature of the support that will be provided which makes assessing the potential number of beneficiaries of a scheme (and hence the potential impact of a measure) challenging. Further information has been provided for some measures where funding of up to 100% is proposed. For example, for Measure 16 the justification is that a 100% rate is proposed ‘because of the new nature of this activity and to encourage wholehearted participation’. Our view is that this is an insufficient justification and needs to be revisited.

There is also inconsistency in respect of the range and amount of support that will be available, in some instances within the same measure. The range of £1 to £22m quoted above is specified for a sub-measure in Measure 4 (investments in physical assets). Another Measure 4 sub-measure however states that it is proposed that a minimum grant award of £2,000 and a

11 It is intended to introduce this measure if required in 2016 once the peatland restoration plans are further advanced and acidification guidelines are prepared and agreed.
maximum of £50,000 should be available within the scheme in order to minimise the administrative costs associated with the project.

What the EC have called ‘innovative financial instruments’ are not currently proposed within the RDP\textsuperscript{12}. The matter is however still under active review and our understanding is that the potential to introduce loans (‘repayable assistance’) rather than grants is still under consideration in light of positive feedback from stakeholders responding to the various consultations on the new RDP. This approach is broadly consistent with the findings of the second stage Financial Instrument ex-ante assessment\textsuperscript{13}, which suggested a) that a mixed loan and grant scheme to provide enhanced access to finance for the farming sector might well be viable but would need to be closely integrated with advice services and might also be linked to any ERDF-backed SME financial instrument to deliver the finance in a cost-effective way and b) that there was probably some demand from rural community enterprises for non-grant funding, but that this would need further analysis, with need possibly best met through a wider social enterprise fund.

Some text has been added to the section on ‘verifiability and controllability of the measures’ for a number of measures in response to comments by the evaluation team. In the main however, the text for the socio-economic interventions remains ‘standard’. Whilst the rationale for this is obvious, we remain of the view that this could potentially lead to a situation where risks that are specific to some measures are missed.

\textsuperscript{12} Innovative financial instruments cover a broad range of interventions such as participations in equity (risk capital) funds, guarantees to local banks lending to a large number of final beneficiaries, for instance small and medium-sized enterprises (SMEs) or risk-sharing with financial institutions to promote investments in large infrastructure projects (e.g. the Europe 2020 Project Bonds Initiative).

\textsuperscript{13} Undertaken by Regeneris Consulting as part of the ex-ante evaluation of all ESI funds
4.4.1 Recommendations

- Whilst the benefit of maintaining flexibility within measures is noted, the potential to be more specific (even if only in terms of providing an indication) regarding the amount of support that will be available via grant schemes should be considered.

- With a view to ensuring that the resource available supports as many beneficiaries as possible, the appropriateness of a grant rate of 100% should be reconsidered unless the rationale and justification for that level of support is very clear.

- Whilst the rationale of using a standard approach is understood, it is recommended that the risk assessment for measures and sub-measures is revisited to ensure that risks specific to the proposed intervention are included and, therefore, addressed.

4.5 LEADER: Community-led local development

The enhanced emphasis on the LEADER method\(^\text{14}\) in the EAFRD goes hand in hand with its integration into the CSF under the denomination Community-Led Local Development (CLLD). CLLD is eligible under the other ESI funds only on an optional basis, in contrast to the EAFRD which continues to offer this approach under the name LEADER and maintains the 5% threshold of minimum funding. Due to the specific nature of the LEADER approach, some additional considerations related to the implementation of LEADER are taken into account as part of the ex-ante evaluation process including a review of:

- The coherence and consistency of the approach being proposed in relation to the priorities stipulated in the RDP;

\(^{14}\) The LEADER method is defined as the combined application of the following operational principles: area-based approach, bottom-up approach, local partnership with decision-making rights, multi-sectoral integration, innovation, co-operation, networking.
• The adequacy of structures and processes foreseen for LAG selection and LEADER implementation; and
• The capacity of the monitoring and evaluation system to capture the specific results and (as far as possible) impacts of LEADER, both at LAG level, and by aggregation to Programme, and subsequently to EU level.

Table 4.5 summarises the key comments made during the course of the ex-ante evaluation process in relation to the proposals for LEADER within the RDP.
### Table 4.5: Main issues raised in relation to LEADER (measure 19)

<table>
<thead>
<tr>
<th>Iteration</th>
<th>Comment</th>
<th>Action Taken in Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second</td>
<td>The general description of the measure stated that, 'in terms of the Intervention Logic, close attention has been paid to the overarching RDP SWOT analysis in order to shape the strategic context of LEADER to target the key needs and priorities emerging for rural Wales as a whole'. We suggested that it would be desirable to be more specific about which needs were being targeted by LEADER.</td>
<td>Text has been added which specifies the needs (as identified in the SWOT analysis) that LEADER will seek to address during the next Programme period. Further detail of the strategic focus of the measure has also been added.</td>
</tr>
<tr>
<td>Second</td>
<td>The measure description also stated that ‘…a degree of strategic focus is also beneficial in order to promote integration and co-operation as well as a critical mass of activities’. We suggested that further detail about what that strategic focus would be should also be provided.</td>
<td></td>
</tr>
<tr>
<td>Second</td>
<td>Further detail should be provided in the description of the sub-measures including 19.1: preparatory support; 19.2: support for implementation; 19.3: preparation and implementation of cooperative activities for Local Action Groups; 19.4: support for running costs and animation.</td>
<td>Text has been added in order to provide further detail in relation to the sub-measures.</td>
</tr>
<tr>
<td>Second</td>
<td>It was unclear what was meant by the term ‘project’ within the ‘amounts and support rates’ description of the Leader sub-measures. This needed to be clarified.</td>
<td>Text has been added which clarifies this point.</td>
</tr>
<tr>
<td>--------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Second</td>
<td>A very short timescale in which to develop Local Development Strategies has been set - described as a key part of the LEADER approach within Commission guidelines. In our view, it was questionable whether the development process as intended could be completed within this timescale.</td>
<td>Text has been added which explains that the timetable for the Local Development Strategy (LDS) was longer than the original text suggested when the fact that an expression of interest round for prospective Local Action Groups began in the Autumn of 2013 followed by the issuing of initial guidance on the LDS in May 2014.</td>
</tr>
<tr>
<td>Second</td>
<td>We argued that further detail should be provided regarding implementation mechanisms in respect of the following statement: 'In order to ensure an integrated approach to territorial development direct links will be encouraged between CLLD supported through the EAFRD (under LEADER) and investments made under the ERDF'.</td>
<td>Additional detail has been provided including examples of how it is anticipated the proposed mechanism will work.</td>
</tr>
<tr>
<td>Second</td>
<td>We suggested that for sub-measure 19.2, further detail should be provided with regards to how the following would be assessed:</td>
<td>Additional details have been added which clarifies this point.</td>
</tr>
<tr>
<td>'operations shall be in line with priorities identified for CLLD in the Partnership agreement and EAFRD regulation and will contribute to the objectives of the Local Development Strategy'.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Substantial changes and additions were made to the text for the LEADER measure within the draft OP in response to the second iteration ex-ante evaluation comments which largely addressed the points that had been made.

We remain of the view that there is potential for further editing of the text to make the key elements of the LEADER approach during the next Programme period clearer. A substantial amount of text is presented which, whilst relevant, risks ‘distracting’ the reader from the key points being made.

We also remain of the view that the timescale that has been allowed for the development of the LDSs (to be submitted to the Welsh Government by the end of September 2014) is relatively short especially given that the consultation process (an important part of the development of the LDS) will need to be undertaken over the summer holiday period.

### 4.5.1 Recommendations

- Given the important role that the document will play, the potential to extend the timescale given to the LAGs to develop their LDSs should be considered.
4.6 **The provisions for the National Rural Network (NRN)**

Rural networks and their support structures are established to foster networking and co-operation between rural areas, regions or Member States and between administrations and organisations involved in rural development. Properly functioning, they are key instruments for inter-institutional and cross-scale learning, fostering the exchange of experiences and know-how and the dissemination of good practice between rural areas and rural stakeholders, at the same time supporting the implementation of rural policy and fostering local and regional governance in rural areas. Their potential contribution in this respect should be considered by the ex-ante evaluation.

Table 4.6 summarises the key comments made during the course of the ex-ante evaluation process in relation to the Rural Network.
Table 4.6: Main issues raised in relation to the National Rural Network

<table>
<thead>
<tr>
<th>Iteration</th>
<th>Comment</th>
<th>Action Taken in Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second</td>
<td>We suggested that overall there was no clear objective or intervention logic evident within the proposals for the NRN. Much of the information regarding proposed activities lacked detail and a clear link to the objectives / aims set for the NRN.</td>
<td>Additional text has been added providing greater clarity regarding the proposed activity and intervention logic.</td>
</tr>
</tbody>
</table>
| Second    | It was suggested that further detail should be provided in order to clarify the following:  
- The proposed steering group including how it would be set up;  
- How the activities of the Network Support Unit (NSU) would lead to increased involvement in implementation (noted within Aim 1 of the NSU) and assist stakeholders to identify specific priorities (noted within Aim 2 of the NSU);  
- Who would participate in the proposed training and networking activities to be facilitated (noted within Aim 2 of the NSU);  
- What ‘new and existing mechanisms’ NSU would use to promote best practice and lessons learnt (noted within Aim 3 of the NSU);  
- The lessons learnt during the delivery of the network for the current Programme (there is reference to the experience gained | Additional text has been added providing greater clarity. |
but no detail); and

- The nature, purpose and membership of the proposed ‘operational groups’ (noted within Aim 4 of the NSU).

| Second | The draft of the SFC section reviewed by the evaluation team did not include details of the budget or staff allocated to the NSU and so no comment could be provided on the adequacy of that resource. | This information was not available at the time of writing. |
The responses to the comments made and drafting changes to the chapter have substantially sharpened its focus and improved the level of specificity and detail of the proposals. However, the overall objectives and intervention logic remains in our view less clear than they could be.

4.6.1 Recommendations

- Programme authors should consider the potential to further develop the intervention logic within the proposed activities of the NRN with a view to more clearly specifying how the proposed activities would achieve the objective specified for the NRN and how the activities of the NRN contribute to achieving the overall objectives of the RDP.
4.7 The consistency of budgetary allocation

In respect of the consistency of the budgetary resources with the Programme objectives the key issues that the ex-ante evaluation examined were:

- to what extent the expenditures are directed towards the needs and challenges identified in the SWOT analysis and the needs assessment; and
- to what extent the objectives that are more influential and hold a higher strategic value have been allocated a larger portion of the budget.

Table 4.7 summarises the key comments made during the course of the ex-ante evaluation process in relation to above issues.
Table 4.7: Main issues raised in relation to consistency of budget allocations

<table>
<thead>
<tr>
<th>Iteration</th>
<th>Comment</th>
<th>Action Taken in Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second</td>
<td>Our principal comment on this section was that it would be useful to have sight of additional information regarding the logic underpinning the proposed allocation of finance and, more specifically to understand what methodology had been used to allocate the proposed resources.</td>
<td>Additional information was provided by the Welsh Government in relation to both these points with substantial changes being made to Section 5 to make the strategy clearer. This has resulted in a clearer explanation of the logic flow between the needs and priorities identified and the corresponding proposals for allocation of resources.</td>
</tr>
<tr>
<td>Second</td>
<td>We felt that there was a lack clarity in terms of prioritisation of needs (and hence focus areas and measures) that we drew attention to in earlier iterations of the draft Programme (in particular Section 5). We felt that this made it difficult to comment on whether finances had been allocated to those areas where the need was considered to be greatest.</td>
<td></td>
</tr>
</tbody>
</table>

Information provided by the Welsh Government explained that current (2007-2013) Programme allocations were used as an initial guide in order to give a sense of how the funding would be split at ‘activity block level’ (i.e. Human and Social Capital, Investment Measures, etc.) if the same range of interventions were to be continued without change. The allocations - based on the percentages per activity group that were agreed within the Welsh Government at the end of 2013 - were then adjusted based on what was considered to be the ‘strategic need’ which had been identified and responses to the consultation (which asked specific questions about resource allocation) were taken into account.

Strategic need was identified through individual scheme pro-formas which were provided to the team drafting the OP by Welsh Government officials responsible for each potential activity area. All financial information provided was analysed and scrutinised to ensure validity, value for money and to verify that the amounts requested matched the needs identified.

Table 4.8: Total public expenditure and percentage per Priority

| Priority |
|----------|-------------------|-------------------|
| 2.       | Enhancing competitiveness of all types of agriculture and enhancing farm viability | € 146,317,647 | 13% |
| 3.       | Promoting food and non-food chain organisation and risk management in agriculture | € 85,653,470 | 8% |
| 4.       | Restoring, preserving and enhancing ecosystems related to agriculture and forestry | € 630,591,499 | 56% |
| 5.       | Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors; and | € 64,404,351 | 6% |
| 6.       | Promoting social inclusion, poverty reduction and economic development in rural areas | € 149,726,680 | 13% |

Total public expenditure = € 1,121,555,880

Priority 1 is ‘cross-cutting’ – no expenditure is therefore programmed directly to that priority.
As shown in Table 4.8 (above), Priority 4 is by far the largest in financial terms taking 56% of the planned total expenditure. That Priority has therefore, in financial terms, clearly been 'prioritised': this reflects both the strong emphasis on agri-environmental measures in the current Programme and the proposals within the 2014 consultation which suggested allocating 60% of the funding to area-based measures.

Graph 4.1 which analyses the allocation of expenditure by measure shows that two Measures together account for just over 60% of the total, with all others being allocated 6% or less.
Graph 4.1: Percentage of total public expenditure per measure

<table>
<thead>
<tr>
<th>Measure Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>M10 - Agri-environment-climate</td>
<td>31.00%</td>
</tr>
<tr>
<td>M04 - Investments in physical assets</td>
<td>29.75%</td>
</tr>
<tr>
<td>M19 - Support for LEADER</td>
<td>6.00%</td>
</tr>
<tr>
<td>M08 - Investments in forest area development and improvement of the viability of forests</td>
<td>5.43%</td>
</tr>
<tr>
<td>M01 - Knowledge transfer and information action</td>
<td>5.24%</td>
</tr>
<tr>
<td>M07 - Basic services and village renewal in rural areas</td>
<td>5.00%</td>
</tr>
<tr>
<td>M16 - Co-operation</td>
<td>4.98%</td>
</tr>
<tr>
<td>M11 - Organic farming</td>
<td>4.62%</td>
</tr>
<tr>
<td>M20 - Technical assistance</td>
<td>4.00%</td>
</tr>
<tr>
<td>M06 - Farm and business development</td>
<td>2.67%</td>
</tr>
<tr>
<td>M02 - Advisory services, farm management and farm relief services</td>
<td>1.28%</td>
</tr>
<tr>
<td>M15 - Forest environmental and climate services and forest conservation</td>
<td>0.03%</td>
</tr>
</tbody>
</table>

$N = € 1,121,555,880$ (total public expenditure)
The question for the ex-ante evaluation is whether those allocations reflect the SWOT, needs analysis and priorities identified in the draft OP. When considering this, it is important to take into account the fact that there are limitations in how the funding available could be allocated including the requirement within the regulation to allocate a minimum of 30% of the EAFRD budget to climate change mitigation and adaptation and land management through the agri-environment-climate, organic farming and payments to areas facing natural or other specific constraints measures. There will also be long term commitments in relation to agri-environmental measures that need to be maintained from the current Programme period.

In this context, the allocation to Measure 10 looks reasonable, while in principle a strong focus on Measure 04 also seems consistent with the needs analysis and the results of wider consultation. However, the apparent indicative allocation of so much of the funding reserved for investment in physical assets to Priority 4 appears somewhat less consistent with the strong focus in Section 5 of the SFC on enhancing competitiveness and investing in human resources.

It would thus appear that in terms of financial allocations the second of the three headline objectives\textsuperscript{16} has been prioritised, though this emphasis is not entirely clear in the description of the Strategy.

More specifically, Section 5 of the draft OP (description of the strategy) states that:

\textit{In addition the SWOT analysis, Vision and Outcomes policy group and the Minister's Advisory Group all concluded that Measures 1, 2 and 16}

\begin{itemize}
  \item \textsuperscript{16} Increase the productivity, diversity and efficiency of farming and forestry businesses, improving their competitiveness and resilience, reducing their reliance on subsidies
  \item 2. Improve the environment, encouraging sustainable land management practices, the sustainable management of our natural resources and climate action
  \item 3. Promote strong, sustainable rural economic growth and encourage community-led local development
\end{itemize}
together with the engagement and innovation potential of the LEADER approach are of primary importance during this programming period.

But together, these measures account for 17.5% of the expected total public expenditure. Financially, it is arguable therefore whether these measures have been prioritised, even when the limitations noted above are taken into account.

Outside Measures 04 and 10, resources are spread relatively evenly amongst the other measures. One interpretation of this is that it reflects the range of issues that have been identified by the SWOT and need analysis. It is also important to take into account the fact that there is flexibility within the Programme in that the measures are ‘combined’ in order to achieve joint objectives (as per the focus areas). There is however still a risk that the funding available is spread too thinly and that the impact that can be achieved by any of the measures (or groups of measures) could therefore be limited.

The use of the funding committed to Measure 04 (Investment in Physical Assets) will be important in terms of what the RDP achieves. It is, by design, a fairly broad measure meaning that a range of different activities (and therefore results) can potentially be supported. Taking into account the objectives of the RDP when designing schemes or considering applications for funding from that measure is likely to be very important to the achievements of the Programme as a whole.

### 4.7.1 Recommendations

- The allocation of the available budget between the measures and focus areas should be kept under review with a view to assessing whether changes will be necessary in order to maximise the impact of the RDP.
4.8 The use of Technical Assistance

The use of technical assistance is described in Section 15.6 of the draft OP including actions related to the preparation, management, monitoring, evaluation, information and control of the Programme and its implementation. Table 4.9 summarises the key comments made during the course of the ex-ante evaluation process in relation to technical assistance together with a summary of the response of the Welsh Government to those comments.

A number of the comments made by the ex-ante team have been addressed by the Welsh Government. In other instances however, as is clear from the table, Programme authors are of the view that they should not exceed the minimum regulatory requirements. We accept the explanation that it is not possible to provide further detail because proposals for the use of technical assistance are still being developed and will be an evolving process during the life of the RDP. However, we remain of the view that, even when taking this into account, some further detail could be provided in particular under the heading ‘other activity’ to explain Welsh Government thinking, for example, further detail of what is meant by ‘technical advice’ could be provided.

4.8.1 Recommendations

- Further detail should, when and where possible, be provided in relation to how technical assistance will be used during the next Programme period. In particular detail of proposed activities under the ‘other activity’ heading should be provided including ‘client engagement’ and ‘technical advice’.
Table 4.9: Main issues raised in relation to technical assistance (TA)

<table>
<thead>
<tr>
<th>Iteration</th>
<th>Comment</th>
<th>Action Taken in Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second</td>
<td>We suggested that this section would benefit from broadening the scope beyond technical advice. I.e. it would be strengthened by presenting clearly how Technical Assistance would be used to support all aspects of the implementation of the Programme set out in previous parts of Section 15.</td>
<td>This was rejected by the drafting team on the basis that the information provided satisfied the regulatory requirements and anything further would be speculative at this stage, given that proposals for the use of TA were still being developed and would be an evolving process during the life of the RDP.</td>
</tr>
<tr>
<td>Second</td>
<td>We suggested that further detail should be provided with regards to the ‘field force concept’ referenced within Section 15.6, for example, how many officers this would provide.</td>
<td>Drafting changes were made to remove references to the ‘field force’, since TA would not be used to fund this.</td>
</tr>
<tr>
<td>Second</td>
<td>Further detail should be provided to the ‘successor to the Wales Rural Observatory’ which it is proposed TA will fund.</td>
<td>The drafting team believed this was not needed because the WRO was well known to the Commission.</td>
</tr>
<tr>
<td>Second</td>
<td>The purpose of some of the text included within Section 15.6 could be clearer. Specifically, the text relating to ‘IT support’ and ‘other activity’.</td>
<td>This was rejected because the drafting team argued that this simply listed the other areas that TA would be used for.</td>
</tr>
</tbody>
</table>
5. **Measuring the progress and the results of the Programme**

5.1 **Introduction**

The 2014-2020 RDP is intended to be result-oriented and for this reason the setting of appropriate indicators and targets and the establishment of robust monitoring and evaluation systems is becoming ever more essential. The ex-ante evaluation has focused on assessing whether:

- the achievements of all rural development priorities and focus areas included in the Programme are going to be adequately assessed;
- the indicators have been defined with sufficient clarity; and
- the indicators are SMART: specific, measurable, available/achievable in a cost effective way, relevant for the Programme and available in a timely manner.

The evaluation’s role in respect of the targets has also been to seek to verify that the targets have been effectively defined and also to assess the plausibility of the estimates made in relation to the actions and budget proposed, making recommendations for modifications if deemed appropriate.

One of the essential purposes of the ex-ante evaluation is also to assess whether or not the proposed RDP will achieve the expected results. In other words, are the measures that have been selected / the activities to be undertaken likely to generate the outputs and results that are necessary to address the needs that have been identified. This task is clearly linked to the previous discussion about the intervention logic and that regarding the financial allocations which need to be taken into account when considering the points made below.

In terms of the performance framework the ex-ante evaluation is expected to assess whether:
• the values proposed for the milestones used in the performance framework are appropriate and realistic; and
• the achievement of these milestones would give a reliable indication that the Programme is on track to attain its objectives.

Table 5.1 below summarises the key comments made during the course of the ex-ante evaluation process in relation to the above.
Table 5.1: Main issues raised in relation to the Programme indicators

<table>
<thead>
<tr>
<th>Iteration</th>
<th>Comment</th>
<th>Action Taken in Response</th>
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<tbody>
<tr>
<td>Second</td>
<td>It was apparent that a wide range of different approaches and sources had been used as a basis for setting targets. There were also various degrees of specificity. In this context, we commented that a more consistent approach would be beneficial.</td>
<td>Further detail of the approach that had been used to ‘set’ indicator values was provided by the Welsh Government (see discussion below).</td>
</tr>
<tr>
<td>Second</td>
<td>It appeared that in general target-setting had been based on prior experience / previous schemes. This seemed to us a valid approach but we recommended that due regard also needed to be taken of the objectives of the measures / focus areas and of the RDP as a whole in line with the logic mapping approach. We also felt that further clarity could be provided on how forecasts had been tested against current conditions, demand for support, etc. We recognised that demonstrating this within the SFC might not be possible but suggested that the ‘workings’ underpinning this should available for scrutiny by the ex-ante evaluators and/or future evaluations of performance against those targets.</td>
<td>This was agreed and it was noted that the WEFO RME team would be providing ongoing support on the indicator plan to the rural policy colleagues within the Welsh Government.</td>
</tr>
<tr>
<td>Second</td>
<td>We argued that once the indicator plan was complete it would be necessary to reconcile it against the ‘logic’ that should be running throughout the RDP and in particular the objectives of the measures, focus areas, etc.</td>
<td></td>
</tr>
</tbody>
</table>
In their response to comments made by the ex-ante team, the Welsh Government explained that the indicator values and accompanying rationale had been provided by each policy lead within the Welsh Government. The information provided was then subject to analysis by the team drafting the OP to ensure that the values set were deliverable, realistic, and measureable. Where similar types of activity had been delivered previously, policy leads had drawn on that experience when considering target values for their area of activity. The current (2007-2013) Programme was however only used as an initial guide and consideration had also been given to the priorities and interventions identified to be delivered as part of the 2014-20 RDP.

Given the broad range of activity and delivery mechanisms for the Programme we accept that it is difficult to apply one set approach and source for indicator planning as suggested in the second iteration comments. Where it was not possible to use historic data, we understand that clarification and reassurance was sought from the policy leads to ensure that the data provided was measureable, achievable and relevant for the proposed activity to be delivered under the Programme.

The Research Monitoring and Evaluation (RME) team within WEFO will have overall responsibility for coordinating RDP monitoring and evaluation activities for the RDP. The Programme and Project Information Management System (PPIMS) and Common Agricultural Policy Information Technology (CAPIT) systems are currently being modified by the CAP Planning Division to accommodate RDP-related data ready for the next Programming period. These systems will provide repository points to hold all monitoring data. RME are also providing ongoing support to delivery teams in the build up to the start of the next Programme to ensure data will be available. This will be a significant and positive of the processes that have been in place for the current Programme period.

We note that only the specified EC performance indicators are proposed within the draft OP. It follows that these are appropriate. Given the time
restraints for submission and necessary work needed to establish additional indicators these will not be included. We understand that consideration and work is currently ongoing with both policy and specialist teams within the Welsh Government to develop specific and measureable ‘Wales level’ indicators which can adequately assess the delivery and achievements of the RDP including the LEADER approach. In particular, it will be necessary to develop and then collect data for performance indicators which will demonstrate whether the specified objectives of the RDP are being achieved.

Section 7 of the draft OP is the Performance Framework section which largely ‘auto-populates’ the SFC template based on the Indicator Plan discussed above. No specific comments on that section have therefore been provided.

Turning our attention to the targets that have been set within the draft indicator framework, in a number of instances the figures could be considered as being relatively low (please refer to the table in Appendix 1). For example:

- Focus area 2(b): Percentage of farm holdings with RDP support for investment in restructuring or modernisation: 0.53%
- Focus area 5(b): Number of participants in training: 64
- Focus area 6(a): Number of jobs created: 322

The funding allocated has, understandably, been a key contextualising factor for the targets that have been set. It would, however, seem that policy leads within the Welsh Government have been rather conservative in their estimates in order to ensure that the numeric values being quoted are achievable (in line with the SMART approach being encouraged). Our concern however is that (based on the figures suggested) in a number of instances, the overall impact of the Programme may be limited at a macro level and the Programme may struggle to deliver and achieve some of the policy objectives set out. For example, in our view, it is questionable whether the creation of 300-500 jobs will deliver the ‘sharp focus on promoting competitiveness and creating
sustainable growth and jobs for the people who live and work in rural Wales’ set out within the strategy sections of the draft OP.

The issues here are consistent with those we outline in the discussion at Section 4.7 of this report; once the commitment to agri-environmental measures is taken into account, there is a risk that remaining resources are spread too thinly thereby limiting the potential overall impact of the RDP in respect of achieving its non-environmental objectives at a macro level.

A caveat to the above is that, when this was raised with the Welsh Government, the fact that the indicator framework only draws together outputs generated by some measures in some instances due to the automated way in which it is set up was highlighted. This means that, in some instances, the targets / achievements being anticipated are under estimating what the Programme as a whole has the potential to achieve. This, in our view, underlines the need to develop and use ‘Wales level’ indicators to ensure that adequate evidence is available to assess the overall achievements of the Programme.

5.1.1 Recommendations

- A review of the indicators and milestone targets should be undertaken at a relatively early stage in the delivery phase of the RDP with a view to testing their ‘appropriateness’ as indicators of the achievements of the Programme as a whole.

- The work to develop Wales specific indicators (including monitoring of the LEADER approach) should be completed as soon as possible in order to ensure that all relevant data is captured throughout the lifetime of the RDP (including setting appropriate baselines) and that sufficient evidence is available to fully evaluate the performance and achievements of the Programme.
6. Governance arrangements, programme management and monitoring

6.1 Introduction

In terms of delivery mechanisms, the ex-ante evaluation is required to consider:

- the adequacy of human resources and administrative capacity for programme management, including the availability of sufficient advisory capacity; and

- the procedures for monitoring and data collection, including the Evaluation Plan.

6.2 The adequacy of human resources and administrative capacity for programme management

Adequate provision of human resources and administrative capacity for the management of the Programme, including the envisioned cooperation among key institutions (such as Managing Authority, Paying Agency and Monitoring Committee) in the implementation of the Programme and the monitoring of its progress is an essential and integral part of the strategy for an effective RDP and an important part of the ex-ante evaluation. Criticisms of the links between RDPs’ design and their implementation were in fact relatively common in the 2007–2013 RDP mid-term evaluation reports across the EU as a whole, which perhaps was unsurprising as it is in the first stages of implementation that many of the administrative and delivery deficiencies first emerge\(^\text{17}\).

Table 6.1 summarises the key comments made during the course of the ex-ante evaluation process in relation to the above.

\(^{17}\) RDP Ex-ante evaluation Guidance. Pg. 95
### Table 6.1: Main issues raised in relation to human resource and administrative capacity

<table>
<thead>
<tr>
<th>Iteration</th>
<th>Comment</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second</td>
<td>Many of the activities proposed under measures included the procurement of organisations to deliver the ‘support’ (see table 3.2) and we asked for clarification as to what steps had been taken to ensure that there was sufficient capacity within the sectors in question to undertake those activities.</td>
<td>The procurement exercise will be through a notice in the Official Journal of the EU (OJEU) and, therefore, the pool of respondents will not be limited to Wales. It was also explained that the call for tenders will be broken-down into separate lots so that the Welsh Government can potentially select a number of providers rather than identifying/appointing one contractor to deliver all elements. It was also noted that the call for tenders would test capacity and, if capacity proves problematic, the Welsh Government indicated that it would reconsider its approach.</td>
</tr>
<tr>
<td>Second</td>
<td>We suggested that Section 15 would be strengthened by adding some further detail to clarify the extent/amount of human resources (e.g. within Welsh Government, WEFO and via the PMC) to support implementation. We drew attention to a number of places where we felt that the</td>
<td>The drafting team argued that at this stage in the development process it was unrealistic for the Welsh Government to be able to present detailed workforce plans. However, drafting changes were made to clarify that the resource available would be</td>
</tr>
</tbody>
</table>

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The section would benefit from such additional information and specificity. We also pointed out a number of areas where we felt the text would benefit from a brief assessment of a) the adequacy of arrangements during 2007-13; and b) the implementation requirements of the new Programme against which judgements could then be made as to the sufficiency and suitability of what is being proposed.

The same as that supporting the delivery of the 2007-2013 Programme and that this structure had passed repeated audits at both the Wales (internal Welsh Government and the certified audit body) and EU (EU audit and ECAS) level and was held as an exemplar within Welsh Government.

| Second | There was reference throughout Section 15 to 'socio-economic elements' and 'land-based interventions'. For clarity and to provide a clearer link to the information provided in earlier sections of the SFC, we suggested that this should be replaced with direct references to the measures or sub-measures in question. |
| --- | Text was added to clarify the terms land-based and socio-economic in terms of the measures. |

| Second | Various comments were made suggesting the potential to provide further detail regarding a range of different points. |
| --- | Additional detail has been added in places. In others, the suggestions made have been rejected by the Welsh Government on the basis that the level of detail being suggested was not necessary and / or appropriate. |
As is apparent from the points made in the table above, detailed information regarding the human and administrative resource being allocated to the RDP is not available at the current stage in the development of the Programme. It is therefore not possible to provide a detailed ex-ante opinion regarding the adequacy of the resources allocated at this time.

However, papers have been provided by the Welsh Government that demonstrate that extensive discussions and planning have been ongoing regarding the implementation phase of the Programme. We also note the fact that, as per the responses to the comments summarised in the table above, the Welsh Government has extensive experience of managing and delivering previous RDP programmes.

### 6.2.1 Recommendations

- It is not possible to assess the adequacy of human resources and administrative capacity for Programme management at the current time. The matter should therefore be kept under review as the delivery elements of the Programme are developed.

### 6.3 Monitoring, data collection and the Evaluation Plan

The ex-ante evaluation is required to assess the suitability of procedures for monitoring the Programme, and for collecting the data necessary to carry out evaluations, as well as the content of the Evaluation Plan, and to assess whether adequate resources are allocated to address the identified needs.

Table 6.2 summarises the key comments made during the course of the ex-ante evaluation process in relation to the above.
Table 6.2: Main issues raised in relation to monitoring and evaluation

<table>
<thead>
<tr>
<th>Iteration</th>
<th>Comment</th>
<th>Action Taken in Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second</td>
<td>The draft plan appeared too long to meet the SFC word limits and required editing down: we made a number of suggestions where we felt this might be possible and beneficial.</td>
<td>The document has been edited throughout with a view to cutting down on repetition whilst still addressing the requirements of the Evaluation Plan Guidance.</td>
</tr>
<tr>
<td>Second</td>
<td>At the same time, we felt that the draft would be strengthened by adding clarifications and demonstrating further consistency with the specific evaluation provisions of the Rural Development Regulation and the EENRD Guidelines for Establishing and Implementing the Evaluation Plan.</td>
<td>Additions have been made to address this comment.</td>
</tr>
<tr>
<td>Second</td>
<td>We drew attention in a number of places to the inherent challenges of implementing the plan. While the plan dealt with a number of these challenges (e.g. Counterfactual Impact Evaluations) directly, we noted in one or two places opportunities to strengthen the implementation aspects (e.g. further clarification relating to the Evaluation Advisory Group and technical sub-group, role of the PMC and shared roles/responsibilities between WEFO RME and Welsh Government rural policy colleagues). In this context, we also pointed out in some places the need to specify the</td>
<td>Additional text has been added to address the points made in the comments. The fact that specialist RDP staff have been appointed within the Research, Monitoring and Evaluation team for the period of the next Programme has also</td>
</tr>
</tbody>
</table>

The fact that specialist RDP staff have been appointed within the Research, Monitoring and Evaluation team for the period of the next Programme has also
<table>
<thead>
<tr>
<th>extent of resources that would be dedicated to RDP monitoring and evaluation activity as contrasted the ESI funds more generally in Wales.</th>
<th>been noted.</th>
</tr>
</thead>
<tbody>
<tr>
<td>We also argued that that the plan would benefit from a clearer sense of ‘who will be doing what’ and in this respect, we felt that Table 1 (communication and dissemination) would be strengthened by adding a column showing who would have lead responsibility for the actions identified.</td>
<td>Additional text has been added to address the points made in the comments.</td>
</tr>
<tr>
<td>In our view, the plan was too detailed in some areas (e.g. on proposed methods), given that the plan forms part of the OP and therefore becomes a contractual commitment. We felt that there was scope to simplify this - with appropriate references to further detail being provided in internal annual plans as per the Evaluation Plan guidance.</td>
<td>The section has been amended to take this comments into account.</td>
</tr>
</tbody>
</table>
The Evaluation Plan is now well structured, covers the essential areas and is in our view fit for purpose: the comments made by the ex-ante evaluation team have all been addressed. Overall, we take the view that WEFO has an experienced RME team in place with a strong track record of managing monitoring systems and commissioning evaluation.

6.3.1 Recommendations

We have no recommendations for further work in relation to the issues discussed in this section.
7. Horizontal themes: equal opportunities and sustainable development

7.1 Introduction

The CPR, covering all of the ESI Funds, sets out that a more consistent approach to the cross cutting themes must be adopted across the Funds. The aim is to engender a consistent, coordinated approach across each of these instruments. The regulations indicate that the Cross Cutting Themes (CCT) that must be supported in future Programmes are Equal Opportunities (Article 7 Promotion of equality between men and women and non-discrimination) and Sustainable Development (Article 8).

In addition, the 2014-2020 Programmes will also need to ensure that other horizontal principles are embedded into project activity. The EU Platform against Poverty & Social Exclusion (EU2020 Flagship Initiative) includes a commitment that EU Programmes will increase their focus on Poverty and Social Exclusion with the goal of reducing the number of people in poverty / social exclusion by 20 million by 2020. The commitment to promote social inclusion and combat poverty is reflected as a thematic objective across EU CSF funds in the draft EU regulations and is a key commitment made by the Welsh Government through its Tackling Poverty Action Plan. This will be demonstrated through the RDP by ensuring that all bids for funding consider the needs of households and individuals who live in poverty.

7.2 Equal opportunities

The ex-ante guidance states that the principles of equal opportunities should be taken into account throughout the Programme design, and it is the purpose of the ex-ante evaluation to assess whether this has been the case.

The Welsh Government launched its Strategic Equality Plan (2012-2016) and equality objectives on 2 April 2012. These highlight how the Welsh Government is fulfilling its legal obligations as well as its strong commitment to equality and inclusion. The Strategic Equality Plan was developed in-line
with the general duties under the Public Sector Equality Duty (PSED) of the Equality Act 2010. The PSED states that public authorities must have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited under the Act
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

### 7.2.1 Equality impact assessment

The purpose of the equality impact assessments (EIAs) is to assess whether the implementation of the RDP is having an adverse impact on people of different equality groups. The EIAs also highlight opportunities for the RDP to promote equality across the different equality groups.

A draft EIA for the RDP was issued for consultation in 2013\(^\text{18}\). A summary of the responses provided to the consultation can be found in a published analysis report\(^\text{19}\).

Since then, a revised EIA report was produced (in July 2014) that took account of the consultation responses and revisions to the RDP as it was developed by Programme authors.

The revised EIA report concluded that:

- Due to the nature of the RDP – it is a positive programme of investment, channelling funding into a range of interventions – it is
highly unlikely that there will be any disproportionate negative impacts on any of the characteristics protected by the Equality Act 2010, or the Welsh language (as covered by the Welsh Language Act) as a result of the 2014-2020 RDP Programme.

- The Programme is directed towards support for rural businesses, environmental protection, labour market participation, the promotion of social inclusion, and poverty reduction (experienced by many members of equality groups), and support for rural communities; as such there are likely to be beneficial effects overall.

- Some protected characteristics are particularly likely to benefit from the Programme as they are the specific intended recipients of support – for example, the Programme makes particular reference to supporting young people.

- There are opportunities to realise benefits for some social and demographic groups, due to their propensity to experience certain economic, social or accessibility barriers (for example women, disabled people and older people). In particular, actions under Priority 6 which relate to the provision of ICT and transport need to be delivered in a way that makes them accessible to all, particularly disabled people and older people who may experience additional barriers and engagement.

- There are many opportunities to further maximise some of the potential positive impacts (such as in the case of Welsh speakers and the opportunity to provide support for some religious groups. It will be crucially important that these are not missed.

- The Programme has the scope to contribute to the achievement of European, UK and Welsh political and strategic ambitions regarding equality – including the achievement of the aims of the PSED to tackle discrimination, promote equality of opportunity and (to a lesser extent) foster good relations.

- The Programme also has the potential to contribute to the achievement of the Europe 2020 goals by supporting the ambition for ‘inclusive growth’. There is also the potential to make a contribution to raising the
employment rate, particularly ‘amongst women, young people and older workers’, and support ‘people of all ages with access to skills and training’.

- Overall, the ‘Equal Opportunities’ CCT has been reasonably well integrated into the RDP Operational Programme document. There is some evidence of gaps and a number of Priority Axes make no substantive mention of issues relating to equality beyond outline reference to the CCT. This suggests risk of a lack of integration in practice. This is partially explained by a lack of overlap between the content of the Programme document and the equality agenda, but in some cases the need to consider equality appears to be more of an additional consideration than a fundamental principle of Programme design.

- To understand the impact of the ‘Equal Opportunities’ CCT, WEFO will need to assess in a practical and measurable way, the extent to which the RDP Programme is successful in advancing the equality of opportunity for the groups protected by the Equality Act and speakers of the Welsh language, and tackling discrimination against them. This process would benefit from exploration of synergies between this process and the more developed processes rolled out for the ESF and ERDF Programmes.

The EIA report also made a series of recommendations which are focused on the implementation of the Programme. These include that:

- Access to interventions should be tailored. Many of the interventions proposed within the RDP Programme will only deliver disproportionate positive impacts for equality groups if measures are tailored to accord with needs of people with different protected characteristics.

- Clear implementation criteria regarding equality should be established. It will be essential for the Welsh Government to establish a clear set of criteria or guidelines for the implementation of the Programme and the
projects that are funded. The Welsh Government may wish to ask for evidence on the part of implementation bodies that demonstrates awareness of the additional challenges faced by certain groups.

- A rigorous monitoring and evaluation strategy with specific equality indicators should be developed.

- Delivery bodies, project sponsors and other interfacing organisations should be encouraged to develop their own equalities credentials. There is scope for the Welsh Government to positively engage with the organisations who contribute to the delivery of the RDP to encourage them to develop their own equality and diversity polices.

- Welsh Government should actively engage with equality organisations and groups representing those with protected characteristics as the RDP moved from its Programme development phase into implementation.

- There should be a targeted and focused communications strategy for the RDP that encourages a range of groups to fully benefit from the RDP.

- Welsh Government should consider of some of the specific issues raised (in the context of protected characteristic groups) as part of the EIA consultation process, including for example the need for certain transport and accessibility improvements and the need for project sponsors and providers to ensure that information is available in accessible formats.

### 7.3 Sustainable development

In the context of the EU2020 Strategy, ‘sustainable development’ is, focused on the concept of environmental sustainability, including both the resource side and ecosystem services; quality of air; soil; water; food; biodiversity; health of plants; animals and people and impact on climate; and quality of life and amenities in rural areas. ‘Sustainable growth’ is one of the three main goals of the EU2020 Strategy, addressing the global issues: energy and

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resource scarcity; environmental quality; climate change; the health of people; and ecosystems.

The Welsh Chapter of the UK Partnership Agreement provides an overview of the approach to promoting the horizontal principles across the ES&I funds in Wales including the Sustainable Development Cross Cutting Theme. It also outlines the main Welsh Government organising principles and objectives for sustainability which provide the basis for the implementation of the CCT within the ESI programmes in Wales including the RDP.

7.3.1 Strategic Environmental Assessment (SEA)

The SEA has been carried out in accordance with the requirements of the European SEA Directive (2001/42/EC) and the implementing regulations for Wales, the Environmental Assessment of Plans and Programmes (Wales) Regulations 2004 (Welsh Instrument 2004 No. 1656 (W.170)). The SEA was carried out in conjunction with the development of the RDP and its overall Ex-Ante Evaluation. It aimed to ensure that the RDP contributes positively to a high level of environmental protection, as well as supporting the goal of the Welsh Government of working towards sustainable development by:

- setting out the environmental parameters within which the RDP will operate;
- identifying, describing and assessing likely significant effects on the environment arising from the RDP's implementation; and
- considering reasonable alternatives.

The findings of the SEA are included in Part II of this report and as such are not repeated here. ‘Headline’ findings were that:

- The RDP clearly has the potential to protect and enhance ecosystem services and biodiversity values, culture and heritage and climate issues. The decision to vire the maximum 15 per cent from Pillar I to the RDP in
particular will provide additional opportunities to meet future challenges to the rural environment.

- Without the RDP it is arguable that significant and urgent interventions would not take place, and some of these aim to address the Welsh Government's targets to reduce carbon emissions, to improve air quality and to reduce Wales' ecological footprint.

7.3.2 *Habitats Regulations Assessment (HRA)*

A HRA of the RDP has also been carried in consultation with Natural Resources Wales. Its objective was to identify as far as possible any significant effects that might result from the proposed Programme to features associated with European sites, as well as to the integrity of the Natura 2000 network.\(^{21}\)

The findings of the assessment are therefore not repeated here other than to note that the overall conclusion was that the RDP will have a significant positive effect on European sites and species. It was also noted that opportunities to coordinate RDP activities with ERDF and ESF to deliver environmental benefits by harmonising funding and by supporting projects that the RDP alone and itself cannot deliver.

7.4 **Proposed actions within the RDP**

Whilst there is no specific reference to actions relating to the cross cutting themes within the draft OP (due to the structure of the SFC template), our understanding is that the following actions will be taken as part of the 2014-2020 Programme:

- On-going specialist advice will be made available to projects by the Welsh Government and through arrangements being developed for the implementation of projects. A key objective will be to provide the specialist

\(^{21}\) Natura 2000 is the term given to the network of European nature protected sites
input at an early stage in the process to maximise take-up of the opportunities offered via the CCTs

- A programme of awareness raising and training will be provided to Welsh Government staff and project sponsors on how to integrate CCT objectives. Activity level guidance will be prepared together with best practice case study examples that will provide specific information on how sponsors can address CCT opportunities within their project plans. Regular monitoring of progress, through ‘forecast’ data (the targets set by projects at the outset) and ‘actual’ achievement (what projects actually achieve monitored through the quarterly return system), allowing for early intervention if necessary. Update reports will be provided to the PMC and other stakeholders and the Welsh Government will encourage key equality, social inclusion and sustainable development organisations to be involved in an attempt to establish an effective network of specialist support.

These actions are broadly in line with the recommendations that have been made in the assessments discussed above.

7.4.1 Recommendation

We have no recommendations for further work in relation to the issues discussed in this section.
8. Conclusion and recommendations

The ex-ante evaluation process has been grounded on solid co-operation between the ex-ante evaluation team and key officials in WEFO and the Welsh Government. Programme authors have taken care both to address methodically and, where possible, respond to the wide range of issues highlighted by the evaluators.

As noted in the introduction, in order to meet the deadlines for the submission of the SFC to the EC, only limited time was available for consideration of the detailed sections of the SFC: this also meant that we were, in some cases, commenting on individual draft sections of the OP in isolation, which has to some extent constrained our ability to judge the internal coherence of the Programme as a whole.

The overarching conclusion of the ex-ante evaluation is that the draft OP is fit for purpose and provides a sound basis for the RDP 2014-2020. The more detailed conclusions and associated recommendations of the ex-ante evaluation are noted in the table below.
### Ex ante element: The assessment of the context, SWOT and needs

<table>
<thead>
<tr>
<th>Conclusions</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• It is clear that stakeholders have been closely involved in the development of the proposed RDP for 2014-2020 via a number mechanisms including multiple consultations and a series of workshops and events.</td>
<td>• Programme authors should consider reducing the number of issues identified within the SWOT analysis by having a greater focus on 'strategic level' issues. More information could then be provided about the issues that remain in order to further improve the clarity of the links (logic) between the current situation analysis, SWOT and needs assessment.</td>
</tr>
<tr>
<td>• The analysis of the current situation is based on a thorough socio-economic analysis and uses the evidence base appropriately.</td>
<td>• The potential for reducing the number of needs identified (by for example merging some of those currently identified where they are similar) with a view to reducing duplication and also simplifying the OP and the strategy within it should be considered.</td>
</tr>
<tr>
<td>• Overall, there is a high-level of consistency between the SWOT analysis and needs assessment within the RDP on the one hand, and, on the other, the analysis presented in the UK and Welsh Chapters of the (draft) UK Partnership Agreement.</td>
<td></td>
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</table>

### Ex ante element: Relevance, internal and external coherence

<table>
<thead>
<tr>
<th>Conclusions</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The proposed RDP is consistent with the objectives of the EU Rural Development Programme Regulation (and hence, the CSF and EU2020).</td>
<td>• It is recommended that the Welsh Government ‘map’ / create a hierarchy of objectives for the RDP which could be used to test the assumptions within the results chain (i.e. the programme</td>
</tr>
</tbody>
</table>
- Broadly speaking, the selected priorities and focus areas match the needs assessment and SWOT analysis as presented in the OP.
- Whilst the way in which the information is presented could be improved and further detail provided, the proposed mix of measures for each focus area is appropriate and (subject to the consideration of financial allocations below) has the potential to lead to the achievement of the stated objectives of the RDP.

<table>
<thead>
<tr>
<th>Type of support</th>
<th>Grants of some type are being provided in the majority of Measures. In general the measure level fiches seek to retain great flexibility over grant rates and amounts.</th>
<th>With a view to ensuring that the resource available supports as many beneficiaries as possible, the appropriateness of a grant rate of 100% should be reconsidered unless the rationale for that level of support is very clear.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The use of financial instruments is still under active consideration but is not currently proposed.</td>
<td>Whilst the rationale of using a standard approach is understood, it is recommended that the risk assessment for measures and sub-measures is revisited to ensure that risks that are specific to</td>
</tr>
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</table>

logic). This will be an important consideration in providing a basis for subsequent evaluation activities which will review achievements.
<table>
<thead>
<tr>
<th>LEADER</th>
<th>the proposed intervention are included and, therefore, addressed.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The approach to the implementation of the LEADER approach is, whilst focused on a specific number of themes, consistent with the objectives of the RDP.</td>
<td>• Given the important role that the document will play, the potential to extend the timescale given to the LEADER LAGs to develop their Local Development Strategies should be considered.</td>
</tr>
<tr>
<td>National Rural Network (NRN)</td>
<td>Programme authors should consider the potential to further develop the intervention logic within the proposed activities of the NRN with a view to more clearly specifying how the proposed activities would achieve the objective specified for the NRN and how the activities of the NRW contribute to achieving the overall objectives of the RDP.</td>
</tr>
<tr>
<td>• Proposals for the NRN set out what activities will be undertaken but do not always give a clear understanding of how these relate to the Programme objectives.</td>
<td></td>
</tr>
<tr>
<td>The consistency of budgetary allocation</td>
<td>• The allocation of the available budget between the measures and focus areas should be kept under review with a view to assessing whether changes will be necessary in order to maximise</td>
</tr>
<tr>
<td>• Priority 4 (ecosystems related to agriculture and forestry) is by far the largest in financial terms taking 56% of the planned total expenditure. That Priority has therefore, in financial terms, clearly</td>
<td></td>
</tr>
</tbody>
</table>

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been ‘prioritised’.
- The allocation of the proposed total public expenditure per measure is dominated by two measures.
- The allocation to Measure 10 (agri-environment) looks reasonable, while in principle a strong focus on Measure 04 (investment in physical assets) also seems consistent with the needs analysis.
- However, the apparent indicative allocation of so much of the funding reserved for investment in physical assets to Priority 4 appears somewhat less consistent with the strong focus within the described strategy on enhancing competitiveness and investing in human resources.
- Resources are spread rather thinly across the other nine selected measures.

### The use of Technical Assistance

- The SFC provides information on the ways in which technical assistance will be used which conforms to the regulatory requirements.

- Further detail should, when and where possible, be provided in relation to how technical assistance will be used during the next
Measuring the progress and the results of the Programme

- The funding allocated has, understandably, been a key contextualising factor for the targets that have been set. It would also seem that policy leads within the Welsh Government have been rather conservative in their estimates in order to ensure that the numeric values being quoted are achievable (in line with the SMART approach being encouraged). Our concern however is that (based on the figures suggest) in a number of instances, the overall impact of the Programme may be limited at a macro level and the Programme may struggle to deliver and achieve some of the objectives set out.

<table>
<thead>
<tr>
<th>The adequacy of</th>
<th>Papers have been provided by the Welsh</th>
</tr>
</thead>
</table>

- A review of the indicators and milestone targets should be undertaken at a relatively early stage in the delivery phase of the RDP with a view to testing their ‘appropriateness’ as indicators of the achievements of the Programme as a whole.

- The work to develop Wales specific indicators (including monitoring of the LEADER approach) should be completed as soon as possible in order to ensure that all relevant data is captured throughout the lifetime of the RDP (including setting appropriate baselines) and that sufficient evidence is available to fully evaluate the performance and achievements of the Programme.

- It is not possible to assess the adequacy of
<table>
<thead>
<tr>
<th>human resources and administrative capacity for Programme management</th>
<th>Government that demonstrate that extensive discussions and planning have been ongoing regarding the implementation phase of the Programme. We also note the fact that the Welsh Government has extensive experience of managing and delivering previous RDP programmes.</th>
<th>human resources and administrative capacity for programme management at the current time. The matter should therefore be kept under review as the deliver elements of the Programme are developed.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitoring, data collection and the Evaluation Plan</td>
<td>• The Evaluation Plan is well structured, covers the essential areas and is in our view fit for purpose: the comments made by the ex-ante evaluation team have all been addressed. Overall, we take the view that WEFO has an experienced Research, Monitoring and Evaluation (RME) team in place with a strong track record of managing monitoring systems and commissioning evaluation.</td>
<td></td>
</tr>
<tr>
<td>Horizontal themes: equal opportunities and sustainable</td>
<td>• The draft Equalities Impact Assessment (EIA) found that due to the nature of the RDP it is highly unlikely that there will be any</td>
<td>• Please refer to the EIA and SEA</td>
</tr>
</tbody>
</table>
| development | disproportionate negative impacts on any of the characteristics protected by the Equality Act 2010.  
| | • The Strategic Environmental Assessment (SEA) found that the RDP clearly has the potential to protect and enhance ecosystem services and biodiversity values, culture and heritage and climate issues. Further, without the RDP it is arguable that significant and urgent interventions would not take place.  
| | • The overall conclusion of the Habitats Regulations Assessment was that the RDP will have a significant positive effect on European sites and species. |
Appendix 1: Priorities, Focus Areas, Measures, performance indicators and total public expenditure

<table>
<thead>
<tr>
<th>Priority</th>
<th>Focus area</th>
<th>Measure</th>
<th>Performance indicators / outputs</th>
<th>Total public expenditure (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Fostering knowledge transfer and innovation in agriculture, forestry and rural areas</td>
<td>1a. Fostering innovation, cooperation, and the development of the knowledge base in rural areas</td>
<td>M01 - Knowledge transfer and information action&lt;br&gt;M02 - Advisory services, farm management and farm relief services&lt;br&gt;M16 - Co-operation</td>
<td>n/a (recorded elsewhere)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1b. Strengthening the links between agriculture, food production and forestry and research and innovation, including for the purpose of improved environmental management and performance</td>
<td>M16 - Co-operation</td>
<td>Nr of cooperation operations planned under the cooperation measure (groups, networks/clusters, pilot projects…): 3,413</td>
<td>n/a (recorded elsewhere)</td>
</tr>
<tr>
<td></td>
<td>1c. Fostering lifelong learning and vocational training in the agricultural</td>
<td>M01 - Knowledge transfer and information action</td>
<td>Nr of participants to trainings: 13,000</td>
<td></td>
</tr>
</tbody>
</table>
### Priority: Enhancing farm viability and competitiveness of agriculture and forestry sectors

#### Measure 2a: Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increasing market participation and orientation as well as agricultural diversification

- **M01 - Knowledge transfer and information action**
- **M02 - Advisory services, farm management and farm relief services**
- **M04 - Investments in physical assets**
- **M16 - Co-operation**

**Performance indicators / outputs**

- Farm holding receiving support for investment by 2020: 3,152
- Percentage of farm holdings with RDP support for investment in restructuring or modernisation: 13% (3,152 / 24,120)

**Total public expenditure (€)**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Performance indicators / outputs</th>
<th>Total public expenditure (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Farm holding receiving support for investment by 2020: 3,152</td>
<td>€ 128,269,150 (11.4%)</td>
</tr>
</tbody>
</table>

#### Measure 2b: Facilitating the entry of adequately skilled farmers into the agricultural sector and, in particular, generational renewal

- **M01 - Knowledge transfer and information action**
- **M02 - Advisory services, farm management and farm relief services**
- **M06 - Farm and business development**
- **M16 - Co-operation**

**Performance indicators / outputs**

- Farm holdings supported by 2020: 128
- Percentage of farm holdings with RDP support for investment in restructuring or modernisation: 0.53% (128 / 24,120)

**Total public expenditure (€)**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Performance indicators / outputs</th>
<th>Total public expenditure (€)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Farm holdings supported by 2020: 128</td>
<td>€ 18,048,497 (1.6%)</td>
</tr>
<tr>
<td>Priority</td>
<td>Focus area</td>
<td>Measure</td>
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<tr>
<td>3</td>
<td>Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture</td>
<td>3a. Improving competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups and inter-branch organisations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M01 - Knowledge transfer and information action</td>
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<tr>
<td></td>
<td></td>
<td>M02 - Advisory services, farm management and farm relief services</td>
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<tr>
<td></td>
<td></td>
<td>M04 - Investments in physical assets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M16 - Co-operation</td>
</tr>
<tr>
<td>3</td>
<td>Supporting farm risk prevention and management  22</td>
<td>3b. Supporting farm risk prevention and management  22</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M01 - Knowledge transfer and information action</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M02 - Advisory services, farm management and farm relief services</td>
</tr>
</tbody>
</table>

22 May be introduced in 2017 depending on an assessment of need. Targets are accordingly nil.
### Priority Focus area Measure Performance indicators / outputs Total public expenditure (€)

<table>
<thead>
<tr>
<th>Priority</th>
<th>Focus area</th>
<th>Measure</th>
<th>Performance indicators / outputs</th>
<th>Total public expenditure (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 Restoring, preserving and enhancing ecosystems related to agriculture and forestry</td>
<td>4a. Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas and in areas facing natural or other specific constraints, and high nature value farming, as well as the state of European landscapes</td>
<td>M16 - Co-operation</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>M01 - Knowledge transfer and information action</td>
<td>Agri: % of agricultural land under management contracts contributing to biodiversity (ha): 49% (699,080 / 1,423,910)</td>
<td>Total agri: € 620,920,029 (55.4%)</td>
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<tr>
<td></td>
<td></td>
<td>M02 - Advisory services, farm management and farm relief services</td>
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<tr>
<td></td>
<td></td>
<td>M04 - Investments in physical assets</td>
<td>Forestry: % of forest area under management contributing to biodiversity (ha) NO DATA&lt;sup&gt;23&lt;/sup&gt;</td>
<td>Total forestry: € 9,671,470 (0.9%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M08 - Investments in forest area development and improvement of the viability of forests</td>
<td></td>
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<td></td>
<td></td>
<td>M10 - Agri-environment-climate</td>
<td></td>
<td>(data is not split per focus area)</td>
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<tr>
<td></td>
<td></td>
<td>M11 - Organic farming</td>
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<tr>
<td></td>
<td></td>
<td>M15 - Forest environmental and climate services and forest conservation</td>
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</tbody>
</table>

<sup>23</sup> The data is not available in Eurostat, the source from which the context data is being drawn. Welsh Gov are aware of this issues and will be discussing it with the EC.
<table>
<thead>
<tr>
<th>Priority</th>
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<th>Performance indicators / outputs</th>
<th>Total public expenditure (€)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>4b. Improving water management, including fertiliser and pesticide management</td>
<td>M16 - Co-operation</td>
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<tr>
<td></td>
<td></td>
<td>M01 - Knowledge transfer and information action</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>M02 - Advisory services, farm management and farm relief services</td>
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<td></td>
<td></td>
<td>M04 - Investments in physical assets</td>
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<tr>
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<td></td>
<td>M10 - Agri-environment-climate</td>
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<td></td>
<td>M11 - Organic farming</td>
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<tr>
<td></td>
<td></td>
<td>M15 - Forest environmental and climate services and forest conservation</td>
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<td></td>
<td></td>
<td>M16 - Co-operation</td>
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<td></td>
<td></td>
<td></td>
<td>Agri:</td>
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<td></td>
<td></td>
<td></td>
<td>% of agricultural land under management contracts improving water management (ha): 49%</td>
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<td></td>
<td></td>
<td></td>
<td>Forestry:</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>% of forest area under management improving water management (ha) NO DATA 24 Physical area: 650</td>
<td></td>
</tr>
</tbody>
</table>

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24 The data is not available in Eurostat, the source from which the context data is being drawn. Welsh Gov are aware of this issues and will be discussing it with the EC.
<table>
<thead>
<tr>
<th>Priority</th>
<th>Focus area</th>
<th>Measure</th>
<th>Performance indicators / outputs</th>
<th>Total public expenditure (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>M01 - Knowledge transfer and information action</td>
<td>Agri: % of agricultural land under management contracts improving soil management and or preventing soil erosion (ha): 8%</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>M02 - Advisory services, farm management and farm relief services</td>
<td>Forestry: % of forest area under management improving soil management and/or preventing soil erosion (ha) NO DATA</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>M04 - Investments in physical assets</td>
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<tr>
<td></td>
<td></td>
<td>M08 - Investments in forest area development and improvement of the viability of forests</td>
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<tr>
<td></td>
<td></td>
<td>M10 - Agri-environment-climate</td>
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<td></td>
<td>M11 - Organic farming</td>
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<tr>
<td></td>
<td></td>
<td>M15 - Forest environmental and climate services and forest conservation</td>
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<tr>
<td></td>
<td></td>
<td>M16 - Co-operation</td>
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<tr>
<td></td>
<td>4c. Preventing soil erosion and improving soil management</td>
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</tbody>
</table>

25 The data is not available in Eurostat, the source from which the context data is being drawn. Welsh Gov are aware of this issues and will be discussing it with the EC.

Version: FINAL

Website: [http://wefo.wales.gov.uk](http://wefo.wales.gov.uk) | E-mail: [enquiries-wefo@wales.gsi.gov.uk](mailto:enquiries-wefo@wales.gsi.gov.uk) | Tel: 0845 010 3355
## Priority: 5 Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors

### 5a. Increasing efficiency in water use by agriculture

- **Measure**:
  - M01 - Knowledge transfer and information action
  - M02 - Advisory services, farm management and farm relief services
  - M04 - Investments in physical assets
  - M16 - Co-operation

- **Performance indicators / outputs**:
  - % of irrigated land switching to more efficient water use (through investments supported by RDP): 0%
  - Nr of participants in training: 20
  - Nr of beneficiaries advised: 28

- **Total public expenditure (€)**: € 126,000 (0.01%)  

### 5b. Increasing efficiency in energy use in agriculture and food processing

- **Measure**:
  - M01 - Knowledge transfer and information action
  - M02 - Advisory services, farm management and farm relief services
  - M04 - Investments in physical assets
  - M16 - Co-operation

- **Performance indicators / outputs**:
  - Total investment in energy savings and efficiency (€): 0
  - Number of participants in training: 64
  - Number of beneficiaries advised: 98

- **Total public expenditure (€)**: € 480,333 (0.04%)  

### 5c. Facilitating the supply

- **Measure**: M01 - Knowledge transfer and information action

- **Performance indicators / outputs**:
  - Total investment in renewable

- **Total public expenditure (€)**: € 19,708,409
<table>
<thead>
<tr>
<th>Priority</th>
<th>Focus area</th>
<th>Measure</th>
<th>Performance indicators / outputs</th>
<th>Total public expenditure (€)</th>
</tr>
</thead>
</table>
|         | and use of renewable sources of energy, of by-products, wastes, residues and of other non-food raw material for purposes of the bio-economy | information action  
M02 - Advisory services, farm management and farm relief services  
M04 - Investments in physical assets  
M08 - Investments in forest area development and improvement of the viability of forests  
M16 - Co-operation | energy production\(^{26}\): € 24,197  
Nr of operations supported for investment: 150  
Nr of operations for investments in forestry technology and primary processing/marketing: 250  
Nr participants in training: 68  
Nr beneficiaries advised: 98 | (1.8%) |
|         | 5d. Reducing green-house gas and ammonia emissions from agriculture       | M01 - Knowledge transfer and information action  
M02 - Advisory services, farm management and farm relief services  
M04 - Investments in physical assets | % of LU concerned by investments in livestock management in view of reducing GHG and/or ammonia emissions: 0%  
% of agricultural land under management contracts targeting | € 6,148,000 (0.5%) |

\(^{26}\) Public + private
<table>
<thead>
<tr>
<th>Priority</th>
<th>Focus area</th>
<th>Measure</th>
<th>Performance indicators / outputs</th>
<th>Total public expenditure (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5e. Fostering carbon conservation and sequestration in agriculture and forestry</td>
<td>M01 - Knowledge transfer and information action</td>
<td>% of agricultural and forest land under management to foster carbon sequestration/conservation: 0%</td>
<td>€ 37,941,609 (3.4%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M02 - Advisory services, farm management and farm relief services</td>
<td>Nr of operations (investments improving resilience and value of forest ecosystems): 625</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>M04 - Investments in physical assets</td>
<td>Nr of operations of support for non-productive investment: 800</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>M08 - Investments in forest area development and improvement of the viability of forests</td>
<td>Nr of participants in trainings: 64</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>M16 - Co-operation</td>
<td>Nr of beneficiaries advised: 56</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6 Promoting social</td>
<td>M01 - Knowledge transfer and information action</td>
<td>Nr of jobs created through</td>
<td>€ 19,969,179</td>
</tr>
<tr>
<td></td>
<td>6a. Facilitating diversification, creation and</td>
<td></td>
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<tr>
<td>Priority</td>
<td>Focus area</td>
<td>Measure</td>
<td>Performance indicators / outputs</td>
<td>Total public expenditure (€)</td>
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</tbody>
</table>
| inclusion, poverty reduction and economic development in rural areas | development of small enterprises, as well as job creation | M02 - Advisory services, farm management and farm relief services  
M06 - Farm and business development  
M08 - Investments in forest area development and improvement of the viability of forests  
M16 - Co-operation | supported projects: 322  
Nr of beneficiaries (holdings) receiving start up aid/support for investment in non-agri activities in rural areas: 5,687  
Nr of operations for investments in forestry technology and primary processing/marketing: 44 | (1.8%) |
| 6b. Fostering local development in rural areas | M01 - Knowledge transfer and information action  
M02 - Advisory services, farm management and farm relief services  
M07 - Basic services and village | Rural pop. covered by 2020: 140,000 (154%)²⁷  
Nr of jobs created: 100  
Support for drawing up of village development and N2000/HNV area management plans: 100 | € 125,253,501 (11.2%) |

²⁷ Our understanding is that this anomaly is caused by differences in the definition of ‘rural Wales’ at a Wales and EU level. The target is set using Wales data whilst the base is taken from Eurostat. The Welsh Gov is aware of this issue and will be discussing it with the EC.
<table>
<thead>
<tr>
<th>Priority</th>
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<th>Performance indicators / outputs</th>
<th>Total public expenditure (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>renewal in rural areas</td>
<td>M16 - Co-operation</td>
<td>Support for investments in small scale infrastructure, incl. renewable energy infrastructure: 300</td>
<td></td>
</tr>
<tr>
<td></td>
<td>renewal in rural areas</td>
<td>M19 - Support for LEADER</td>
<td>Support for investments in local basic services for the rural population: 200</td>
<td></td>
</tr>
<tr>
<td></td>
<td>renewal in rural areas</td>
<td></td>
<td>Support for investments in recreational/tourist infrastructure: 600</td>
<td></td>
</tr>
<tr>
<td></td>
<td>renewal in rural areas</td>
<td></td>
<td>Support for studies/investments in rural cultural and natural heritage, incl HNV sites: 600</td>
<td></td>
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<tr>
<td></td>
<td>renewal in rural areas</td>
<td></td>
<td>Support for investments in relocation of activities for environmental/quality of life reasons: 100</td>
<td></td>
</tr>
<tr>
<td></td>
<td>renewal in rural areas</td>
<td></td>
<td>LAGs selected: 18</td>
<td></td>
</tr>
<tr>
<td>Priority</td>
<td>Focus area</td>
<td>Measure</td>
<td>Performance indicators / outputs</td>
<td>Total public expenditure (€)</td>
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</tbody>
</table>
|          | 6c. Enhancing accessibility, use and quality of information and communication technologies (ICT) in rural areas | M01 - Knowledge transfer and information action  
M02 - Advisory services, farm management and farm relief services  
M07 - Basic services and village renewal in rural areas  
M16 - Co-operation | % of rural population benefiting from new or improved IT infrastructures: 55% (50,000)  
Nr of operations for investments in broadband infrastructure and access to broadband, incl e-government services: 2,000  
Nr of participants in trainings: 400 | € 4,504,000 (0.4%) |

*Source: analysis of the draft OP by the ex-ante evaluation team*
Appendix 2: Outline description of the proposed measures

M01 - Knowledge transfer and information (KTI) action (Article 14)
KTI actions will be targeted at those businesses and persons engaged in the agricultural, food & forestry sectors. Activities will contribute to increasing the links between agriculture, food industry, forestry and research through ensuring timely transfer of knowledge and research results to the ground and facilitating two way communication of needs to and from the research community.

M02 - Advisory services, farm management and farm relief services (Article 15)
A main objective will be to increase the profitability of SME businesses engaged in the agriculture, forestry and food sectors operating in rural areas. Focusing predominantly on farm and forest holders, it is intended to deliver a more professional, profitable, diverse and resilient land based sector, supporting improved competitiveness and the adjustment away from reliance on CAP payments.

M04 - Investments in physical assets (Article 17)
The proposal is to develop a flexible investment scheme providing grants, loans and other finance required for agriculture/food/forestry purposes including processing and marketing and non-agricultural diversification. The scope of investments will include agricultural buildings; processing, marketing and/or development of agricultural products; infrastructure linked to the modernisation or adaptation of agriculture or forestry; and the achievement of agri-environment-climate objectives.

M06 - Farm and business development (Article 19)
This measure provides support for the creation and development of new viable economic activities such as new farms run by young people, new businesses and new entrants as well as investments in non-agricultural activities. Eligible expenditure would include the purchase of stock, appropriate pasture rejuvenation,
farm infrastructure and operating machinery and other equipment as identified in the strategic business development plan.

M07 - Basic services and village renewal in rural areas (Article 20)
This measure aims to improve the underlying economic circumstances of businesses and communities in rural Wales by promoting jobs and growth, preventing poverty and mitigating its impact. Options will include: drawing up village development plans to build resilience and sustainability and to address locally identified needs; investing in small-scale infrastructure including renewable energy; investing in local basic services based on community-led models; investing in small-scale recreational or tourist infrastructure; investing in relocating activities for environmental/quality of life reasons; community-based rural transport; investment in ICT; studies or investments in cultural and natural heritage.

M08 - Investments in forest area development and improvement of the viability of forests (Articles 21-26)
This measure includes a range of options that aim to increase the amount of woodland and to maximise its resilience and its ability to deliver a range of ecosystem services. These include: woodland creation; woodland management (including for biodiversity, water management, soil protection and carbon sequestration); woodland economy (including access provision and thinning); restoration of woodlands damaged by disease, storm or fire; monitoring and taking preventative measures; and habitat restoration including peat habitats.

M10 - Agri-environment climate (Article 28)
This measure aims to promote farm and farm woodland practices that will increase the quantity and quality of biodiversity, will improve the quality of water and soils, and will reinforce the character of the rural landscape. It also aims to conserve farm genetic stock and to use it sustainably, as well as to reduce greenhouse gas and ammonia emissions and optimise carbon sequestration.
M11 - Organic farming (Article 29)
This measure supports existing organic enterprises and aims to promote the conversion to organic farming practices.

M15 - Forest environmental and climate services and forest conservation (Article 34)
This measure includes action to compensate landowners in line with requests to not replant certain woodlands in order to reduce tree canopy in order to avoid airborne pollutant scavenging and the resultant increase in acidification of waters. Similar compensatory measures will be introduced where woodland is being restored to peatland. This measure will be introduced in 2016 if necessary in response to completed pilots and guidance.

M16 - Co-operation (Article 35)
This measure sets out to support land managers and operators to achieve better outcomes through working co-operatively. Such outcomes include: increasing SME profitability; improved soil management in order to conserve carbon and reduce erosion; reducing water run-off and improving water quality; managing water flow to reduce flood risks; conserve and enhance biodiversity at landscape scales; protect historic and cultural landscapes; decrease reliance on carbon-based fuels; manage woodlands in a wider context through collaborative natural resource planning.
Priority areas may include: technical solutions to increasing productivity or resource efficiency, maximising sustainable use of ecosystem services, soil functionality and water management, integrated supply chain solutions, benchmarking and managerial innovation for producers, or development of new food quality and livestock health care schemes.

M19 - Support for LEADER local development (CLLD – community-led local development) (Article 42-44)
LEADER will be designed primarily to draw together communities, stimulate and build the capacity of those communities and challenge them to produce change. In some cases, LEADER can provide funding direct for projects, such as those of a
pilot nature, and in others signposting to appropriate funding can be provided. The following thematic areas of activity are proposed:

- reinforcing and adding value to local identity and cultural resources; supporting business partnerships and short supply chains;
- exploring novel approaches to providing non-statutory local services;
- community-based renewables; and
- exploitation of digital technology.
Appendix 3: Needs identified within the draft OP

1. Better resilience in farming and forestry sector to climate change, disease outbreak and extreme weather events
2. Climate change adaptation, building greater resilience into farm and forest businesses
3. Continuous professional development in the farming and forestry sectors
4. Fostering better linkages between research bodies and practitioners to apply research and further innovation
5. Funding creation and development of micro and small rural businesses, supporting diversification of the rural economy
6. Greater co-operation, co-ordination of rural businesses to address issues of fragmentation
7. Greenhouse Gas mitigation through woodland creation and better woodland management to promote carbon storage and sequestration
8. ICT information actions for rural businesses & communities to increase competitiveness & overcome isolation
9. Improved access to key basic services for rural communities
10. Improved business management practice
11. Improved market development including local markets, food tourism and public sector supply chains
12. Improved mobility and increased inter-generational change in the agricultural industry
13. Improved supply chain cooperation & integration aiding efficiency, reducing waste and cost of distribution
14. Improved water management to improve water quality, reduce surface run-offs and flood risks
15. Innovation in farming, forestry and food sectors
16. Investment in ICT infrastructure in rural areas to complement ERDF intervention
17. Knowledge transfer and advice to improve efficiency, profitability, market orientation and competitiveness of businesses
18. Landscape scale action towards conserving and enhancing Wales's native wildlife & biodiversity
19. Managing and protecting landscape and the historic environment while improving access
20. Managing soils to help conserve our carbon stocks and reduce soil erosion
21. Promoting continuous knowledge uptake, particularly for the younger generation.
22. Reducing Carbon and Green House Gas emissions from the land based sector
23. Support to increase processing capacity and efficiency in rural areas
24. Sustainable production, modernisation and diversification of land based businesses
25. Transport solutions to address fuel poverty, isolation, access to employment and training opportunities.