

# Land Use Policy Group

*The GB statutory  
conservation, countryside  
and environment agencies*

## **Recommendations for Forestry Measures in UK Rural Development Programmes for 2007-2013**



**Authors:**

**IEEP; Vicki Swales, Clunie Keenleyside, Martin Farmer**

[www.lupg.org.uk](http://www.lupg.org.uk)



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To contact the IEEP:  
Institute for European Environmental Policy  
28 Queen Anne's Gate  
London SW1H 9AB  
UK

## **The Land Use Policy Group**

The Land Use Policy Group (LUPG) of the GB statutory nature conservation, countryside and environment agencies comprises the Countryside Agency, Countryside Council for Wales, English Nature, Environment Agency, Joint Nature Conservation Committee and Scottish Natural Heritage. The LUPG aims to advise on policy matters of common concern related to agriculture, woodlands and other rural land uses. It seeks to improve understanding of the pros and cons of policy mechanisms related to land use, particularly farming and forestry; to develop a common view of desirable reforms to existing policies; and to promote these views. [www.lupg.org.uk](http://www.lupg.org.uk)

## **The Countryside Agency**

The Countryside Agency (CA) is the statutory body working to conserve and enhance England's countryside, spread social and economic opportunity for the people who live there, help everyone, wherever they live and whatever their background to enjoy the countryside and share this priceless asset. The Landscape, Access and Recreation (LAR) division was established from 1 April 2005 as one of two distinctive new divisions (the other is the Commission for Rural Communities). The LAR division is concerned with protecting our landscape for now and future generations whilst also encouraging respect and enjoyment of our beautiful countryside.

<http://www.countryside.gov.uk/LAR/index.asp>

## **Countryside Council for Wales**

Countryside Council for Wales (CCW) is the government's statutory adviser on sustaining natural beauty, wildlife and the opportunities for outdoor enjoyment throughout Wales and its inshore waters. With English Nature and Scottish Natural Heritage, CCW delivers its statutory responsibilities for Great Britain as a whole, and internationally, through the Joint Nature Conservation Committee. [www.ccw.gov.uk](http://www.ccw.gov.uk)

## **English Nature**

English Nature is the government agency that champions the conservation of wildlife and geology throughout England. It does this by: advising government, other agencies, communities and individuals; regulating activities affecting the special nature conservation sites in England; helping others to manage land for nature conservation and advocating nature conservation for all and biodiversity as a key test of sustainable development.

[www.english-nature.org.uk](http://www.english-nature.org.uk)

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[www.snh.org.uk](http://www.snh.org.uk)

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[www.environment-agency.gov.uk](http://www.environment-agency.gov.uk)

## **Rural Development Service**

The Rural Development Service (RDS) is the largest deliverer of England Rural Development Programme (ERDP) grant schemes for land managers and rural businesses and also delivers a range of other rural services. Around 1500 staff work in multi-skilled teams in eight regions in order to provide a face-to-face service for our customers. RDS also provides an effective link to the development of national and regional policy.

We work with rural partners and local people to achieve sustainable development by:

- enhancing the environment
- improving the conservation of wildlife and biodiversity
- strengthening rural economies and communities.

[www.defra.gov.uk/rds/default.asp](http://www.defra.gov.uk/rds/default.asp)

## *Joint Nature Conservation Committee*

The Joint Nature Conservation Committee (JNCC) is the forum through which the three country conservation agencies – CCW, English Nature and SNH – deliver their statutory responsibilities for Great Britain as a whole, and internationally. These responsibilities contribute to sustaining and enriching biological diversity, enhancing geological features and sustaining natural systems. As well as a source of advice and knowledge for the public, JNCC is the Government's wildlife adviser, providing guidance on the development of policies for, or affecting, nature conservation in the UK or internationally. [www.jncc.gov.uk](http://www.jncc.gov.uk)

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To contact the LUPG:

*Address:*

LUPG Support Officer  
Joint Nature Conservation Committee  
Monkstone House  
City Road  
Peterborough  
PE1 1JY  
UK

**Email:** [lupg@JNCC.gov.uk](mailto:lupg@JNCC.gov.uk)

**Website:** [www.lupg.org.uk](http://www.lupg.org.uk)

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## **Executive Summary**

### **Introduction**

EAFRD, the 'new Rural Development Regulation', has significantly more forest related policy provisions than its predecessors, and in September 2005 the WPG<sup>1</sup> tasked IEEP to explore the potential for applying these in the UK. This study examines the opportunities for using these measures to deliver Government and LUPG objectives in the 2007-13 Plan period and beyond. The research has taken into account land use changes that may arise from the implementation of the 2003 CAP reforms and other factors affecting woodland management. The analysis and conclusions were refined and developed during discussions with stakeholders at workshops in Cardiff, Edinburgh and London.

### **Forestry policy at European level**

Europe's forests cover 35% of EU-25 territory and more than two thirds are semi-natural habitats. Private owners, who manage 60% of the forests, have difficulty competing with low-cost wood-producers outside the EU, while timber revenues do not reflect the value of their forests' environmental and social services.

In marked contrast to its role in agricultural policy, the EU has not been a major player in the development of forestry policy in Europe, which is driven by international conventions on biodiversity and climate change, and by declarations and resolutions of the Ministerial Conference on the Protection of Forests in Europe (MCPFE) which commit all Member States to national strategies for sustainable forest management.

The 1998 EU Forestry Strategy supports Member States in delivering these international commitments and justifies the use of rural development funds for the purpose. The explicit, mandatory link between EU environmental policy and EAFRD effectively precludes EU co-financed support for planting or managing woodland solely for the purpose of timber production.

### **UK Forestry Policy**

Forestry policy is devolved in the UK, and the national forestry strategies for England, Scotland and Wales that were prepared more or less in parallel with the RDR are now being updated. The strategies all emphasise, to varying degrees, the contribution of forests to rural economies, biodiversity conservation, public access and recreation. The recent reviews pay more attention to the roles of woodland in mitigating climate change and in community development. Wales and Scotland both base their forestry strategies on the principle of sustainable development while Northern Ireland, with a much lower proportion of woodland than the rest of the UK, has targets for the sustainable expansion of woodland.

The UK implemented a relatively narrow range of forestry measures under the RDR and simply transferring these into the new programming period for 2007-2013 would miss out on considerable opportunities for forestry and forest related activities.

Other EU countries have made wider use of the existing RDR forestry measures, including support for processing and marketing in France, wood as an energy source in Germany, agro-forestry in Finland and sustainable water management in Spain.

### **Forestry and Woodland Measures in EAFRD**

Contributing to the delivery of EU environmental policy is now the main justification for using EAFRD support for tree planting and woodland management, while the development of

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<sup>1</sup> the Woodland Policy Group (WPG), part of the Land Use Policy Group (LUPG) of the GB statutory conservation, countryside and environment agencies

new products and services and innovation in the sector is a major justification for economic and community measures.

EAFRD introduces a new mechanism for ensuring that Member States target rural development funding at EU priorities. Member States must define a national rural development strategy, in line with EC Strategic Guidelines, before preparing their programmes. For the forestry and woodland sector the most important part of these Guidelines is the emphasis on:

- the role of forestry in combating climate change and providing renewable energy;
- using Axis 2 measures to integrate the three EU priority areas of biodiversity, water and climate change, and to contribute to the implementation of the Natura 2000 network, the commitment to reverse biodiversity decline by 2010, the Water Framework Directive objectives and to the Kyoto Protocol targets for climate change mitigation. Specific reference is made to the preservation and development of high nature value farming and forestry systems and traditional agricultural landscapes;
- the role of Leader in mobilising the endogenous development potential<sup>2</sup> of rural areas, promoting public-private partnerships and promoting co-operation and innovation;
- ensuring that synergies between the axes are maximised and conflicts avoided.

The scope of measures in EAFRD is much wider than in the current RDR, with a 'menu' of 37 measures (plus any extra developed under Leader). The measures most relevant to forestry are found across all four axes:

**Axis 1** (which must be allocated between 10% and 60% of the EAFRD contribution to the programme) offers support for vocational training, advisory services and investment in forests plus support for 'tangible and intangible' investments in improving the overall performance of the enterprise, in processing and marketing of woodland products and in the development of new products, processes and technologies; there is also support for co-operatives. It is noticeable that Axis 1 refers to woodland products rather than to timber production and there is a strong emphasis on innovation, co-operation, and new products and processes.

**Axis 2** (which must be allocated between 25% and 75% of the EAFRD contribution to the programme) offers a comprehensive suite of measures for supporting environmental woodland management. These include planting on farmland and elsewhere (taking account of environmental need such as protection from erosion or mitigating climate change); annual management payments for the ongoing environmental management of woodlands; and capital grants both for environmental management and enhancing 'public amenity'. This puts support for woodland management more or less on a par with that for environmental management of farmland. Pillar 1 cross-compliance conditions are applied for the first time to some woodland support measures.

**Axis 3** (which must be allocated between 10% and 60% of the EAFRD contribution to the programme) offers an opportunity for the woodland sector to build upon the innovative woodland enterprises already tested in Leader and Objective 1 schemes throughout the UK. It provides a wide range of support for rural businesses and communities covering business development, environmental enhancement, public access, recreation and tourism - all of which may be delivered through a 'bottom up' local development strategy, similar to but separate from Leader. All of these measures could help diversification of the woodland sector.

**Axis 4** (which must be allocated between 5% and 55% of the EAFRD contribution to the programme) allows the Leader approach (of local development strategies and co-operative projects implemented by public-private partnerships) to be used anywhere in a Member State to achieve the objectives of one or more of the other three EAFRD axes. The Leader axis offers the opportunity for innovative woodland support and is the best option for close

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<sup>2</sup> using local resources to create growth and jobs

integration of measures from different axes - for example investment in wood processing, woodland management and tourist accommodation within a single scheme.

### **Conclusions and Recommendations**

The conclusions and recommendations cover effective use of the budget, the policy justification for woodland support, targeting and delivery of integrated agricultural and forestry support, adding value to sustainable woodland products and services, capacity building, and research, innovation and sharing best practice. The recommendations are summarised here and presented in full in Section 9.

#### ***Making effective use of a limited EAFRD budget***

The EAFRD budget is constrained by the 2007-13 Financial Perspective. The UK share is unlikely to cover current expenditure plans without significant top-up from state aids and/or voluntary modulation (compulsory EU modulation at 5% will apply from 2007, and further voluntary modulation will be permitted up to a maximum of 20%). Although the EAFRD budget might at first be seen as a major constraint on using the forestry measures in this may not necessarily be the case. The Commission requires the 2007-13 RDPs to demonstrate how land management measures will deliver EU environmental priorities, and the Treasury will be concerned that these and other public benefits are delivered in a cost-effective way. Woodlands have considerable potential to do both. Recommendations include:

- EAFRD forestry support should deliver defined outcomes of sustainable forest management; respect the basic principle that action under one axis should not damage interests under another; and should achieve multiple objectives wherever possible;
- a review should be undertaken of the most cost-effective options for encouraging farmers to establish natural woodland regeneration and extensively managed agro-forestry systems on existing farmland;
- extra funding provided by modulation should be allocated to the axes and measures likely to deliver greatest environmental and other public benefits;
- the growth of new markets for woodland products should be encouraged by Axis 1 pump-priming support for developing new products, processes and technologies and setting up co-operatives along the supply chain;
- the potential of the Leader axis to draw on other sources of public and private funding should be used to the full for EAFRD woodland and forestry measures.

#### ***Policy justification for EAFRD forest related support***

All EAFRD spending will have to be justified by its contribution to delivery of Government policies; RDR support for forestry already targets biodiversity and landscape objectives, but not the new environmental priorities of climate change or the diffuse pollution of rivers and estuaries that must be addressed under the Water Framework Directive. The following recommendations are aimed at the 'policy underpinning' of EAFRD woodland measures.

National forestry strategies should:

- define and quantify targets for trees and woodlands to deliver key environmental priorities for: the Birds and Habitats Directives; halting biodiversity loss; mitigating climate change (as a carbon sink, a source of renewable energy and of solid wood products substituting for other materials); catchment scale management to reduce diffuse pollution from agriculture, protect vulnerable soils mitigate flooding; and the UK commitments under the MCPFE Declarations;
- describe the role of trees and woodlands in delivering community benefits and the public health agenda.

The four EAFRD rural development strategies for the UK should:

- address the potential of existing and new woodland to deliver the Governments' environmental, social and economic objectives, in addition to the EU level objectives defined in the Regulation and the Strategic Guidelines;



- make clear that targeting of support (and associated environmental conditions) will be no less rigorous for forestry than for other rural actors, including farmers;
- recognise the value of the Leader approach for piloting innovative woodland projects.

### ***Effective targeting of EAFRD forestry and woodland measures and funds***

Sophisticated mechanisms have been developed in the UK for targeting and assessing agri-environment schemes, partly in response to the need to achieve environmental value for money within limited budgets. The same approach could usefully be applied to EAFRD support for woodland planting and management, also taking advantage of the new opportunities to address regional priorities and regional delivery needs. Recommendations include:

- Government targets and local priorities (defined in regional forestry frameworks) should be reflected in the choice of EAFRD woodland and forestry measures and in their payment rates, eligibility criteria and environmental conditions;
- regional targets and performance indicators for the environmental impacts of trees and woodland should be devised, building on the UK's existing suite of Indicators of Sustainable Forestry, and similar targets and indicators should be developed for the social and economic benefits of forestry. Both sets of targets and indicators should be used to measure the impact of EAFRD;
- EAFRD national strategies and scheme guidelines should identify the locations, geographical zones and types of planting to be supported by EAFRD to meet specific environmental, social and economic targets and objectives. Clear guidance should be provided for planting on agricultural and non-agricultural land, agro-forestry and SRC;
- a woodland 'public benefit' scoring system, adapted from those already used in the EWGS and many agri-environment schemes, should be used for preparing woodland management plans; assessing and ranking all applications for planting and management grants, forest-environment and agro-forestry payments; and for setting annual payments and rates of grant that reflect the level and scope of public benefit each scheme is expected to achieve;
- all woodland grant and forest-environment schemes should offer incentives and facilitation for joint applications where this would provide extra benefits for the environment, for public use of the woodlands or for the development of a network of local businesses to supply and process woodland products.

### ***Delivering integrated forestry and agricultural measures under EAFRD***

Forestry support under the CAP has moved from being an alternative use for land taken out of agricultural production, in the 1992 reforms, to a means of delivering EU environmental objectives which has parity with agriculture in all three axes of EAFRD. In future the distinction between 'farmers' and 'foresters' is likely to become less and less clear, and this change from two distinct sectors towards one, diverse group of rural land managers should be reflected in the delivery of Government advice and EAFRD support. Recommendations include:

- consider replacing the separate agri-environment and woodland grant schemes with single, menu based environmental land management schemes;
- environmental conditions attached to annual management payments or capital grants should, as far as possible, be similar for farmland and woodland whilst taking account of the different characteristics of the two land uses;
- scheme design, implementation and pricing should draw on existing best practice and experience of pilot schemes, and recognise that woodland owners have to bear the transaction costs of EAFRD schemes;
- existing trees and woodland on the farm should be offered a basic level of protection through effective cross-compliance with Good Agricultural and Environmental Condition (GAEC) or 'entry level' agri-environment schemes;

- the UK Forestry Standard should apply to all EAFRD funded woodland planting and management;
- short rotation coppice (SRC) and agro-forestry should meet similar requirements for sustainable management as other woodland and should be brought fully within the scope of the UK Forestry Standard and the EIA Regulations;
- GAEC definitions and Single Payment Scheme (SPS) rules should be clarified, and farmers made aware of any options for beneficial scrub development or controlled grazing of existing woodland on land eligible for SPS.

#### ***Adding value to sustainable woodland products and services***

The economic sustainability of UK woodlands will depend on providing new products and services in a domestic or local marketplace, but current woodland grant schemes offer little support for adding value to woodland products. Recommendations include:

- stimulating the market for wood fuel and other woodland products and services, including recreation and tourism, through grants for: adding value to forestry products; setting up co-operatives between producers, processors and third parties; setting up and developing micro-enterprises; tourism development; conserving and upgrading the rural heritage; and for farmers and their families to diversify into non-agricultural activities. The Leader approach could deliver these economic measures alongside woodland management payments, and also encourage innovation;
- stimulating the provision of public access to private woodlands through conditions attached to woodland management payments.

#### ***Capacity building in the woodland sector***

If the woodlands of the UK are to deliver environmental and social priorities and new sources of income for their owners, it will be necessary to invest in the management and technical capacity of woodland managers. Recommendations include:

- advice on new environmental priorities for woodland planting and management, and on the development and marketing of woodland products, should be widely available and be integrated with similar advice offered to farmers;
- woodland owners and managers should have better access to R&D findings, business support and training opportunities.

#### ***Research, innovation and sharing best practice***

Research needs will change as the sector adapts to new influences, particularly that of climate change, and as new woodland products and processes are developed. Given the new demands on woodlands, it is particularly important that support for innovation continues. It will be a considerable challenge to keep the flexible, innovative characteristics of the Leader approach and use it to deliver support from all three axes of EAFRD in response to local needs and opportunities. Recommendations include:

- review research priorities for using trees to meet EAFRD strategic priorities, including agro-forestry systems appropriate for land which qualifies for SPS; the environmental impacts of SRC; woods and flood prevention; trees in managed rural landscapes; the interface between rural land use change and trees; and land restoration, including the redevelopment of underused or contaminated land;
- share experience and best practice on EAFRD forestry and woodland measures through the new European and national networks for rural development;
- provide EAFRD support for landowners, contractors, processors and end users to set up and use information networks and advisory services, with links to networks in other EU countries with wider experience of developing and manufacturing innovative woodland products.

## **Crynodeb Weithredol**

### **Cyflwyniad**

Mae 'r 'EAFRD', sef y 'Rheoliad Datblygiad Gwledig' (RDG) newydd, yn cynnwys llawer mwy o ddarpariaethau polisi ar gyfer coedwigaeth na'r mesurau hynny a'i rhagflaenodd. Ym mis Medi 2005 gofynnodd yr WPG<sup>3</sup> i'r IEEP ymchwilio i'r potensial ar gyfer defnyddio'r rhain yn y DU. Mae'r astudiaeth hon felly yn archwilio'r cyfleoedd sydd ar gael i ddefnyddio'r mesurau hyn i wireddu amcanion y llywodraeth a'r LUPG yn ystod cyfnod y Cynllun 2007-13, a thu hwnt i hynny hefyd. Mae'r ymchwil wedi ystyried y newidiadau mewn defnydd tir a allai ddigwydd o ganlyniad i weithredu'r mesurau i ddiwygio'r Polisi Amaethyddol Cyffredin ('CAP') a ffactorau eraill sy'n effeithio ar reolaeth coedwigoedd. Cafodd y dadansoddiad a'r casgliadau eu datblygu a'u cywreinio yn ystod trafodaethau gyda budd-ddalwyr mewn gweithdai yng Nghaerdydd, Caeredin a Llundain.

### **Polisi Coedwigaeth ar lefel Ewropeaidd**

Mae fforestydd Ewrop yn gorchuddio 35% o diriogaeth EU-25 ac mae mwy na dwy ran o dair o'r arwynebedd coediog hwn yn gynefinoedd lled-naturiol. Mae perchnogion preifat, sy'n rheoli 60% o'r coedwigoedd, yn ei chael hi'n anodd i gystadlu gyda'r cynhyrchwyr cost-isel y tu allan i'r UE, ac nid yw'r incwm a ddaw o werthu'r pren yn adlewyrchu gwerth amgylcheddol a chymdeithasol y fforestydd.

Mewn gwrthgyferbyniad a'i rôl mewn perthynas â pholisi amaethyddol, nid yw'r UE wedi bod yn chwaraewr mawr yn natblygiad polisi coedwigaeth yn Ewrop. Yr hyn sy'n gyrru polisi coedwigaeth yn Ewrop yw'r cytundebau rhyngwladol ar fioamrywiaeth a newid hinsawdd, a datganiadau a phenderfyniadau Cynhadledd y Gweinidogion ar Warchod Fforestydd yn Ewrop ('MCPFE') - sy'n ymrwymo'r holl Aelod-Daleithiau at strategaethau cenedlaethol ar gyfer rheoli coedwigoedd yn gynaliadwy.

Mae Strategaeth Coedwigaeth 1998 yr UE yn cefnogi'r Aelod-Daleithiau i wireddu'r ymrwymadau rhyngwladol hyn ac mae'n cyfiawnhau defnyddio cyllid datblygiad gwledig at y diben hwn. Mae'r cyswllt penodol a gorfodol rhwng polisi amgylcheddol yr UE a'r EARDF yn ei gwneud yn ymarferol amhosib i ddefnyddio cefnogaeth cyd-gyllido'r UE ar gyfer plannu neu reoli coedwigoedd er mwyn cynhyrchu pren yn unig.

### **Polisi Coedwigaeth y DU**

Mae polisi coedwigaeth wedi datganoli yn y DU. Paratowyd strategaethau coedwigaeth cenedlaethol ar gyfer Lloegr, yr Alban a Chymru ochr yn ochr, mwy neu lai, gyda'r RDG ac ar hyn o bryd maen nhw wrthi'n cael eu diweddarau. Mae'r strategaethau hyn i gyd yn pwysleisio, i wahanol raddau, y cyfraniad mae fforestydd yn ei wneud i'r economi wledig, i warchod biamrywiaeth ac i fynediad cyhoeddus a hamdden. Mae'r adolygiadau diweddar yn talu mwy o sylw i'r ffordd y mae coedwigoedd yn helpu lliniaru effeithiau newid hinsawdd ac yn cyfrannu at ddatblygiad cymunedol. Mae Cymru a Lloegr yn seilio eu strategaethau coedwigaeth ar egwyddor datblygiad cynaliadwy tra bod gan Ogledd Iwerddon, sydd â chyfran llawer llai o goetir na gweddill y DU, dargedau ar gyfer ehangu coedwigoedd mewn ffordd gynaliadwy.

Dim ond ystod gweddol gyfyng o fesurau coedwigaeth y llwyddodd y DU eu gweithredu o dan y Rheoliad Datblygiad Gwledig (RDG). Fe fyddem yn colli cyfle mawr ar gyfer

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<sup>3</sup> Y Grŵp Polisi ar Goetiroedd ('Woodland Policy Group' neu 'WPG'), sy'n rhan o'r Grŵp Polisi Defnydd Tir ('Land Use Policy Group' neu 'LUPG') sy'n perthyn i asiantaethau statudol Prydain ym maes cadwraeth, cefn gwlad a'r amgylchedd

coedwigaeth, a gweithgareddau sy'n gysylltiedig â choedwigoedd, pe bydden ni ond yn trosglwyddo'r rhain i gael eu gweithredu yn ystod cyfnod newydd y rhaglen rhwng 2007 a 2013. Mae gwledydd eraill yr UE wedi gwneud defnydd ehangach o'r mesurau coedwigaeth RDG presennol. Er enghraifft, maen nhw wedi cael eu defnyddio i gefnogi prosesu a marchnata yn Ffrainc, cefnogi pren fel ffynhonnell o ynni yn yr Almaen, amaeth-goedwigaeth yn y Ffindir a rheolaeth gynaliadwy o ddŵr yn Sbaen.

### **Mesurau Coedwigaeth a Choedwigoedd yn yr EAFRD**

Cyfrannu at weithredu polisi Amgylcheddol yr UE yw'r cyfiawnhad pennaf ar hyn o bryd dros ddefnyddio cefnogaeth EARDF ar gyfer plannu coed a rheoli coedwigoedd. Mae datblygiad cynnyrch a gwasanaethau newydd, ynghyd â'r angen i arloesi o fewn y sector, yn gyfiawnhad cryf dros fesurau economaidd a chymunedol.

Mae EAFRD yn cyflwyno mecanwaith newydd i sicrhau bod Aelod-Daleithiau yn targedu cyllid datblygu gwledig fel eu bod yn cefnogi blaenoriaethau'r UE. Rhaid i'r Aelod-Daleithiau ddiffinio strategaeth genedlaethol ar gyfer datblygiad gwledig, yn unol â Chanllawiau Strategol y GE, cyn paratoi eu rhaglenni. Yng nghyswllt y sector Goedwigaeth a Choedwigoedd, yr elfen bwysicaf o'r Canllawiau hyn yw'r pwyslais ar:

- Cyfraniad coedwigoedd at y gwaith o daclo newid hinsawdd a darparu ynni adnewyddol;
- Y defnydd o Echel 2 i integreiddio tri maes sy'n flaenoriaeth i'r UE, sef bioamrywiaeth, dŵr a newid hinsawdd, i gyfrannu at weithredu'r rhwydwaith Natura 2000, i weithredu'r ymrwymiad i wrthdroi dirywiad yn ein Bioamrywiaeth erbyn 2010, gwireddu amcanion y Cyfarwyddyd Fframwaith ar gyfer Dŵr ac i gyfrannu at dargedau Cytundeb Kyoto ar gyfer lliniaru effeithiau newid hinsawdd. Cyfeirir yn benodol at warchod a datblygu tirluniau amaethyddol traddodiadol a systemau amaethu a choedwigaeth sydd o werth mawr i fyd natur.
- Rôl Leader yn sbarduno'r potensial datblygu sy'n tarddu oddi mewn i'r ardaloedd gwledig eu hunain <sup>4</sup>, gan hybu partneriaethau cyhoeddus-preifat a hybu arloesi a chydweithrediad.
- Sicrhau bod cymaint o blethu positif yn digwydd rhwng y gwahanol echelau a bod gwrthdaro yn cael ei leihau.

Mae posibiliadau'r mesurau yn yr EAFRD yn llawer ehangach nag y gwelir yn yr RDG presennol. Ceir 'dewislen' o 37 mesur (ynghyd ag unrhyw rai ychwanegol a ddatblygir gan Leader). Mae'r mesurau sy'n fwyaf perthnasol ar gyfer coedwigaeth i'w canfod o fewn y 4 echel:

**Echel 1** (rhaid i hwn dderbyn rhwng 10% a 60% o gyfraniad yr EAFRD at y rhaglen). Mae Echel 1 yn cynnig cefnogaeth ar gyfer hyfforddiant galwedigaethol, gwasanaethau ymgynghorol a buddsoddiad mewn coedwigoedd, ynghyd â chefnogaeth ar gyfer y buddsoddiadau 'gweladwy ac anweladwy' ym mherfformiad cyffredinol y fenter, mewn prosesu a marchnata cynnyrch coed ac mewn datblygu cynnyrch, prosesau a thechnoleg newydd. Mae cymorth ar gael hefyd ar gyfer mentrau cydweithredol. Mae'n werth nodi bod Echel 1 yn cyfeirio at gynnyrch coedwigaeth yn hytrach na chynhyrchu pren a bod pwyslais cryf ar arloesi, cydweithrediad a chynnyrch a phrosesau newydd.

**Echel 2** (rhaid i hwn dderbyn rhwng 25% a 75% o gyfraniad yr EAFRD at y rhaglen). Mae hwn yn cynnig ystod gynhwysfawr o fesurau i gefnogi rheolaeth amgylcheddol o goedwigoedd. Yn eu plith mae plannu ar dir fferm ac ar diroedd eraill (gan gymryd i ystyriaeth anghenion amgylcheddol fel gwarchod rhag erydiad neu liniaru effeithiau newid hinsawdd); taliadau rheolaeth blynyddol ar gyfer cario ymlaen i reoli coedwigoedd; a grantiau

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<sup>4</sup> Defnyddio adnoddau lleol i greu twf a swyddi

cyfalaf ar gyfer rheolaeth amgylcheddol a gwella 'mwyniant y cyhoedd'. Mae hyn yn golygu bod cefnogaeth ar gyfer rheoli coetir yn gyfartal, mwy neu lai, gyda'r gefnogaeth sydd ar gael ar gyfer rheoli tir fferm mewn ffordd amgylcheddol. Am y tro cyntaf erioed mae amodau traws-gydymffurfio yn cael eu gosod ar rai o'r mesurau sy'n cefnogi coetiroedd.

**Echel 3** (rhaid i hwn dderbyn rhwng 10% a 60% o gyfraniad yr EAFRD at y rhaglen). Mae hwn yn cynnig cyfle i'r sector goedwigaeth adeiladu ar y mentrau coedwigaeth blaengar sydd wedi cael eu harbrosi'n barod dan gynlluniau Leader ac Amcan 1 ar hyd a lled Prydain. Maen nhw'n cynnig amrywiaeth eang o gefnogaeth ar gyfer busnesau a chymunedau gwledig, gan gynnwys datblygiad busnes, gwelliannau amgylcheddol, mynediad i'r cyhoedd, hamdden a thwristiaeth. Gall y rhain i gyd gael eu gweithredu drwy strategaeth ddatblygu leol sydd wedi tarddu o anghenion ac ymdrechion lleol ac a fydd yn debyg, er yn wahanol, i Leader. Gallai'r holl fesurau hyn gyfrannu at greu amrywiaeth o fewn y sector goedwigaeth.

**Echel 3** (rhaid i hwn dderbyn rhwng 5% a 55% o gyfraniad yr EAFRD at y rhaglen). Mae hwn yn caniatáu i'r dull Leader o weithredu (strategaethau datblygu lleol a mentrau cydweithredol sy'n cael eu gweithredu gan bartneriaethau cyhoeddus-preifat) gael eu defnyddio mewn unrhyw le o fewn Aelod-Dalaith er mwyn cyflawni amcanion un neu ragor o'r tair echel EAFRD arall. Mae'r echel Leader yn cynnig cyfle ar gyfer cefnogi mentrau coedwigaeth blaengar a hwn yw'r opsiwn gorau ar gyfer integreiddio mesurau o'r echelau gwahanol o fewn un cynllun - fel, er enghraifft, buddsoddi mewn prosesu pren, rheolaeth coetir a darparu llety i ymwelwyr.

### **Casgliadau ac argymhellion**

Mae'r casgliadau a'r argymhellion yn cwmpasu defnydd effeithiol o'r gyllideb, cyfiawnhad polisi ar gyfer y gefnogaeth a roddir i goedwigoedd, targedu a gweithredu cefnogaeth integredig ar gyfer amaethyddiaeth a choedwigaeth, ychwanegu gwerth at gynnyrch a gwasanaethau coetir cynaliadwy, cynyddu gallu ac ymchwil, arloesi a rhannu ymarfer da. Mae'r argymhellion yn cael eu crynhoi yma ac yn cael eu cyflwyno yn llawn ym Mhenod 9.

### ***Gwneud defnydd effeithiol o gyllideb gyfyngedig yr EAFRD***

Mae'r Persbectif Ariannol 2007-13 yn cyfyngu ar gyllideb yr EAFRD. Nid yw'n edrych yn debyg y bydd cyfran y DU yn debygol o fod yn ddigon i gwrdd â chynlluniau gwariant presennol heb fod cyfraniadau ychwanegol arwyddocaol yn dod o gymorth gwladol a/neu gyfaddasiad gwirfoddol (bydd cyfaddasiad 5% gorfodol yr UE yn dod i rym yn 2007 a chaniateir cyfaddasiad gwirfoddol pellach i fyny at uchafswm o 20%). Er ei bod yn ymddangos, ar yr olwg gyntaf, bod cyllideb yr EAFRD yn cyfyngu'n fawr ar ddefnyddio'r mesurau coedwigaeth mae'n bosib mai nid fel hyn y bydd hi, mewn gwirionedd. Mae'r Comisiwn yn mynnu bod RDG 2007-13 yn dangos sut y bydd mesurau rheoli tir yn cyflawni blaenoriaethau amgylcheddol yr EU a bydd y trysorlys eisiau sicrhau bod y blaenoriaethau hyn a buddiannau cyhoeddus eraill yn cael eu cyflawni mewn ffordd sy'n gost-effeithiol. Mae gan goedwigoedd y potensial i wneud y ddau beth. Ymhlith yr argymhellion mae'r canlynol:

- Dylai cefnogaeth i goedwigaeth o dan yr EAFRD sicrhau canlyniadau eglur sy'n deillio o reolaeth gynaliadwy o goedwigoedd; dylai barchu'r egwyddor sylfaenol na ddylai gweithrediadau o dan un echel effeithio'n andwyol ar fuddiannau o dan echel arall; a dylai gyflawni amcanion niferus lle bynnag y bo hynny'n bosib.
- Adolygiad o'r opsiynau mwyaf cost-effeithiol er mwyn annog ffermwyr i sicrhau bod coedwigoedd yn aildyfu'n naturiol ar eu tir ac i'w hannog i sefydlu systemau amaeth-goedwigaeth sy'n cael eu rheoli'n eang-ysgafn ar dir fferm sydd eisoes yn bodoli.
- Dylid defnyddio'r cyllid ychwanegol a gynhyrchir gan gyfaddasiad er mwyn cefnogi'r echelau a'r mesurau sy'n debygol o sicrhau'r budd pennaf o safbwynt yr amgylchedd a buddiannau cyhoeddus eraill;
- Dylid annog tyfiant marchnadoedd newydd i gynnyrch coed drwy ddefnyddio'r gefnogaeth 'sbardun' dan Echel 1 i ddatblygu cynnyrch, prosesau a thechnoleg newydd ac i sefydlu mentrau cydweithredol ochr yn ochr â nhw.

- Dylid gwneud defnydd llawn o botensial echel Leader i dynnu ar ffynonellau eraill o arian cyhoeddus a phreifat ar gyfer mesurau EAFRD sy'n ymwneud â choedwigoedd a choedwigaeth.

### ***Cyfiawnhad polisi dros y gefnogaeth a roddir dan EAFRD ar gyfer coedwigaeth.***

Bydd rhaid cyfiawnhau pob gwariant EAFRD yn ôl y ffordd y mae'n cyfrannu at gyflawni polisi'r llywodraeth; mae cefnogaeth RDR ar gyfer coedwigaeth eisoes yn targedu amcanion bioamrywiaeth a thirlun ond nid y blaenoriaethau amgylcheddol newydd, sef newid hinsawdd neu lygredd gwasgaredig sy'n effeithio ar afonydd ac aberoedd (ac sy'n gorfod cael ei daclo dan y Cyfarwyddyd Fframwaith ar gyfer Dŵr). Cyfeirir yr argymhellion isod at y polisi sy'n ffurfio sail i'r mesurau EAFRD ar gyfer coetir.

Dylai strategaethau coedwigaeth cenedlaethol:

- Ddiffinio a maintioli targedau er mwyn i goed a choedwigoedd gyflawni blaenoriaethau amgylcheddol allweddol ar gyfer : Cyfarwyddebau Adar a Chynefinoedd; atal diflaniad bioamrywiaeth; lliniaru effaith newid hinsawdd (drwy fod yn sinc carbon, yn ffynhonnell o ynni ac o gynnyrch pren solet i gymryd lle deunyddiau eraill); rheoli ar raddfa dalgylch i leihau llygredd gwasgaredig sy'n deillio o weithgaredd amaethyddol, gwarchod priddoedd bregus; lliniaru effeithau llifogydd; a gweithredu ymrwymadau'r DU o dan Ddatganiadau MCPFE.
- Ddiffinio cyfraniad coed a choedwigoedd at fuddiannau cymunedol ac at yr agenda iechyd cyhoeddus

Dylai'r bedair strategaeth datblygiad gwledig EAFRD ar gyfer y DU:

- Ymdrin â photensial coedwigoedd newydd, a rhai sydd eisoes yn bodoli, i gyflawni amcanion amgylcheddol, cymdeithasol ac economaidd y llywodraeth. Dylai'r rhain fod yn ychwanegol at yr amcanion ar lefel yr UE sy'n cael eu diffinio yn y Rheoliad ac yn y Canllawiau Strategol;
- Wneud yn siŵr bod y ffordd y bydd y cymorth yn cael ei dargedu (ynghyd â'r amodau amgylcheddol) yr un mor llym ar gyfer coedwigaeth ag y mae ar gyfer chwaraewyr eraill yng nghefn gwlad, gan gynnwys ffermwyr;
- Gydnabod gwerth y dull Leader o dreialu prosiectau coetir arloesol.

### ***Targedau effeithiol o'r mesurau a'r cyllid ar gyfer coetir a choedwigaeth yn yr EAFRD***

Mae dulliau soffistigedig wedi datblygu yn y DU ar gyfer targedu ac asesu cynlluniau amaeth-amgylcheddol. Mae hyn wedi digwydd, yn rhannol, gan fod angen sicrhau gwerth amgylcheddol am yr arian sy'n cael ei wario o fewn cyllidebau cyfyng. Gallai fod yn fuddiol i ddefnyddio'r un dull mewn perthynas â chymorth EAFRD ar gyfer plannu a rheoli coedwigoedd, gan gymryd mantais hefyd o'r cyfleoedd newydd i daclo blaenoriaethau rhanbarthol ac anghenion gweithredu rhanbarthol. Ymhlith yr argymhellion y mae'r canlynol:

- Dylai targedau llywodraeth a blaenoriaethau lleol (a ddiffinnir o fewn fframweithiau coedwigaeth rhanbarthol) gael eu hadlewyrchu yn y dewis o fesurau coetir a choedwigaeth EAFRD, yn y cyfraddau talu, yn y meini prawf i fod yn gymwys ac yn yr amodau amgylcheddol.
- Dylid dyfeisio targedau a mynegyddion perfformiad rhanbarthol ar gyfer ardrawiadau amgylcheddol coed a choedwigoedd, gan adeiladu ar yr ystod o Fynegyddion ar gyfer Coedwigaeth Gynaliadwy sydd eisoes yn bodoli o fewn y DU. Dylid datblygu targedau a mynegyddion tebyg mewn perthynas â'r budd cymdeithasol ac economaidd sy'n gysylltiedig â choedwigaeth. Dylid defnyddio'r ddwy set o dargedau a mynegyddion i fesur ardrawiad yr EAFRD.
- Dylai strategaethau cenedlaethol a chanllawiau cynllun yr EAFRD nodi'r lleoliadau, y cylchfaoedd daearyddol a'r mathau o blannu a fyddai'n cael eu cefnogi gan EAFRD er mwyn cyrraedd amcanion amgylcheddol, cymdeithasol ac economaidd penodol. Dylid

darparu canllawiau clir ar gyfer plannu ar dir sy'n amaethyddol ac ar dir sydd heb fod yn amaethyddol a hefyd ar gyfer amaeth-goedwigaeth a choedlannau bondwf cylchdro byr.

- Dylid datblygu system o sgorio yn seiliedig ar 'werth cyhoeddus' coedwig wrth gynllunio cynlluniau rheolaeth ar gyfer coedwigoedd. Gellid addasu'r rhai a ddefnyddir eisoes yn yr EWGS ac mewn llawer o gynlluniau amaeth-amgylcheddol er mwyn creu system addas. Dylid defnyddio'r system hon ar gyfer asesu a blaenoriaethu'r holl geisiadau ar gyfer grantiau plannu a rheoli ac ar gyfer taliadau amaeth-goedwigaeth ac amaethu-amgylcheddol; ac i osod taliadau a chyfraddau grant blynyddol sy'n adlewyrchu pa faint a pha natur o fudd cyhoeddus y disgwylir i bob cynllun ei gyflawni.
- Dylai grantiau coedwigaeth a chynlluniau amaeth-goedwigaeth hwyluso a chynnig cymhellion ar gyfer ceisiadau ar y cyd, pe byddai hyn yn creu budd ychwanegol i'r amgylchedd, yn cynyddu defnydd y cyhoedd o'r goedwig neu'n cyfrannu at ddatblygiad rhwydwaith o fusnesau lleol i gyflenwi a phrosesu cynnyrch coed.

### ***Cyflawni mesurau coedwigaeth ac amaethyddiaeth integredig o dan EAFRD***

Mae cefnogaeth ar gyfer coedwigaeth o dan y Polisi Amaethyddol Cyffredin wedi newid o fod yn fodd i sicrhau defnydd amgen ar gyfer tir nad oedd bellach yn cael ei ddefnyddio yn amaethyddol, fel ag yr oedd yn niwygiadau CAP 1992. Mae bellach yn ffordd o gyflawni amcanion amgylcheddol yr UE ac mae'n gyfartal ag amaethyddiaeth o fewn y tair echel o EAFRD. Yn y dyfodol, bydd y gwahaniaeth rhwng 'ffermwyr' a 'choedwigwyr' yn debygol o fod yn fwy aneglur. Dylai'r newid yma, gyda dwy sector wahanol yn asio'n un sector amrywiol o reolwyr tir gwledig, gael ei adlewyrchu yn y cyngor a roddir gan y llywodraeth ac yn y cymorth EAFRD. Ymhlith yr argymhellion a wneir yma mae'r canlynol:

- Ystyried creu cynllun unigol, yn seiliedig ar ddewislen o reolaeth tir amgylcheddol, yn lle'r gwahanol gynlluniau grant ar gyfer amaethu-amgylcheddol a choedwigoedd.
- Os yn bosib, dylai amodau amgylcheddol a osodir ar daliadau rheolaeth blynyddol neu grantiau cyfalaf, fod yr un peth ar gyfer tir fferm a choedwigoedd, ond gan gymryd i ystyriaeth y gwahaniaeth rhwng y ddau fath o ddefnydd tir.
- Dylai manylion y cynllun, y dull o'i weithredu a'r prisiau adlewyrchu arferion da sydd eisoes yn bodoli a dylent dynnu ar brofiad o redeg cynlluniau peilot, gan gydnabod bod rhaid i berchnogion coedwigoedd ysgwyddo costau'r trafodion busnes sydd ynghlwm wrth gynllun EAFRD.
- Dylid cynnig lefel sylfaenol o warchodaeth ar gyfer coed a choedwigoedd sy'n tyfu ar dir fferm drwy draws-gydymffurfiad effeithiol gyda Chyflwr Amaethyddol ac Amgylcheddol Da (CAAD) neu gynlluniau amaethu -amgylcheddol sylfaenol.
- Dylai pob ardal o goed a blennir neu a reolir gyda chymorth arian EAFRD gwrdd â Safon Coedwigaeth y DU;
- Dylai coedlannau bondwf cylchdro byr (CBCB - 'short rotation coppice') a chynlluniau amaeth-goedwigaeth gwrdd â'r un gofynion, o ran rheolaeth gynaliadwy, â choedwigoedd eraill a dylent ddod o fewn cwrmpas Safon Coedwigaeth Cenedlaethol y DU a'r Rheoliadau EIA (Asesiad o Ardrawiad Amgylcheddol)
- Dylid gwneud diffiniadau CAAD a rheolau'r Cynllun Taliad Sengl (CTS) yn fwy eglur a dylid sicrhau bod ffermwyr yn ymwybodol o unrhyw opsiynau ar gyfer annog tyfiant buddiol o brysgwydd, neu ar gyfer pori, dan reolaeth, mewn coedwigoedd ar dir sy'n gymwys i dderbyn taliad CTS.

### ***Ychwanegu gwerth at gynnyrch a gwasanaethau coedwig cynaliadwy***

Bydd cynnaladwyedd economaidd coedwigoedd y DU yn dibynnu ar gyflenwi cynnyrch a gwasanaethau newydd mewn marchnad ddomestig neu leol. Ond nid yw'r cynlluniau grant coedwigaeth sydd ar gael yn cynnig llawer o gymorth i ychwanegu gwerth at gynnyrch o'r goedwig. Ymhlith yr argymhellion y mae'r canlynol:

- Sbarduno'r farchnad ar gyfer tanwydd pren a chynnyrch a gwasanaethau coedwig eraill, gan gynnwys hamdden a thwristiaeth, drwy gynnig grantiau ar gyfer :

ychwanegu gwerth at gynnyrch coedwigoedd; sefydlu mentrau cydweithredol rhwng cynhyrchwyr, proseswyr ac eraill; sefydlu a datblygu micro-fentrau; datblygu twristiaeth; gwarchod a gwella'r dreftadaeth wledig; a hefyd i annog ffermwyr a'u teuluoedd i ddatblygu mentrau eraill nad ydynt yn rhai amaethyddol. Galli'r dull Leader o weithredu fod yn fodd i gyflawni'r mesurau economaidd hyn ochr yn ochr â thaliadau ar gyfer rheoli coedwigoedd a gallai hefyd annog gweithgaredd arloesol.

- Hybu mynediad cyhoeddus i goedwigoedd preifat drwy osod amodau ar daliadau ar gyfer rheoli coedwigoedd.

### ***Cynyddu gallu o fewn y sector goedwigaeth***

Os yw coedwigoedd y DU yn mynd i lwyddo cyflawni blaenoriaethau amgylcheddol a chymdeithasol a chreu ffynhonnell newydd o incwm i'w perchnogion, bydd angen buddsoddi er mwyn sicrhau bod perchnogion coedwigoedd yn fwy abl, o safbwynt rheolaeth ac o safbwynt technegol. Ymhlith yr argymhellion mae'r canlynol:

- Dylai fod yn hawdd i gael gafael ar gyngor ynglyn â'r blaenoriaethau newydd ar gyfer plannu a rheoli coedwigoedd ac ynglyn â datblygu a marchnata cynnyrch coedwigoedd a dylai'r wybodaeth hon gael ei integreiddio gyda chynngor tebyg a gynigir i ffermwyr.
- Dylai fod yn haws i berchnogion a rheolwyr coedwigoedd gael gafael ar ganfyddiadau gwaith ymchwil a datblygu, cefnogaeth busnes a chyfleoedd hyfforddiant.

### ***Ymchwil, blaengarwch a rhannu ymarfer da***

Bydd anghenion ymchwil yn newid wrth i'r sector addasu i ddylanwadau newydd, yn enwedig y rhai hynny sy'n gysylltiedig â newid hinsawdd, ac wrth i gynnyrch a phrosesau coedwigaeth newydd ddatblygu. O ystyried y gofynion newydd yn y sector goedwigaeth mae'n hynod o bwysig bod cefnogaeth ar gyfer arloesi yn parhau. Fe fydd hi'n dipyn o her i gadw'r elfennau hyblyg a blaengar a nodweddi Leader ac i ddefnyddio'r dull hwnnw i weithredu'r cymorth sydd ar gael o dan y dair echel EAFRD, mewn ymateb i anghenion a chyfleoedd lleol. Ymhlith yr argymhellion y mae'r canlynol:

- Adolygu blaenoriaethau ymchwil o safbwynt defnyddio coed i gwrdd â blaenoriaethau strategol EAFRD, gan gynnwys cynlluniau amaeth-goedwigaeth sy'n addas ar gyfer tir sy'n gymwys i dderbyn CTS; ardrawiadau amgylcheddol CBCB; coedwigoedd ac atal llifogydd; coed o fewn tirweddau gwledig sy'n cael eu rheoli; y rhyngwyneb rhwng defnydd tir gwledig a choed; ac adfer tir, gan gynnwys ailddatblygiad tir sydd wedi ei ddifwyno neu sydd heb fod yn cael ei ddefnyddio ddigon.
- Rhannu profiad ac ymarfer da mewn perthynas â mesurau EAFRD ar gyfer coedwigaeth a choedwigoedd drwy'r rhwydweithiau Ewropeaidd a chenedlaethol newydd ar gyfer datblygiad gwledig.
- Cynnig cefnogaeth EAFRD ar gyfer perchnogion tir, contractwyr, proseswyr a defnyddwyr terfynol er mwyn iddynt sefydlu a defnyddio rhwydweithiau gwybodaeth a gwasanaethau ymgynghorol, sy'n cysylltu gyda rhwydweithiau mewn gwledydd UE eraill sydd â mwy o brofiad o ddatblygu a chreu cynnyrch arloesol allan o bren.



## Acronyms

ASSI	Area of Special Scientific Interest
BLC	Better Land Contribution
BWW	Better Woodlands for Wales
CEC	Communication from the European Commission
CCF	Continuous cover forestry
CHP	Combined heat and power
COM	Commission Communication
CWC	Community Woodland Contribution
CWS	Community Woodland Supplement
DARD	Department of Agriculture and Rural Development
DEFRA	Department for the Environment, Food and Rural Affairs
DP	Discretionary Payment
EA	Environment Agency
EAFRD	European Agricultural Fund for Rural Development (Council Regulation (EC) No 1698/2005)
EC	European Community
ECS	Energy Crops Scheme
EEA	European Environment Agency
ELS	Entry Level Stewardship
EU	European Union
FC	Forestry Commission
FEP	Forest Environment Plan
FP	Fixed Payment
EIA	Environmental Impact Assessment
EWGS	England Woodland Grant Scheme
FWPS	Farm Woodland Premium Scheme
GAEC	Good Agricultural and Environmental Condition
HAP	Habitat Action Plan
HLS	Higher Level Stewardship
IACS	Integrated Administration and Control System
ICT	Information and Communications Technology
IEEP	Institute for European Environmental Policy
LAG	Local Area Group (Leader)
LANTRA	Sector Skills Council for the environmental and land-based sector
LUPG	Land Use Policy Group
MCPFE	Ministerial Conference on the Protection of Forests in Europe
NWP	Native Woodland Plan
PAWS	Plantations on ancient woodland sites
PEBLDS	Pan-European Biological and Landscape Diversity Strategy
RDP	Rural Development Programme
RDR	Rural Development Regulation (Council Regulation (EC) No 1257/1999)
SFGS	Scottish Forestry Grants Scheme
SFM	Sustainable forest management
SFOG	Sustainable Forestry Operations Grant
SMR	Statutory Management Requirements
SPS	Single Payment Scheme
SRC	Short rotation coppice
SSSI	Site of Special Scientific Interest
TG	Tir Gofal
UKWAS	UK Woodland Assurance Standard
WAG	Woodland Assessment Grant
WCG	Woodland Creation Grant

WGS ..... Woodland Grant Scheme  
WIAT..... Woodland in and around towns  
WIG ..... Woodland Improvement Grant  
WMG..... Woodland Management Grant  
WPG ..... Woodland Planning Grant  
WRD..... Woodland Regeneration Grant  
WRDP ..... Wales Rural Development Programme

# **1 Introduction**

## **1.1 Background**

In September 2005, the Woodland Policy Group (WPG), part of the Land Use Policy Group (LUPG) of the GB statutory conservation, countryside and environment agencies<sup>5</sup> contracted the Institute for European Environmental Policy (IEEP) to undertake a study to explore the potential for the use of forestry measures within the new European Agricultural Fund for Rural Development (EAFRD). This report presents the findings of that study.

In July 2004, the European Commission published proposals for EAFRD, the so-called 'new Rural Development Regulation'. The resulting draft regulation was the subject of political agreement in the Agricultural Council in June 2005 and was formally adopted in September 2005. The Community Strategic Guidelines for Rural Development were adopted in February 2006. The EAFRD Implementing Regulation had not been agreed at the time of writing (references in this report are to the draft available early in March 2006). EAFRD requires Member States to prepare national strategies in line with the EC Strategic Guidelines and submit them to the Commission. After an interval to allow discussion of their national strategy, Member States submit their rural development programmes for the period 2007-2013, for Commission approval. In the UK, there will be four country strategies (combined into an overall UK strategy) and four separate RDPs for England, Scotland, Wales and Northern Ireland. The overall budget for EAFRD and the amounts allocated to individual Member States (and, subsequently, regions) will also determine what can be achieved through the Regulation. The final budget for EAFRD was agreed in December 2005.

EAFRD has significantly more forest related policy provisions than its predecessors and will have a number of implications and opportunities for forestry and woodland management. As a result, the WPG tasked IEEP to consider: objectives for forestry at EU and national level; LUPG priorities for forestry; opportunities presented by EAFRD; current grant schemes and their potential for delivering EAFRD; barriers to implementing the EAFRD forestry measures; and, recommendations for the use of the EAFRD measures in future.

As well as considering EAFRD, the research has taken into account land use changes arising from, or that may arise from, the implementation of the 2003 CAP reforms. The introduction of reforms such as the decoupling of most support and the Single Payment Scheme (SPS), as well as cross compliance, have implications both for existing forestry and woodlands and for the economics of forestry in the future.

The overall objective of the work was to assess the potential for applying forestry related measures in the EAFRD in the UK.

## **1.2 Methodology**

The WPG set out a clear series of tasks for IEEP to undertake. The WPG was especially keen that a wide range of stakeholders were engaged in this work both as a means of informing them about the potential of EAFRD in the context of sustainable forestry and to provide opportunities to influence the outcomes of the study. As a result, a series of three stakeholder workshops formed part of this project. The tasks to be carried out by IEEP were specified as follows:

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<sup>5</sup> The GB statutory conservation, countryside and environment agencies comprise the Countryside Agency, Countryside Council for Wales, English Nature, Environment Agency, Joint Nature Conservation Committee and Scottish Natural Heritage.

1. Clarify the objectives for forestry at a European level and relate these to the UK and England/Wales/Scotland and Northern Ireland level, focusing on environmental objectives, but recognising the links to economic and social aspects.
2. Identify LUPG priorities for forestry drawing from the LUPG Principles for Rural Development, WPG reports and from the Project Steering Group.
3. Identify the range of new and existing measures for forestry, and measures which could contribute to forestry, in the EAFRD, how they might be implemented in the UK, including opportunities they might bring and areas where it is difficult to anticipate or predict a response. Draw on examples from other Member States and investigate the scope to transfer successful approaches to the UK.
4. Organise a small workshop (approximately 10-12 attendees) to review and discuss the information gathered to date and to feed in to the next stage of the research.
5. Make a brief assessment of the extent to which current UK grant schemes utilise the potential of EAFRD measures.
6. Identify gaps in current schemes to deliver the new measures and meet the LUPG priorities. The analysis should identify whether there are priorities which are not being delivered or only partially realised, such as for non-woodland and/or veteran trees.
7. Identify barriers to the implementation of EAFRD forestry measures in the UK and highlight opportunities for further development of forestry aspects of rural development and its implementation at the UK level.
8. Organise a small workshop (approximately 10-12 attendees) to review and discuss the information and analysis to date and to feed in to the recommendations.
9. Make recommendations on the use of the EAFRD measures including whether there is opportunity for different delivery mechanisms (e.g. Leader) or new schemes, and specify the characteristics or attributes that a delivery body needs. An innovative (but realistic) approach to the implementation of proposals is encouraged.
10. Organise a workshop (approximately 30-40 attendees) to review the recommendations prior to the finalisation of the report.

A list of those organisations that sent representatives to the project workshops can be found in Annex 3. The work was carried out between September 2005 and February 2006.

## **2 European Objectives for Forestry**

### **2.1 Introduction**

The woodland and forestry measures in EAFRD are closely linked to the delivery of international and EU forestry and environmental policies. It is necessary to examine these policies, at least in outline, if we are to understand the justification for using rural development funds to support the woodland sector and to demonstrate how EAFRD measures can deliver Government targets and thus justify continued public funding.

### **2.2 The place of forestry in the EU**

#### *Forestry as a land use*

Covering 35% of the EU-25 territory, forests are situated in many different environments, ranging from boreal to Mediterranean, and from alpine to lowland. This is one of Europe's most important renewable resources and a major reservoir of biodiversity, with more than two thirds of all forests in Europe classified as semi-natural habitats and about 12% designated as protected areas. The total area of forests is increasing both as a result of afforestation programmes and natural succession on abandoned farmland. Although the EU is one of the largest producers, traders and consumers of forest products in the world, only slightly over 60% of the annual forest growth is currently harvested.

While the average size of EU public forest holdings is more than 1,000 hectares, private forest holdings average only 13 hectares. Around 60% of EU forests are owned by about 15 million private owners. There is considerable variation among countries but the majority of private owners have holdings of less than 3 hectares. The economic and social importance of forestry in rural areas tends to be underestimated, because forest workers are often self-employed or work in small enterprises and their activities may be recorded with those of other economic sectors. Forestry and forest-based and related industries employ about 3.4 million people in the EU; in addition to wood and cork, forests provide resins, medicinal plants, decorative foliage, edible fungi and berries. But EU forest owners are finding it increasingly difficult to compete with low-cost wood-producers outside the EU, while timber revenues do not reflect the value of their forests' environmental and social services. In addition, many communities have traditionally close links to forests that provide social and recreational services, the stewardship of scenic and cultural values, as well as other functions, such hunting and tourism.

#### *Forestry policy making*

In contrast to agricultural policy the EU has not been a major player in the development of forestry policy in Europe. That role has been taken by EU and Member State commitments to international conventions and the Ministerial Conference on the Protection of Forests in Europe.

### **2.3 International forestry commitments of EU Member States**

#### *Global*

**The Convention on Biological Diversity** (Rio 1992) commits signatories to preparing national strategies for the conservation of biological diversity and to integrating them into other policies – the UK Biodiversity Action Plan is the UK Government's response to the Convention and has 391 Species Action Plans, 45 Habitat Action Plans and 162 Local Biodiversity Action Plans with targeted actions. At present there are six woodland Habitat Action Plans (HAPs) for lowland beech and yew woodland; lowland wood-pasture and parkland; upland mixed ashwoods; upland oakwood; wet woodland; and native pine

woodlands. The woodland HAPs are being reviewed and two new native woodland HAPs await formal acceptance. These are for lowland mixed broadleaf and upland birchwood – the latter likely to be applicable only in Scotland.

**The UN Framework Convention on Climate Change and its Kyoto Protocol**, signed by the UK and the EC in 1998, commits the EC collectively to reduce carbon dioxide equivalents by 5% below 1990 levels by 2008-12. Forests play an important role in the carbon cycle and although their effects on carbon sequestration are not fully understood, timber is clearly a valuable resource, especially when it can replace fossil fuels and materials with higher embodied carbon, such as steel and concrete.

### ***European***

**The Ministerial Conference on the Protection of Forests in Europe (MCPFE)** has, for the past 15 years, provided a high level process for forest policy dialogue, co-operation and policy framing involving 44 European countries, the EC and international observers. The concept of sustainable forest management was defined by MCPFE in 1993 as:

*‘the stewardship and use of forests and forest lands in a way, and at a rate, that maintains their biodiversity, productivity, regeneration capacity, vitality and their potential to fulfil, now and in the future, relevant ecological, economic and social functions, at local, national and global levels, and that does not cause damage to other ecosystems’.*

MCPFE has a strong focus on environmentally sustainable forest management and works at a global, European and national level, issuing Declarations and Resolutions from ministerial conferences, the most recent in Vienna in 2003, which guide its work programme. MCPFE Resolutions commit the signatories to a detailed forestry policy framework to be implemented at both pan-European and national level and are the basis for MCPFE’s own work programme. At a more detailed level MCPFE has prepared guidelines for the conservation of biodiversity in European Forests and a set of pan-European indicators for sustainable forest management. In 2003, MCPFE set up a framework for co-operation with the Pan-European Biological and Landscape Diversity Strategy (PEBLDS) giving priority to the themes of ecosystem approach, protected forest areas, forest law enforcement with regard to biodiversity conservation, and recommendations for site selection for afforestation. This could be seen as a template for the development of EU Forestry policy. MCPFE Resolutions cover the main points for the protection, conservation and sustainable development of Europe’s forests and lay down guidelines for achieving those three objectives, including the implementation of objectives stemming from the Convention on Biological Diversity. The comprehensive nature of the resolutions is a major reason why the European Parliament has emphasised the importance of the pan-European process in relation to the EU Forestry Strategy. Table 1 below summarises forestry policy objectives at the European level.

### ***The need for an EU Forestry Strategy***

The Treaty establishing the European Community makes no provision for a specific common forestry policy and therefore responsibility for forestry policy remains with the Member States, although the EC has adopted forestry legislation to protect forest resources – on, for example, forest fires and phytosanitary measures. Support for afforestation of farmland was included as an ‘accompanying’ measure in the 1992 CAP reforms, as a means of encouraging farmers to take surplus agricultural land out of production. The desire to broaden the use of forestry measures in the RDR was a key driver in the development of the EU Forestry Strategy in 1998. Some key points from the EU Forestry Strategy are summarised in Box 1.

<b>POLICY SECTORS</b>		<b>Objectives relevant to</b>
<b>Climate change</b>	mitigation	CO <sub>2</sub> sequestration carbon neutral energy
	adaptation	changes in range of tree species forest pests, diseases, alien species adaptability of habitats and species
<b>Resource protection</b>	water	catchment management  flood amelioration
	soil	erosion control
	air	preventing forest fires
<b>Sustainable development</b>	timber as renewable resource	architecture and manufacturing R&D public awareness public procurement
	non-timber resources	edible medicinal decorative
	agro-forestry	
	derelict land reclamation	
	urban forests and trees	
<b>Biodiversity and landscape</b>	management, restoration and creation of woodland habitats and landscapes	Natura 2000 woodland networks wildwoods (primary and climax) species conservation genetic resources
	woodland site selection and management	new woodlands existing woodlands
	historic/archaeological/cultural sites	
	veteran trees, deadwood	
	traditional orchards	
<b>Community use</b>	Access	
	Recreation	informal commercial
	Hunting	
	Artistic, traditional, linguistic and spiritual values and uses	
<b>Socio-economic</b>	Forest owners and workers	capacity building communication and dissemination co-operatives

Table 1: Summary of European level forestry policy objectives

## **2.4 EU policies underpinning EAFRD forestry measures**

### ***Habitats and Birds Directives***

The Habitats Directive applies to 198 semi-natural habitat types and there is an additional list of animal and plant species whose habitats are to be conserved because the species are vulnerable, rare or endemic, and requiring particular attention. Member States must designate sites in the semi-natural habitats list and the species habitats list as ‘Special Areas of Conservation’ (SACs) and, together with the ‘Special Protection Areas’ under the Birds Directive, these will form a ‘coherent-European ecological network’ of sites of Community importance to be known as Natura 2000. Measures must be taken to maintain or restore a favourable conservation status for both ‘natural habitats’ and wild species of Community interest. EAFRD provides specific measures to achieve these aims on farmland and woodland. The Natura 2000 designation process has revealed that forests are among the most important groups of habitats in this network and home to the largest number of species on the continent, but European Environment Agency (EEA) reports have indicated a tendency towards more uniform forest structures, reduction of variety in tree species and loss of biodiversity. Forests also have an important role in maintaining more common habitats and species and in the protection and management of water and soil. To improve the ecological coherence of the Natura 2000 network Member States must ‘endeavour’, where they consider it necessary, to encourage the management of landscape features of major importance for wildlife in their land-use planning and development policies. Linear or continuous features, such as rivers and hedges, or stepping-stones such as ponds, are specified as being important.

### ***Water Framework Directive (2000/60/EC)***

The water framework Directive (2000/60/EC), adopted in 2000, transforms EU water legislation and will eventually repeal a number of existing Directives. Its main objective will be to establish a framework for the management of surface water and groundwater on the basis of the river basin. Member States will need to draw up river basin management plans. All waters are required to meet ‘good status’, except where specific derogations are applied. Member States are required to establish a programme of measures in each river basin appropriate to these pressures. There has been much debate on the way that the Directive will affect current practice in the UK but additional water protection measures will be required as pressures on water bodies, e.g. from diffuse agricultural pollution, are not currently adequately controlled.

### ***EU Forestry Strategy 1998 and Action Plan 2006***

The EU Forestry Strategy<sup>6</sup> identified the principle of subsidiarity as one of its main elements in contributing positively to the implementation of sustainable forest management and the multifunctional role of forests – in fact supporting Member States in delivering their MCPFE commitments. Some key points from the Strategy are summarised in Box 1. In its 2005 review of the implementation of the Forestry Strategy the Commission noted that almost 10% of the Community’s support for rural development in the 2000-2006 period had been spent on forestry measures. During 2006 the Commission will present an EU Action Plan for Sustainable Forest Management, to provide a coherent framework for the implementation of forest-related actions covering, but not limited to: socio-economic issues (competitiveness of forestry, valuation of social and environmental goods and services); environmental issues (climate change, forest fires, water, biodiversity conservation); use of wood as an energy source; information about wood as a renewable and environmentally friendly resource; governance issues; horizontal activities (research, training, forest statistics, monitoring); and coordination, communication and co-operation. The international dimension of these issues will also be addressed.

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<sup>6</sup> European Council Resolution of 15 December 1998 on a forestry strategy for the European Union (1999/C 56/01)



***EU Strategy for Biofuels 2006***

In December 2005, the Commission launched its Biomass and Biofuels Action Plan<sup>7</sup> to map out further developments in encouraging the use of energy from biofuels and biomass. The new plan goes well beyond existing measures to encourage liquid biofuels, and envisages new measures to promote the production of biomass for both heat and advanced transport fuels. The Commission launched a new Biomass Strategy<sup>8</sup> in February 2006. New elements of this include a commitment to examine the merits of incentives for good greenhouse gas performance; a possible customs classification for imported biofuels; arrangements to monitor impacts on agricultural commodity prices; and development of an assistance package for developing countries. The energy crop credit (currently set at €45 per hectare) is to be reviewed, and may result in an increase in planting of the relevant crops, as uptake at the current funding level has been very low. A review of the 2003 Biofuels Directive, beginning with a consultation exercise in spring and early summer, is envisaged.

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<sup>7</sup> COM(2005)628

<sup>8</sup> COM(2006)34

The Strategy emphasises the importance of the multifunctional role of forests and sustainable forest management and particularly:

- **sustainable forest management (SFM)** as defined by the Ministerial Conference on the Protection of Forests in Europe in Helsinki 1993 and its importance for the **conservation and enhancement of biological diversity and as one of many measures to combat climate change;**
- the **principle of subsidiarity**, and that responsibility for forestry policy lies with the Member States, but the Community can contribute positively to the implementation of SFM and the multifunctional role of forests;
- the **contribution of existing and future measures at Community level** for the protection of forests, rural development, forest heritage, biological diversity, climate change, use of wood as a renewable source of energy, while avoiding market-distorting measures;
- the **implementation of international commitments**, principles and recommendations through national or sub-national forest programmes and **active participation in all international processes** related to the forest sector;
- the need to **improve coordination, communication and cooperation in all policy areas relevant to the forest sector** within the Commission, between the Commission and the Member States, and between Member States;
- the **promotion of the use of wood and non-wood forest products** from sustainably managed forests as environmentally friendly products;
- the contribution of forestry and forest-based industries to **income and employment;**
- the need for **better integration of forests and forest products in all sectoral common policies**, like the Common Agricultural Policy, the Environment, Energy, Trade, Industry, Research, Internal Market and Development Cooperation policies, with the aim of guaranteeing a holistic approach towards SFM;
- the need to encourage a participatory and transparent approach with all **stakeholders;**
- the need for **specific approaches and actions for the different types of forests**, recognising the wide range of natural, social, economic and cultural conditions of the forests;
- that **the strategy is a dynamic process**

Box 1: Summary of some key points from the Forestry Strategy for the European Union

## **3 UK Forestry Policy**

### **3.1 UK Forestry Standard**

The purpose of the UK Forestry Standard is to set out standards for the sustainable management of all forests and woodlands in the UK, linked to the MCPFE protocols for sustainable forestry. One of its key roles is to provide compliance standards for woodland incentive schemes, and it is the basis from which the UK Woodland Assurance Standard (UKWAS) was developed. It is also used in the development of forest monitoring. The Standard takes into account the prime aspects of sustainable forest management: soils, water, air, production, biological diversity, workforce, communities, heritage and landscapes. The UK Forestry Standard is supported by a number of instruments including Felling Licence regulations and Environmental Impact Assessment regulations. The Standard provides practical guidelines on general forestry practice in creating new woodland; creating ‘new native woodland’; felling and restocking planted woodland; managing semi-natural woodland; and planting and managing small woods.

### **3.2 UK Forestry Strategies**

#### ***England Forestry Strategy (1999)***

Published in 1999 and due for review in 2006, its two main aims are ‘sustainable management of our existing woods and forests’ and ‘steady expansion of our woodland area to provide more benefits for society and our environment’. The Strategy is based on four key programmes:

*Forestry for Rural Development* - contribution to the rural economy, timber and marketing opportunities, focusing both on the role of new woodlands and on how existing woodlands can deliver more benefits to local economies, by creating jobs both upstream and downstream of the forest industry.

*Forestry for Economic Regeneration* - opportunities for woodlands in strategic land-use planning, including restoring former industrial land and creating a green setting for future urban and urban fringe development.

*Forestry for Recreation, Access and Tourism* - promoting more and better-quality public access to woodlands, and ensuring that woods and forests continue to be used for a wide range of recreational pursuits as well as complementing and supporting the tourist industry.

*Forestry for the Environment and Conservation* - conserving and enhancing the character of our environment and our cultural heritage, and delivering the Government’s nature conservation, biodiversity and climate change objectives. It also considers the impact that woodland creation and management may have on other environmental resources and other land uses.

#### ***England - Keepers of Time (2005)***

A policy statement for ancient and native woodland launched in 2005, it provides a framework for action in priority policy areas with strategic objectives. Its vision is of England where ‘*ancient woodland, veteran trees and other native woodland is adequately protected, sustainably managed in a wider landscape context, and is providing a wide range of social, environmental and economic benefits to society*’. The specific actions required to deliver the strategic objectives in the Policy Statement are listed in this two-year Action Plan, which will be updated as required by the Forestry Commission, with input from other Government departments and partner organisations.

#### ***The Scottish Forestry Strategy (2000) and Review (2005)***

The whole Strategy is based on the principle of sustainability. The other guiding principles are: integration (with other activities such as agriculture, conservation, fishing, deer

management, recreation and tourism); positive value (contributing to people's well-being); community support (forests and woodlands to be managed in ways that enjoy broad public support); and diversity and local distinctiveness (protecting, managing and enhancing the rich and varied range of habitats and species and recognising that different types of forests will provide different benefits and suit different places). It sets out five strategic directions to:

- maximise the value to the Scottish economy of the wood resource;
- create a diverse forest resource for the future;
- make a positive contribution to the environment;
- create opportunities for more people to enjoy trees, woods and forests in Scotland; and
- help communities benefit from woods and forests.

In 2004 the Scottish Forestry Forum focused on the role of forestry in rural development, culminating in a public meeting in November 2004 from which the top three priorities emerged as community engagement and empowerment; increasing investor confidence (to support the commercial forestry sector); and the provision of jobs and work.

Key issues identified in the 2005 review include the role of woodlands in helping to mitigate climate change by: substituting wood for fossil fuels in the production of heat and electricity (biomass energy); substituting wood for more carbon intensive construction materials (sustainable construction); and locking up carbon in growing forests (carbon sequestration). Climate change might impact on woodlands by increasing growth rates, increasing the risk of catastrophic storm damage, and altering the balance of pests and diseases. Woodlands also have a role to play in adaptation to climate change by, for example, providing habitat networks through which plants and animals could migrate, and managing flood risk by establishing riparian woodlands and stabilising steep slopes in areas of high rainfall (protection forestry).

***Woodlands for Wales: The National Assembly Strategy for Tree and Woodlands (2001)***

Woodlands for Wales presents guiding principles of:

*Sustainability* - the National Assembly is statutorily committed to sustainable development and the woodland strategy is an integral part of the overall sustainable development plan for Wales.

*Social Inclusion* - the National Assembly has a special responsibility for ensuring that its own woodlands provide social benefits to communities.

*Quality outputs* - for everyone, whether through recreation, timber production, community involvement or visual and aesthetic impact.

*Partnership* - between the public and private sectors, industry, volunteers and individuals.

*Integration* into all Welsh Assembly Government programmes (including agriculture, tourism and economic development) at national, regional and local levels.

The Strategy's key priorities are :

- woodlands for people;
- a new emphasis on woodland management;
- Wales as the location for World-class forest industries;
- a diverse and healthy environment;
- tourism, recreation and health.

Priorities for action for the period 2005-07 include the following and are supported by a new package of grants to replace the existing Woodland Grant Scheme:

- to use woodlands as a social and cultural asset for some of Wales's most disadvantaged communities;
- to maximise the use of woodlands for learning;
- to provide opportunities for communities to have their say in the management of woods close to where they live;

- to promote best practice in woodland management;
- to move to a greater use of continuous-cover systems;
- to find appropriate sites for new trees and woodland;
- to provide Welsh forest industries with effective business support;
- to develop the wood-supply chain, create new products and support marketing;
- to provide support for farm woodlands and the wider rural economy;
- to foster the development of renewable energy based on wood;
- to conserve and enhance the biodiversity of our woodlands;
- to conserve and enhance the landscapes of Wales;
- to better integrate woodlands with other countryside management;
- to use woodlands to help create a high quality visitor experience; and
- to promote health through access to woodlands for all communities.

The National Assembly owns 38% of all woodland in Wales and the FC Wales corporate plan explains how the objectives of Woodlands for Wales will be put into practice by FC Wales in its management of the Assembly's own estate.

### ***Northern Ireland Forestry – a Strategy for Sustainability and Growth (2006)***

Forests and woodland cover 6% of the land area of Northern Ireland, but this is still much less than the 12% cover in Great Britain and 33% cover in Europe. There are 86,000 hectares of forests in Northern Ireland, mostly in the uplands of the north and west. Three quarters of the forests are state owned and are managed by the Forest Service. Following an economic appraisal, an extensive consultation on options and a survey of public opinion, the Northern Ireland Forestry Strategy was published in March 2006.

The 2006 Strategy<sup>9</sup> reiterates the policy of sustainable management of existing woods and forests, and a steady expansion of tree cover to increase the many diverse benefits that forests provide. It confirms that the Forest Service will continue to carry out the key tasks of verifying the sustainable management of forests; maintaining the supply of timber; restoring the area of forest exploited for timber (subject to addressing wider environmental objectives and exploiting development opportunities where this is in the public interest); promoting the use of forests for informal public recreation; and promoting forest expansion.

The Strategy introduces two new themes of relevance to EAFRD:

*Afforestation*, with the aim of doubling the area of forest in the next 50 years, largely through transfer from farming to forestry; the Woodland Grant Scheme is to be revised, focusing new afforestation on agricultural land close to urban settlements, and planned to facilitate future public access. Maps will be prepared showing where afforestation is to be encouraged, and there will also be a programme of consolidation and expansion of state forests.

*Sustainable forests*, achieved through a range of measures including updating the 1953 statutory powers to recognise the reality of current Forest Service activity and to permit development of the public forest estate (for example by creating wind farms and tourist facilities); new regulations to control damage by deer and grey squirrels; partnership agreements to accommodate specific recreational activities and to enhance the environment; and a statutory right of access to many state owned forests.

The Forest Service will consider drawing up more focussed strategies, in consultation with stakeholders on, for example, recreational use of forests and the Northern Ireland Biodiversity Strategy in relation to forests.

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<sup>9</sup> Forest Service (2006) *Northern Ireland Forestry – A Strategy for Sustainability and Growth*. [www.forestserviceni.gov.uk](http://www.forestserviceni.gov.uk)

The DARD Strategic Plan 2006-2011 makes a commitment to '*address the challenge of restoring and enhancing a profitable and sustainable forest industry to provide wood, to improve biodiversity and landscape, and to provide opportunities for access to the countryside*'. It also includes the PSA target of '*sustain the annual supply of timber, recreation and environmental services from existing forests at 2002-03 levels and secure a modest increase in combined public and private forest area by 1,000ha by 2008 at a rate of 500ha per year.*'

### **3.3 UK Sustainable Development Strategy**

The new UK Government Sustainable Development Strategy, *Securing the future*, was launched by the Prime Minister on 7 March 2005, and builds on the 1999 strategy, *A better quality of life*. The Strategy highlights four priority areas for action:

- sustainable consumption and production;
- climate change and energy;
- protecting natural resources and enhancing the environment;
- creating sustainable communities and a fairer world.

To support the Strategy there is now a suite of 68 national sustainable development indicators. These include 20 UK Framework Indicators, which are shared by the UK Government and the devolved administrations in Scotland, Wales and Northern Ireland, of which one is populations of breeding birds, with woodland birds as a subset.

## 4 Priorities for Forestry in the UK

### 4.1 Background

A wide range of objectives for forestry at European and UK level has already been identified in the preceding sections. It is clear that forestry potentially has a role to play in addressing issues such as climate change, protecting and enhancing biodiversity and contributing to local economies in rural areas. EAFRD allows Member States to introduce forestry measures that could address a wide range of these issues. However, EAFRD will be subject to severe budgetary constraints and Member States will have to prioritise expenditure in line with national objectives and priorities. Hence, establishing priorities for forestry is a necessary exercise.

It should also be recognised that the wider land use context in which forestry operates is experiencing change. The Mid Term Review of the Common Agricultural Policy in 2003 and the introduction of the Single Farm Payment and cross compliance in 2005 may, as farmers adjust to these changes, affect land use economics and make forestry a more (or possibly less) viable land use option in the future. Factors such as these need to be taken into account by Governments when determining the best use of public funds.

The Land Use Policy Group has defined a clear set of principles and objectives it wishes to see guide the use of public support granted through rural development programmes and has defined a set of priorities for forestry in the UK. The following sections set out these principles, objectives and priorities.

### 4.2 Principles and objectives for rural development

The LUPG website<sup>10</sup> sets out the agencies' overarching principles for rural development as follows:

LUPG's concern is to promote sustainable rural development and to safeguard the natural and cultural heritage. Our vision is that basic resources, landscapes and biodiversity are protected and enhanced, rural economies and communities are thriving and people are able to enjoy and visit the countryside.

LUPG considers that public support should deliver:

- sustainable management of the basic resources of soils, water and air;
- maintenance of landscapes rich in local character and distinctiveness and restoration of degraded landscapes;
- maintained and enhanced biodiversity across the EU through protection and enhancement of wildlife habitats and species e.g. by supporting Natura 2000 but also in the wider countryside;
- production of high quality food, fibre, timber primary products and other rural products whose production meets animal welfare, environmental and social standards;
- viable rural communities which are socially inclusive, maintain rural cultures and traditions and support a wide range of skills (including both new and traditional ones) and which are able to compete in increasingly global marketplaces by sustainable use of their natural and cultural resources;
- opportunities for public enjoyment of the countryside through open-air access and recreation and visual appreciation;

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<sup>10</sup> [www.lupg.org.uk](http://www.lupg.org.uk)

- a rich resource of historic and archaeological features from which we can continue to learn about the long relationship between people and the land.

### **4.3 LUPG priorities for forestry**

LUPG, in conjunction with the Forestry Commission, undertook an earlier piece of work reviewing the role of forestry in sustainable rural development<sup>11</sup>. A set of policy objectives for forestry within Sustainable Rural Development were agreed as follows:

#### **Environment**

- forest and wood products should contribute to fuel for alternative energy production (e.g. through local fuel-wood schemes);
- ancient woods and semi-natural woods should be protected to safeguard high biodiversity and landscape values;
- where appropriate to biodiversity and landscape targets, localised deforestation should be encouraged;
- the role of forestry in the restoration of degraded landscapes should be encouraged;
- the use of environmental certification should be encouraged in the domestic timber market and considered for other non-timber services and products;

#### **Economy**

- forests should contribute to local economic development through local and regional processing, value adding and marketing of timber/wood products;
- forests should contribute to local economic development through the use of local employees and contractors for both timber and non-timber products and services;
- public good or multifunctional forestry should be recognised and rewarded so as to reduce dependence of forest owners on global timber markets;

#### **Social**

- determination of appropriate levels of afforestation and the subsequent planning and management of forests should involve wide consultation with stakeholders, particularly local people, including the development of community forests;
- increased advice, training and support should be provided to forest owners, managers and contractors and to timber businesses;
- there should be an expanded role for forests in outdoor recreation and tourism (e.g. in the development of access networks);
- there needs to be increased education of the public about forests;

#### **Other issues**

- there should be an expansion of the forested area;
- agro-forestry and small farm woodlands should be encouraged;

From discussions with the Project Steering Group and review of other agency documents<sup>12</sup> (some not published) a number of other issues in relation to forestry or woodlands were identified:

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<sup>11</sup> CCRU (2002) An enhanced role for forestry in sustainable rural development. Final Report. Vol 1 of 2. A report for the LUPG and Forestry Commission



- new wildwoods – an objective for new landscape scale native woodlands;
- integration of forestry policies with flood management;
- non-woodland trees – the protection and enhancement of veteran trees, traditional orchards, hedgerow trees, wood pasture and parkland;
- scrub development, natural regeneration around woodlands and buffering of small woodlands;
- the benefits of urban forests/urban trees.

It was not possible through the course of this work to determine if some of these objectives and priorities are more important in some UK countries and regions. The objectives and priorities identified in this section were therefore used as a general guide when considering the potential of EAFRD to meet forestry objectives in later stages of the work.

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<sup>12</sup> Hodder K. H., Bullock J.M., Buckland P. C. & Kirby K.J. (2005) *Large Herbivores in the Wildwood and Modern Naturalistic Grazing Systems*. English Nature Research Reports No 648. English Nature, Peterborough

## 5 Forestry and Woodland Measures in EAFRD

This section outlines the measures relevant to woodland and forestry in the new EAFRD Regulation<sup>13</sup>, the Commission's Strategic Guidelines<sup>14</sup> and the latest draft of the Implementing Regulation and gives examples of forestry and woodland measures implemented in other Member States under the current RDR.

**Note:** *this section should be read in conjunction with Annex 1 which shows, for each EAFRD measure relevant to forestry and woodland, the text in the Recitals and Articles of the EAFRD Regulation and also the text from the most recent draft of the Implementing Regulation (as available in early March 2006) – please note that the final version of the Implementing Regulation may differ).*

### 5.1 The EAFRD Regulation 2005

#### *Aims and scope*

Support for rural development under the new European Agricultural Fund for Rural Development, covering the programming period 2007-13, has four aims:

- to improve the competitiveness of farm and forest enterprises through support for restructuring, development and innovation (Axis 1);
- to take better care of the environment and the countryside through support for land management and the conservation of natural resources (Axis 2);
- to promote diversification of the rural economy and improvement in the quality of life in order to create a more secure and stable socio-economic context for farmers, their families and the wider rural population (Axis 3);
- the use of area-based, bottom up local development strategies using participatory decision-making (Axis 4, the Leader approach).

The scope of measures in EAFRD is much wider than in the current Rural Development Regulation, which was expanded in 2003 in response to growing public concern about food quality, environmental protection and animal welfare. These, and other new or adapted measures, have been incorporated in EAFRD to produce a much longer 'menu' of options for Member States. The main additions compared to the original RDR are measures on food quality; meeting EU standards for the environment, health, animal welfare and occupational safety; animal welfare; young farmers (reinforced); implementation of Natura 2000 (Birds and Habitats Directives); widened support for forestry; farm and forestry advisory systems; management of integrated rural development strategies by local partnerships; and increased EU co-financing rates for some measures.

#### *Co-financing rules*

The Regulation specifies minimum proportions of the EU co-financing to be allocated to each Axis, but as these minima account for only half the available co-financing there is considerable scope for Member States to shift the balance of their programmes to meet their own priorities, as shown in **Table 2** below, including the possibility of allocating more than half the funding to the Leader approach in which the objectives of different axes may be combined.

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<sup>13</sup> Council Regulation (EC) 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development.

<sup>14</sup> COM (2005) 304 final. *Community Strategic Guidelines for Rural Development (Programming Period 2007-2013)*

The table also shows the preferential co-financing rates for Axis 2 and Leader, but these are unlikely to have a major impact on the UK programmes because of the combined effect of the UK budget rebate and the expected national allocation to the UK.

EAFRD budget allocations to axes			EAFRD co-financing rates <sup>15</sup>
	compulsory minimum	possible maximum	
<b>Axis 1</b>	10%	60%	20 – 50% (75% convergence objective)
<b>Axis 2</b>	25%	75%	20 - 55% (80% convergence objective)
<b>Axis 3</b>	10%	60%	20 - 50% (75% convergence objective)
<b>Leader</b>	5% (phased in for EU10)	55%	20 - 55% (80% convergence objective)

Table 2: EAFRD programme allocations and co-financing rates

In June 2003 the Council of Ministers agreed to the decoupling of most Pillar I (agricultural market and income) support and the introduction of compulsory modulation to transfer funds from Pillar I to Pillar II (rural development), at a rate of 5% from 2007. In December 2005, the agreement on the Financial Perspective made it possible to supplement this with voluntary modulation up to a level of 20%, but it is not yet clear how this will work (see section 8.2 below for discussion of the EAFRD budget).

#### *Commission's Strategic Guidelines and National Strategies*

In order to 'focus the strategic content of rural development policy in line with the Community's priorities'<sup>16</sup> EAFRD requires the Commission to prepare Strategic Guidelines for rural development policy 2007-13 and each Member State to submit a national strategy plan taking account of these Guidelines to the Commission in advance of its rural development programmes. If the Commission considers that a rural development programme is not consistent with both its own and the relevant national strategy it will seek revisions. The Commission's Strategic Guidelines<sup>17</sup> were adopted in February 2006 and those most significant for forestry and woodland sector are shown in **Box 2** together with relevant the key actions for Member States.

For the forestry and woodland sector the most significant part of the guidelines (and hence, presumably, of the national strategies and programmes) is the emphasis on:

- forestry's role in combating climate change and the development of new outlets for forestry products, especially in the provision of renewable energy;
- preservation and development of high nature value forestry systems and traditional agricultural landscapes;
- using Axis 2 measures to integrate the three EU priority areas of biodiversity (including preservation of high nature value farming and forestry systems and traditional agricultural landscapes), water, and climate change; and to contribute to the implementation of the agricultural and forestry Natura 2000 network, the Göteborg commitment to reverse biodiversity decline by 2010, to the Water Framework Directive objectives and to the Kyoto Protocol targets for climate change mitigation;

<sup>15</sup> not including special rates for Aegean Islands and outermost regions

<sup>16</sup> EAFRD Regulation (EC) 1698/2005 Recital 8

<sup>17</sup> Council of the EU (2006) *Community Strategic Guidelines for rural development (programming period 2007-13)* Document 5966/06

- the role of Leader in mobilising the endogenous development potential<sup>18</sup> of rural areas, promoting public-private partnerships and promoting co-operation and innovation;
- the requirement for Member States to ensure that synergies between the axes are maximised (and conflicts avoided).

The reference to renewable energy in key actions for three axes and the reference to the EU Forestry Strategy which, it is pointed out, ‘*can help deliver on both the growth and employment and the sustainability objectives*’ seem to indicate that the Commission is expecting to see ‘joined up’ forestry measures running through the programmes, in contrast to the current UK RDPs where forestry related measures are confined almost entirely to planting and restocking.

Box 2: Extracts relevant to forestry from Commission Strategic Guidelines for Rural Development<sup>19</sup>

**AXIS 1 GUIDELINE** ‘Europe’s agriculture, forestry and its agrifood sector have great potential to further develop high quality and value added products that meet the diverse and growing demand of Europe’s consumers and world markets. The resources devoted to axis 1 should contribute to a strong and dynamic European agrifood sector by focusing on the priorities of knowledge transfer, modernisation, and innovation and quality in the food chain and on priority sectors for investment in physical and human capital’.

*Key actions on which Member States should focus support include:*

‘Facilitating innovation and access to R&D.... Developing new outlets for agricultural and forestry products. ...Support for investment and training in the field of non-food production ...creating innovative new outlets for production or helping the development of renewable energy materials, biofuels and processing capacity; improving the environmental performance of farms and forestry. Long-term sustainability will depend on the ability to produce products that consumers wish to buy, while achieving high environmental standards. Investing in increased environmental performance can also lead to efficiency gains in production, creating a win-win situation.’

**AXIS 2 GUIDELINE** ‘To protect and enhance the EU’s natural resources and landscapes in rural areas, the resources devoted to axis 2 should contribute to three EU level priority areas: biodiversity and preservation and development of high nature value farming and forestry systems and traditional agricultural landscapes; water, and climate change. The measures available under axis 2 should be used to integrate these environmental objectives and contribute to the implementation of the agricultural and forestry Natura 2000 network, to the Göteborg commitment to reverse biodiversity decline by 2010, to the objectives of [the Water Framework Directive], and to the Kyoto Protocol targets for climate change mitigation.’

*Key actions on which Member States should focus support include:*

‘Preserving the farmed landscape and forests. In Europe, much of the valued rural environment is the product of agriculture. Sustainable land management practices can help reduce risks linked to abandonment, desertification and forest fires, particularly in less favoured areas. Combating climate change. Agriculture and forestry are at the forefront of the development of renewable energy and material sources for bio-energy installations. Appropriate agricultural and forestry practices can contribute to the reduction in greenhouse gas emissions and preservation of the carbon sink effect and organic matter in soil composition, and can also help in adapting to the impacts of climate change;’

<sup>18</sup> using local resources to create growth and jobs

<sup>19</sup> Council of The European Union (2006) *Council Decision on Community strategic guidelines for rural development (programming period 2007-2013)* Document 5966/06. Brussels

**AXIS 3 GUIDELINE** ‘The resources devoted to the fields of diversification of the rural economy and quality of life in rural areas under axis 3 should contribute to the overarching priority of the creation of employment opportunities and conditions for growth. The range of measures available under axis 3 should in particular be used to promote capacity building, skills acquisition and organisation for local strategy development and also help ensure that rural areas remain attractive for future generations. In promoting training, information and entrepreneurship, the particular needs of women, young people and older workers should be considered.’

*Key actions on which Member States should focus support include:*

- ‘developing micro-business and crafts which can build on traditional skills or introduce new competencies....training young people in skills needed for the diversification of the rural economy can tap into demand for tourism, recreation, environmental services, traditional rural practices and quality products ....developing the provision and innovative use of renewable energy sources which can contribute to creating new outlets for agricultural and forestry products.....encouraging the development of tourism’

**LEADER GUIDELINE** ‘The resources devoted to axis 4 (Leader) should contribute to the priorities of axis 1 and 2 and in particular of axis 3, but also play an important role in the horizontal priority of improving governance and mobilising the endogenous development potential of rural areas’. The document goes on to note that this axis offers the possibility to combine all three objectives – competitiveness, environment and quality of life/diversification - and that integrated approaches involving farmers, foresters and other rural actors can safeguard and enhance the local natural and cultural heritage, raise environmental awareness, and invest in and promote specialty products, tourism and renewable resources and energy’.

*Key actions on which Member States should focus support include:*

‘building local partnership capacity...promoting private-public partnership. In particular, Leader will continue to play an important role in encouraging innovative approaches to rural development ...promoting cooperation and innovation..... connecting people to new ideas and approaches, encouraging innovation and entrepreneurship.....On-line communities can help in the dissemination of knowledge, the exchange of good practices and innovation in rural products and services; improving local governance. Leader can help foster innovative approaches to linking agriculture, forestry and the local economy....’

**PROGRAMMING GUIDELINE** ‘In working out their national strategies, Member States should ensure that synergies between and within the axes are maximised and potential contradictions avoided. Where appropriate they may develop integrated approaches. They will also wish to reflect on how to take into account other EU level strategies such as the Action Plan for Organic Farming, the commitment to increased use of renewable energy resources, the need to develop a medium- and long-term EU strategy to combat climate change and the need to anticipate the likely effects on farming and forestry, and the EU Forestry Strategy and Action Plan (which can help deliver on both the growth and employment and the sustainability objectives) and the priorities set out in the Sixth Community Environment Action Programme laid down by Decision No 1600/2002/EC of the European Parliament and of the Council of 22 July 2002, particularly those priorities identified as requiring thematic environmental strategies (soil protection, protection and conservation of the marine environment, the sustainable use of pesticides, air pollution, urban environment, the sustainable use of resources, and waste recycling)’.

## **5.2 Axis 1 – Improving the competitiveness of the agricultural and forestry sector**

Woodland owners and timber processors could be helped to find new markets for their products and to improve both their management and their business efficiency through Axis 1 support for both capacity building and business investment.

Measures to improve dissemination of information and to develop human potential include support for:

- vocational training for people in the forest sector, and provision of information including that on scientific knowledge and innovative practices;
- setting up forestry advisory services and supporting foresters who use them;

Measures to develop the physical potential of woodlands and promote innovation include support for:

- investment in forests (which will require forest management plans for woodlands over a minimum size);

and support for tangible or intangible investments in :

- improving the overall performance of the enterprise;
- processing and/or marketing of forestry products;
- developing new products, processes and technologies linked to forestry products.

It is noticeable that this support refers to ‘forestry products’ rather than to timber production and there is a strong emphasis on innovation, new products and processes. Within Axis 1 forestry will potentially be competing for funding with similar advisory and investment measures for farming plus measures to help farmers meet food quality standards; (other Axis 1 measures not used in the current UK RDPs are early retirement and support for young farmers, except in Northern Ireland).

### **5.3 Axis 2 – Improving the environment and the countryside**

The most important feature of EAFRD land management payments is the clear message, in both the EAFRD Regulation and the Commission’s Strategic Guidelines, that environmental outputs are the main justification for supporting tree planting and woodland management. Specifically, Axis 2 support is expected to contribute to the preservation and development of high nature value forestry systems and traditional agricultural landscapes; and to the delivery of EU environmental policies on climate change, biodiversity and water. In providing the justification for the Axis 2 measures the EAFRD recitals note that:

*‘Forestry is an integral part of rural development and support for sustainable land use should encompass the sustainable management of forests and their multifunctional role. Forests create multiple benefits: they provide raw material for renewable and environmentally friendly products and play an important role in economic welfare, biological diversity, the global carbon cycle, water balance, erosion control and the prevention of natural hazards, as well as providing social and recreational services. Forestry measures should be adopted in the light of undertakings given by the Community and the Member States at international level, and be based on Member States’ national or sub-national forest programmes or equivalent instruments, which should take into account the commitments made in the Ministerial Conferences on the Protection of Forests in Europe. Forestry measures should contribute to the implementation of the Community Forestry Strategy’.*

Axis 2 offers a comprehensive suite of measures for supporting environmental woodland management. These include planting on farmland and elsewhere; annual management payments for the ongoing environmental management of woodlands; and capital grants both for environmental management and enhancing ‘public amenity’. This puts support for woodland management more or less on a par with that for environmental management of farmland. There is support for afforestation, both on farmland and elsewhere, plus agro-forestry support, forest-environment and Natura 2000 payments and capital grants, with Pillar I cross-compliance conditions applied for the first time to some woodland support measures.

### *Afforestation*

EAFRD can support afforestation only in areas designated by the Member State; these designations must take into account environmental needs such as protecting against erosion or extending forest resources as a contribution to mitigating climate change. Support for afforestation of agricultural and other land in these designated areas covers:

- establishment costs (in all cases);
- an annual maintenance payment for five years on farmland or abandoned farmland, but not for short rotation coppice (SRC);
- on farmland only, an annual payment for 15 years contributing towards loss of income as a result of planting.

SRC qualifies for establishment costs on both agricultural and non-agricultural land. In the case of afforestation on farmland (but not on other land), there are two environmental conditions: Christmas trees are excluded; and recipients have to meet the same cross-compliance standards on the whole holding (not just on the woodland) as farmers have to meet for the Single Payment Scheme – the Statutory Management Requirements (SMR) and Good Agricultural and Environmental Condition (GAEC)<sup>20</sup>.

### *Agro-forestry*

Support is available for farmers to establish agro-forestry systems, with extensive agriculture and forestry carried out on the same land. Existing UK examples of agro-forestry are all pastoral but there seems to be no reason why extensive arable systems should not be combined with low density tree planting. Provided the density of trees is within a specified maximum the farmer will not lose his entitlement to Pillar I Single Payment Scheme (SPS) payments on that land as a result of growing trees. There is no cross-compliance requirement attached to agro-forestry payments presumably because it is assumed that farmers will continue to be subject to cross-compliance for as long as they claim their Pillar I payments. At the time of writing it was not clear what the maximum tree density will be, whether it will be specified in Implementing Regulations or left to the decision of Member States, or how it will affect SPS claims. Until these uncertainties are resolved farmers are unlikely to be willing to establish new agro-forestry systems.

### *Natura 2000*

Annual management payments are available on farmland, forests and other wooded land to compensate for costs incurred and income foregone resulting from the restrictions due to the implementation of the Habitats and Birds Directives. Given the way in which SSSI/ASSI legislation is framed in the UK, it is difficult to envisage many situations where this measure would be more useful than the forest-environment payments which have the same maximum payment rates and can cover other management requirements (for example public access), not just those which are a consequence of the Natura 2000 designation.

### *Forest-environment payments*

Directly comparable to agri-environment payments, these management agreements have been introduced to *'to enhance biodiversity, preserve high-value forest ecosystems and reinforce the protective value of forests with respect to soil erosion, maintenance of water resources and water quality and to natural hazards'*<sup>21</sup>. The annual management payments for 5-7 years (with the option for longer agreements if justified) cover additional costs and income foregone for voluntary commitments above a mandatory baseline. These payments are also

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<sup>20</sup> as defined for Pillar I SPS in Articles 4 and 5 of and in Annexes III and IV to Regulation (EC) No 1782/2003

<sup>21</sup> EAFRD Recital 41

subject to cross-compliance with SMR and GAEC<sup>22</sup>. Unlike agri-environment payments, there is no provision for including transaction costs in the forest-environment payment calculation, nor for awarding management agreements on the basis of competitive tender.

#### *Capital grants*

Support is provided for investment linked to:

- forest-environment management agreements;
- ‘other environmental objectives’ in woodlands; and
- enhancing the public amenity value of woodlands.

This offers essential capital grant support in delivering forest-environment management agreements for resource protection, biodiversity and landscape; it is not clear if ‘public amenity’ also refers to public access, but if it does not there are grant-aid provisions for small-scale tourist and recreation infrastructure in Axis 3.

#### *Environmental conditions in Axis 2*

Although cross-compliance with the five environmental EC Regulations and Directives in SMR, and with GAEC, is a requirement of most of the Axis 2 woodland measures, it does not apply to agro-forestry or afforestation of non-agricultural land<sup>23</sup>. In the UK this omission may be covered if compliance with the UK Forest Standard is made a condition of EAFRD support. The only other environmental condition is that Christmas trees may not be planted on farmland with EAFRD support for afforestation. The Regulation does not address potential conflicts between the different environmental objectives of Axis 2 – for example between the use of fast-growing non-native species (such as eucalyptus) as a renewable energy source and the need to improve the network of native woodland habitats in the wider countryside to halt biodiversity loss. The Commission’s Strategic Guidelines do give a steer on this to Member States who ‘should ensure that synergies between and within the axes are maximised and potential contradictions avoided’, but it is difficult to see how direct contradictions between climate change and biodiversity objectives can be avoided if the only guidance on prioritisation is on identifying areas, as in the draft Implementing Regulation (please see section 8.3 below).

### **5.4 Axis 3 – The quality of life in rural areas and diversification of the rural economy**

The recitals to Axis 3 note that:

*‘Support should be granted for other measures relating to the broader rural economy. The list of measures should be defined on the basis of experience of the Leader initiative and having regard to the multi-sectoral needs for endogenous rural development’.*

This Axis offers the opportunity for the woodland sector to build upon the innovative woodland enterprises already tested in Leader schemes throughout the UK<sup>24</sup>. It provides a

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<sup>22</sup> see footnote 16

<sup>23</sup> Although 19 Regulations and Directives are included in the cross-compliance Statutory Management Requirements only five of them are environmental – the rest cover public, animal and plant health, registration and welfare of animals and notification of animal diseases,

<sup>24</sup> Swales V, Keenleyside C, Farmer M, Slee, B & Dwyer J (2006) The Environmental Contribution of Leader + in the UK. A report for the Land Use Policy Group of the GB Statutory Agencies. SNH, Inverness.



wide range of support for rural businesses and communities covering business development, environmental enhancement, public access, recreation and tourism - all of which may be delivered through a 'bottom up' local development strategy, similar to but separate from Leader. All of these measures are of potential benefit to the diversification of the woodland sector:

Business development support is available for:

- the creation and development of micro-enterprises<sup>25</sup>;
- members of a farm household diversifying into non-agricultural activities;
- training and information for economic actors involved in diversifying the rural economy or improving the quality of life.

Environmental enhancement support is available for:

- drawing up protection and management plans for places of high natural value, including Natura 2000 sites;
- investing in the maintenance, restoration and upgrading of the natural heritage and in the development of high natural value sites; and also for activities to raise awareness of the environment;
- studies of cultural heritage and the rural landscape;
- investing in the maintenance, restoration and upgrading of the cultural heritage and rural landscape.

Support to encourage public access, recreation and tourism is available for:

- small scale infrastructure such as information centres and signs;
- recreational infrastructure such as access to natural areas, small capacity accommodation;
- development and marketing of tourism services.

Axis 3 also supports and encourages the preparation and implementation of local development strategies using local public-private partnerships – very similar to Leader but covering only the Axis 3 measures, not the whole range of EAFRD objectives.

This axis could be an important additional source of support for diversification in the woodland sector – for example, woodland owners providing public access and tourist accommodation, farm families setting up small scale woodland contracting services, or craft workers using locally sourced timber.

## **5.5 Axis 4 – Leader**

Between 5% and 55% of the EAFRD support for each Rural Development Programme is to be reserved for implementing 'bottom-up' local development strategies that achieve any of the main EAFRD objectives<sup>26</sup>. In some other EU-15 Member States, including Ireland, Finland and Spain, 100% of rural areas are already covered by the Leader approach and, since May 2004, Leader has been a mainstream measure for EU-10.

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<sup>25</sup> defined as employing no more than 10 people with an annual turnover or balance sheet of less than €2million

<sup>26</sup> (a) improving the competitiveness of agriculture and forestry by supporting restructuring, development and innovation; (b) improving the environment and the countryside by supporting land management; and (c) improving the quality of life in rural areas and encouraging diversification of economic activity.

The justification for making the Leader delivery system a key objective of EAFRD is that:

*‘The Leader initiative, after having experienced three programming periods, has reached a level of maturity enabling rural areas to implement the Leader approach more widely in mainstream rural development programming..... Given the importance of the Leader approach, a substantial share of the contribution of the EAFRD should be earmarked for this axis...[which]...should contribute to the priorities of axis 1 and 2 and in particular of axis 3, but also play an important role in the horizontal priority of improving governance and mobilising the endogenous development potential of rural areas<sup>27</sup>.’*

The support measures available are broadly similar to those for Leader+ but the objectives, which are new and cover the whole remit of EAFRD, are to implement;

- local development strategies aimed at the objectives of one or more of the other three axes;
- co-operative projects aimed at the objectives of one or more of the other three axes, with partners from within the Member State, within the EU countries or internationally.

The Leader approach is characterised by:

- a bottom-up approach with a decision-making power for Local Area Groups (LAGs) on the design and implementation of the strategy;
- a multi-sectoral strategy based on the interaction between actors and projects of different sectors of the local economy;
- innovative approaches;
- cooperation projects and networking of LAGs.

Leader funds will be available to both existing Leader Local Action Groups and new groups and will cover the costs of running the LAG, acquiring skills, animation, preparing the local development strategy and cooperative actions, and implementing projects. A LAG must be a public-private partnership (with the possibility of representatives of the woodland sector) and will be responsible for choosing the projects to be funded by EAFRD, with reference to the priorities identified in the local development strategy.

The Leader axis offers the opportunity to use EAFRD funds for innovative woodland support and is the best option for close integration of measures from different axes (for example investment in wood processing, woodland management and tourist accommodation within a single scheme). An important point for those seeking to encourage innovation in the woodland sector is that although Leader projects must fit within the objectives of one or more of the three axes *they do not necessarily have to correspond to one of the 37 rural development measures*<sup>28</sup>. It has been suggested by some UK commentators that such joint schemes will be hampered or even precluded by the co-financing rule that expenditure may be co-financed under only one axis of the rural development programme. It is therefore worth noting that this point has been addressed in Article 70 of Regulation (EC) 1698/2005, which states that: *‘Where an operation falls under measures from more than one axis, the expenditure shall be attributed to the dominant axis.’*

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<sup>27</sup> text quoted from, respectively, EAFRD Reg 1698/2005 Recitals 50 and 51 and from Community Strategic Guidelines Document 5966/06

<sup>28</sup> Helen Williams, DG AGRI in a presentation to MAF/UNDP seminar in Sofia, November 2005

## 6 Forestry Measures in Other Member States

This section characterises some of the ways other Member States have used forestry and related measures under Regulation 1257/1999 (the Rural Development Regulation or RDR) in order to identify approaches that could be applied in the UK through the EAFRD Regulation. A comprehensive review of woodland and forestry grant schemes in the current UK Rural Development Programmes is presented in Annex 2, and **Table 3** below summarises these schemes.

In general, most Member States outlined the role of forestry as a multi-functional activity in their national Rural Development Programmes (RDPs), and placed substantial responsibility on forestry to deliver a number of public goods. A number of Member States, such as France and Germany, specify the importance of forestry in helping to address climate change.

Whilst a number of RDP measures are particular to the context of specific countries (for example, in helping to combat the risk of forest fires in Mediterranean Member States), some bear relevance to the UK, and these are summarised below<sup>29</sup>. There are also a number of policies from other Member States that lie beyond the RDR, but that are of interest in relation to EAFRD. Such policies include the environmental certification of timber where in France, the 2001 Forestry Act identified an *Appellation d'origine contrôlée* certification scheme for forest and wood products.

### *Processing and marketing of forestry products in Finland and France*

The Finnish RDP sought to financially assist the forest production chain by focussing on the downstream marketing and processing of forestry products. The Finnish RDP applied two measures from Article 30 of the RDR to achieve this, referred to nationally as one, the improvement of the collection, processing and trade of forestry products, and two, the creation of new sales opportunities for promoting the use and marketing of forestry products. These investments have helped to develop a high quality timber processing industry and export chains to other Member States. France also made use of Article 30 in order to provide aid for the promotion of wood products. There are no similar measures in the UK's RDP.

### *Forests as ecological corridors in the Netherlands*

The Dutch RDP includes a policy to improve the inter-connectivity of forests as part of the country's overall ecological network. Approximately 20 per cent of the 75,000 ha scheduled to be afforested as part of the country's longer-term afforestation policy were to be targeted explicitly for environmental purposes. This was to be achieved through payments compensating the loss of income as a result of the afforestation of agricultural land and a subsidy scheme aimed at developing and maintaining the ecological significance of forests and woodlands. A related aim of this afforestation, was to increase the number and proximity of recreational opportunities in the country.

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<sup>29</sup> This section of the report was drawn from two key sources:

LUPG (2002) An Enhanced Role for Forestry in Sustainable Rural Development. A Report for the WPG of the LUPG and the FC by CCRU and IEEP.

Kankaanpää, S. and Carter T. (2004) An Overview of Forest Policies Affecting Land Use in Europe, Finnish Environment Institute: Helsinki.

Table 3: Summary of woodland and forestry measures in current UK Rural Development Programmes (and other measures)

Country	Scheme							
	Woodland Grant Scheme		Farm Woodland Premium Scheme	Challenge Funds	Agri-environment	Training	Energy Crops	Leader +
	Expansion	Stewardship						
England <sup>30</sup>	✓	✓	✓	✓ <sup>31</sup>	✓	✓	✓	✓
Scotland <sup>32</sup>	✓	✓	✓	WIAT <sup>33</sup>	✓	V. Limited <sup>34</sup>	x	✓
Wales <sup>35</sup>	✓	✓	✓	NWEC & QTCF <sup>36</sup>	✓	✓	x	✓
N Ireland	✓	✓	✓	SRC Energy <sup>37</sup>	✓	x	Challenge Funds	x

<sup>30</sup> England Woodland Grant Scheme opened in 2005 replacing Woodland Grant Scheme and Farm Woodland Premium Scheme

<sup>31</sup> Two challenge funds: Forest School Challenge Fund in East England; Health Woodland Improvement Grant Challenge Fund in West Midlands

<sup>32</sup> Scottish Forestry Grants Scheme encompasses WGS and Farm Woodland Premium Scheme

<sup>33</sup> Woodlands In and Around Towns

<sup>34</sup> Small scale Forestry Commission Technology Transfer training

<sup>35</sup> Better Woodlands for Wales will be introduced from 2006 replacing WGS

<sup>36</sup> Native Woodland Expansion Challenge and Quality Timber Challenge Funds

<sup>37</sup> Challenge fund for Short Rotation Coppice Energy Crops

#### *Urban forests in the Netherlands*

Alongside the 20 per cent of newly afforested land to be used primarily for conservation purposes in the Netherlands, about 13 per cent was to be targeted at creating urban green space networks around cities. This relates to an overarching national policy to make nature more accessible for both urban and rural populations.

#### *Forests and sustainable water management policy in the Netherlands and Spain*

One goal for forestry under the Dutch RDP was to adopt a more integrated approach to water management. It was an aim to improve the water storage capacity of forest areas through environmentally sensitive afforestation. The use of forestry in preventing soil erosion and managing watercourses formed a part of the Spanish RDP.

#### *The enhancement and expansion of native woodland in Ireland*

A new Native Woodland Grant Scheme was specified in the RDP for Ireland, although actually financed by a combination of State and EU Structural Funds. A total of 15,000 ha of existing woodland was targeted for conservation and an additional 15,000 ha targeted for establishment. The primary objectives of the scheme were to protect and expand Ireland's native woodland resource and associated biodiversity by using environmentally sensitive silvicultural techniques.

#### *Support for agro-forestry in Spain and Finland*

One measure in the Spanish RDP relates to open grazed forests, whereby support could be given to develop pure breeds and quality products, thereby supporting extensive livestock systems. The Finnish RDP supports reindeer husbandry in forested areas. This activity is important in relation to tourism and financial support is provided in the form of improving know-how and marketing.

#### *Wood as an energy source in Finland and Germany*

Through the Leader element of the RDR, domestic and district heating schemes have been established in Finland and Germany through the use of wood chippings. In one German example, energy from wood chips supplied by local farms now provide one rural community with its entire heat supply and part of its electricity supply.

#### *Sustainability and biodiversity guidelines in Ireland*

The Irish RDP introduced new environmental guidelines for biodiversity and harvesting. The Forest Biodiversity Guidelines incorporated biodiversity considerations into forest management practices and stated that 15 per cent of the country's forest area must be managed for biodiversity.

## 7 UK Forestry Grant Schemes and EAFRD – A Gap Analysis

### 7.1 Introduction to gap analysis

Table 3 illustrates that a relatively narrow range of forestry measures are being implemented under current rural development programmes in the UK. This range reflects the limitations of the Rural Development Regulation itself in relation to forestry and also demonstrates the relative priority given in different UK countries to forestry and related measures. For example, neither Scotland nor Wales have given any priority to short rotation coppice and Northern Ireland does not appear to fund any forestry related training.

The following sections take this analysis a stage further to look first, at the extent to which current rural development schemes meet LUPG priorities for forestry (drawn from section 4) and second, the extent to which current schemes reflect the opportunities for forestry within the new EAFRD (drawn from section 5).

### 7.2 Current schemes and LUPG priorities

Table 4 draws on the previously identified LUPG priorities and assesses the extent to which these priorities are currently being met by current rural development schemes in each of the four UK countries. A ✓ indicates if there is a scheme operating that broadly addresses an LUPG priority.

This analysis shows that all four countries operate schemes that address, to varying degrees, the following issues:

- the protection and enhancement of forest/woodland biodiversity;
- landscape quality;
- improving public access to forests and woodlands (and encouraging recreation/tourism);
- expansion of forest/woodland area.

Equally, all four countries appear to give a *low priority* to:

- improving soil, air and water quality through forest/woodland management;
- encouraging marketing and processing of timber and other woodland products;
- advice for forest/woodland owners/managers;
- agro-forestry;
- urban forests/trees;
- non-woodland trees.

Beyond this, the picture is rather mixed with some countries encouraging energy crops e.g. England and Northern Ireland but not others, and training for foresters and farmers being offered in England and Wales, on a limited basis in Scotland and not at all in Northern Ireland. These choices may well reflect the dominant priorities in different countries and the availability of rural development funding.

Table 4: Current Rural Development Schemes and LUPG Priorities

Priority	Country			
	England	Scotland	Wales	N Ireland
<b>Environment</b>				
Alternative energy	✓			✓
Biodiversity	✓	✓	✓	✓
Landscape	✓	✓	✓	✓
Soil, air and water		✓		
<b>Economy</b>				
Marketing and processing	✓(pilot scheme)			
Recreation and tourism		✓	✓	✓
<b>Social</b>				
Advice				
Training	✓	✓(limited)	✓	
Public access	✓	✓	✓	✓
<b>Other</b>				
Expansion of forest area	✓	✓	✓	✓
Agro-forestry				
Urban forests/trees		✓		
Non-woodland trees	✓			

### 7.3 Current rural development schemes compared to EAFRD

As established in Section 5, EAFRD presents considerable opportunities for a more enhanced role for forestry within rural development programmes.

Table 5 compares the main EAFRD Articles with current rural development schemes in each of the four UK countries. A ✓ indicates whether a scheme is currently in operation that broadly meets the objectives of new Articles in EAFRD. For example, the Farm Woodland Premium Scheme operates in all four UK countries and meets the requirements of Article 43 afforestation of agricultural land.

Table 5 illustrates that if the UK countries were to continue their current suite of schemes into the new programming period for 2007-2013, they would be missing out on considerable opportunities for forestry and forest related activities. Taking Table 3 and Table 4 together it is clear that current rural development schemes both fail to meet the full range of LUPG priorities and fall short of making the most of the new EAFRD. Expanding existing schemes or introducing new schemes to address the gaps presented by this analysis seems logical however it is likely that there may be considerable constraints or barriers to making full use of EAFRD. These issues are explored in the following section.

Table 5: Current Rural development Schemes compared to the main EAFRD Articles

	England	Scotland	Wales	N Ireland
<b>EAFRD Forestry Articles</b>				
<b>AXIS 1</b>				
Art 21 Training and information	✓	V limited	✓	
Art 24 Use of advisory services				
Art 25 Setting up advisory services				
Art 27 Improving economic value of forests	✓	✓	✓	✓
Art 28 Adding value to forestry products	Pilot Scheme			
Art 29 Cooperation for developing new products				
Art 30 Infrastructure for development and adaptation				
<b>AXIS 2</b>				
Art 39 Agri-environment	✓	✓	✓	✓
Art 43 Afforestation of agric land	✓	✓	✓	✓
Art 44 Agro-forestry				
Art 45 Afforestation non-agric land	✓	✓	✓	✓
Art 46 Natura 2000				
Art 47 Forest-environment				
Art 48 Restoring forestry potential				
Art 49 Non-productive investments				
<b>AXIS 3</b>				
Art 55 Encouragement of tourism				
Art 57 Conservation and upgrading of rural heritage				
Art 58 Training and information				
Art 59 Skills				
<b>Leader</b>				
Art 61-65 Leader	✓	✓	✓	



## **8 Implementing Forestry Measures in EAFRD – Constraints and Opportunities**

This section first considers the extent to which the context for forestry in rural development changed between the RDR and EAFRD, then explores the challenges and opportunities in implementing the EAFRD woodland measures for environmental and other public benefits, and for adding value to woodland products, building capacity within the sector, and encouraging innovation.

### **8.1 From RDR to EAFRD - changes in the policy context since 1999**

Although the forestry measures in EAFRD can be seen as a significant extension of those in the RDR it is important to acknowledge just how much the context for their implementation has changed in the intervening six years, both in Europe and the UK.

#### *Links between forestry and environmental policy*

Since 1999 there has been further development of sustainable forestry and environmental policy at a pan-European level with the MCPFE emphasis on SFM and enhancing forest biological diversity. The role of forestry in the delivery of EU environmental priorities is emphasized in the EU Forestry Strategy, and the preparation of an action plan to accompany the strategy in 2006 suggests a renewed commitment to its delivery, through EAFRD and the national forestry strategies. The link between EU environmental policy and support for woodland planting and management has been made explicit and mandatory in EAFRD Axis 2, effectively precluding EU co-financed support for planting and managing woodland solely for the purpose of timber production<sup>38</sup>. Contributing to the delivery of EU environmental policy is now the main justification for supporting tree planting and woodland management, while the development of new products and services and innovation in the sector is a major justification for economic and community measures. Current Government support for forestry under the RDR does target biodiversity and landscape but not the new environmental priorities of climate change (mitigation and adaptation) or the diffuse pollution of rivers and estuaries that must be addressed under the Water Framework Directive. Woodland may have a more significant role to play in: reducing greenhouse gas emissions (compared to some agricultural land uses); carbon sequestration; the provision of local fuel supplies, sustainable industrial feedstock, building materials and bio-fuels; pollution control in catchments and river basins; and the management of flood waters.

#### *Relative importance of farmland and woodland*

Perhaps the least noticed change between the RDR and EAFRD has been the relative position of farming and forestry, both as alternative uses of rural land and in the way in which the two sectors are supported within EAFRD. The administrative distinction between ‘farmers’ and ‘forest owners’ has become even less relevant on the ground since the Single Payment Scheme removed the need to use the land for agricultural production. In some parts of the UK the SPS rules on ‘stacking’ entitlements and/or GAEC mowing requirements appear to offer some farmers the opportunity to plant trees and allow natural regeneration of woodland without necessarily losing SPS payments – although until these rules have been clarified and tested few farmers are likely to take up this option. This is a very different situation from that in which the Farm Woodland Premium Scheme and agri-environment measures for tree-planting and woodland management were first devised, and has been recognised in the more equitable treatment of farming and forestry in EAFRD. It will be important to adapt the UK

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<sup>38</sup>see Box 2 in Section 5.1

delivery systems, advice and other support (including research) to take account of this shift in the farming/forestry balance and to provide a seamless service for all land managers that recognises both their needs and the new environmental and public benefit emphasis of woodland support.

### ***Delivery and devolution***

The delivery of woodland grants has already been significantly altered by devolution and the impact on forestry policy is becoming clear and is likely to deepen, as the devolved administrations gain experience. The further development of the four UK forestry strategies, the wider scope of EAFRD forestry support and the re-orientation of agri-environment support are altering the context in which forestry support is delivered and putting emphasis on regional priorities and regional delivery. Even more local emphasis on delivery will be possible from 2007, when between 5% and 55% of the EAFRD budget for each Rural Development Programme is to be reserved for implementing 'bottom-up' local development strategies which achieve any of the main EAFRD objectives<sup>39</sup>. These strategies will follow Leader principles – area-based, public-private partnerships, multi-sectoral, innovative, co-operative (including within and between Member States). Effective use has already been made of Leader+ and Objective 1 funding for innovative woodland management and the development of new woodland products and services. It will be a considerable challenge to keep the flexible, innovative characteristics of the Leader approach and use it to deliver support from all three axes of EAFRD in response to local needs and opportunities. It is still not clear how Leader will develop under EAFRD and there is a real risk that it will become institutionalised within the mainstream delivery systems for woodland support, at a time when the industry is in most need of innovation and support in developing new, local markets.

## **8.2 Constraints on implementation of forestry measures in EAFRD**

### ***EAFRD budget***

EU Heads of Government reached agreement on the 2007-2013 Financial Perspective in December 2005, giving a budget over the seven years of €62 billion, representing 1.045% of the EU's GNI - a substantial cut compared with the Commission's original bid. As of April 2006, following agreement between the European Parliament, the Commission and the Council, the total budget had increased by an extra €1 billion to €63 billion. In 2008 there will be a fundamental review of EU spending and revenue, but it is not entirely clear to what extent this will apply to the 2007-2013 Financial Perspective.

Pillar I expenditure will be at the minimum compatible with the October 2002 agreement, meaning that Bulgaria and Romania will have to be accommodated within the sum available possibly leading to a significant cuts through the 'financial discipline' process by 2013. This, together with compulsory EU modulation of 5% from 2007, may limit the scope for voluntary modulation although the settlement should permit this up to a maximum of 20%. Pillar II spending on rural development, at €9.75 billion, has been slashed by more than one fifth compared with the Commission's original proposal and a large share (€3.01 billion) is reserved for EU10, Romania and Bulgaria. By 2013 the Pillar II budget ceiling could be as much as 12% below the comparable 2006 figure.

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<sup>39</sup> (a) improving the competitiveness of agriculture and forestry by supporting restructuring, development and innovation; (b) improving the environment and the countryside by supporting land management; and (c) improving the quality of life in rural areas and encouraging diversification of economic activity.

In 2000-2006, the UK secured about 3.5% of the Guarantee element of the rural development budget but the share may be different under EAFRD – the Commission will propose a ‘key’ to cover nine of the EU15 MS (six have already been allocated a guaranteed share as part of the budget negotiations). The UK share is likely to be very modest, although it will be topped up by a share of compulsory EU 5% modulation, and it is clear that current Pillar II expenditure plans in the UK will not be sustainable without significant top up from state aids and/or voluntary modulation. New measures in EAFRD, including those on food quality and animal welfare, will increase the pressure on this limited budget. Measures in Convergence Objective areas will be delivered as part of EAFRD, but with preferential rates of funding in some cases (see section 5.1 above).

Although the budget problems might at first be seen as a major constraint on using the forestry measures in EAFRD this may not necessarily be the case. The Commission requires the national strategies and the 2007-13 RDPs to demonstrate how EAFRD Axis 2 measures will deliver the EU environmental priorities, and the Treasury will be concerned that these and other public benefits are delivered in a cost-effective way. These requirements, together with the changing relative position of agriculture and forestry begs questions about the cost-effectiveness of some existing schemes - for example the compensatory element in the FWPS (already criticised by the European Court of Auditors<sup>40</sup>) and the lack of woodland management requirements in some entry level agri-environment schemes. If the public benefits of Axis 2 support for agricultural and woodland management were to be assessed on directly comparable criteria, and payment rates and priorities adjusted to deliver against priority public benefits, it is possible that there would have to be some re-allocation of funding towards support for the woodland sector.

#### ***Global timber market and UK returns***

Timber prices have dropped significantly for a number of years but following a drop in prices of almost 70% between 1995 and early 2003 there has been a slight recovery in the last two years<sup>41</sup>. This has been attributed to weaker sterling, higher freight costs for imported timber, increased demand, and reduced supply from the Baltic states and FC Wales. An FAO review of the European forest sector concluded that countries in Eastern Europe and the CIS are likely to increase their production of forest products dramatically in the next 20 years, and the economic viability of European forest management will remain under threat<sup>42</sup>. The UK is still competitive in technology but while prices remain depressed much of the timber production and harvesting in the UK is commercially unviable<sup>43</sup>. Unless new markets can be found for products from UK woodlands, particularly small diameter timber from unmanaged woodlands, it is difficult to see why landowners should invest in management or new planting without Government support.

#### ***Lack of investment, skilled labour and innovation in the UK private woodland sector***

In a depressed timber market it is not surprising that there is a lack of investment in managing and restocking existing woodlands. In parts of Wales the skilled labour force has dwindled to the point that it is now difficult to find contractors for some basic woodland management

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<sup>40</sup> European Court of Auditors (2005) *Special Report No 9/2004 on Forestry Measures within Rural Development Policy*. Luxembourg.

<sup>41</sup> IPD (2005). UK forestry index 2005.  
[http://www.ipdindex.co.uk/results/indices/Forestry/index\\_forestry.asp](http://www.ipdindex.co.uk/results/indices/Forestry/index_forestry.asp)

<sup>42</sup> FAO (2005). *European Forest Sector Outlook Study 1960-2000-1020*. Main Report. Food and Agriculture Organisation of the United Nations, Geneva.

<sup>43</sup> Defra pers comm. (Crabtree)

tasks<sup>44</sup>. The very limited availability of processing and marketing grants under the current UK schemes has meant that support for innovation has been patchy, and is more likely to have been funded by Leader or Objective 1 than by the RDR. With a long tradition of sawn timber and pulp as the main products of UK woodlands, and many small woodlands owned by farmers who have undertaken little or no woodland management, there is also a lack of business expertise in producing for alternative markets such as woodfuel.

### **8.3 Opportunities in EAFRD**

#### ***Woodland planting and management for environmental and other public benefits***

Many existing farm woodlands are unused for timber production and their management neglected. In upland pastoral systems the use of woodlands for stock shelter continues to threaten woodland regeneration and biodiversity. It is only relatively recently that the management of woodland became so detached from farm management and EAFRD offers an opportunity to encourage landowners to think more holistically about sustainable management of all their land. It is still too early to assess the impact on land values and long term land use decisions of decoupling of Pillar I direct support for farmland and the introduction of the different versions of the Single Payment Scheme in 2005, but the Scheme does offer some limited opportunities for woodland creation and natural regeneration on farmland although, understandably, many farmers are reluctant to use them until the rules have been tested.

The rules on ‘stacking’ SPS entitlements, and the cross-compliance requirements for managing land not in agricultural production vary between countries of the UK, which means that, at present, only some farmers can convert farmland to woodland without losing their SPS payments. For example, farmers in Scotland and Northern Ireland can ‘stack’ the SPS entitlement from newly planted woodland onto other agricultural land, while all countries offer some form of derogation from the requirement to control vegetation on unused agricultural land where this would benefit an SSSI or land in an agri-environment scheme, or is of other environmental benefit<sup>45</sup>. The rules for unused land appear to be most flexible in England, where vegetation has to be cut only once every five years. The ‘other environmental benefit’ derogation is a potentially significant opportunity to encourage the natural regeneration of scrub and woodland habitats in the wider countryside – for example in riparian zones or as buffers around ancient woodland – but depends on farmers actively seeking derogation which many may be unwilling to do. It is important that farmers understand the opportunities to benefit from their SPS entitlement on unused farmland while converting it to woodland, not least because this removes the need for compensation payments such as FWPS.

Where farmers want to continue extensive agricultural management they could be encouraged to plant trees using the agro-forestry measures, which are designed to run in tandem with SPS. Agro-forestry is not a popular concept in the UK, where it tends to be thought of as an academic or experimental interest rather than a practical multi-functional land use. Yet the

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<sup>44</sup> Webb J and Kirk T pers comm.

<sup>45</sup> In England advice to farmers interested in woodland development is: ‘You must normally keep eligible land in a condition that enables it to return to/be maintained as agricultural land. An exemption to this is where environmentally beneficial scrub/new woodland development takes place. Where scrub or woodland is developing you should apply for a derogation from RPA to allow the scrub/woodland to continue growing without having to cut it’. Forestry Commission (October 2005) Guidance Note *Funding for Farm Woodlands in England*.

EAFRD definition of agro-forestry<sup>46</sup> covers some of the oldest and richest habitats in Europe – for example in Spain the dehesa woodlands, managed for livestock, fuel wood and charcoal production, are of outstanding ornithological and landscape interest; and in Estonia the wooded meadows on poor soils over limestone bedrock contain some of the greatest diversity of plant communities in Europe.

Any future expansion of woodland in rural areas will mainly require natural regeneration or planting on land registered as part of farm holdings, although not necessarily used for agricultural production. New planting supported by EAFRD must be in areas designated for environmental reasons – the draft Implementing Regulation defines these as preventing erosion and/or desertification; enhancing biodiversity; protection of water resources; prevention of floods; and climate change mitigation - provided that the latter will not harm biodiversity or cause other environmental damage<sup>47</sup>. This provides a valuable opportunity to plan woodland regeneration (whether planted or natural) at a landscape scale both for the environmental reasons given and also taking into account the needs of local processing facilities (for example for new renewable energy products). There will also be a need to address, through the UK Forest Standard or other conditions attached to EAFRD support, the potential conflict between the biodiversity and landscape benefits of native woodland and the commercial pressure to use quick growing non-native species as a source of renewable energy, particularly as SRC.

The draft Implementing Regulation uses definitions of woodland and forest, based on those of FAO and Eurostat, which are much broader than the definitions commonly used in the UK, and would give considerable scope to support a wide range of woodland management for environmental purposes. For example ‘forest’ has a minimum of only 10 percent canopy cover of trees at least five metres high and ‘wooded areas’ can have a minimum canopy cover of either 5 percent trees or 10 percent shrubs, bushes and trees<sup>48</sup>.

EAFRD Axis 2 offers a comprehensive suite of measures for supporting environmental management of existing woodland. These include annual environmental management payments and capital grants both for environmental management and enhancing ‘public amenity’, putting support for woodland management more or less on a par with that for environmental management of farmland. Provided the payment levels are appropriate, adequate funding is available and Axis 1 measures are used to build capacity among owners unused to woodland management these measures could bring significant biodiversity and landscape benefits. In addition, the Leader axis offers the opportunity to use EAFRD funds for innovative woodland support – including new measures not currently in the EAFRD ‘menu’, provided these meet the objectives of one or more of the three axes.

Relatively little of the existing public access to woodland is provided outside the state forests in the UK (although specialist recreation activities in private woodlands are of increasing importance). The capital grant and annual management payments offer the opportunity to combine support for environmental management of woodlands with improved public access. As was the case with some agri-environment agreements in the uplands in the 1990s, where public access to unenclosed hill land was a condition of support (before the recent access

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<sup>46</sup> ‘agroforestry systems combining extensive agriculture and forestry systems’ – Article 44(1) Regulation 1698/2005.

<sup>47</sup> Details in Annex 1, taken from draft of the Implementing Regulation available in early March 2006 – the final Regulation may differ

<sup>48</sup> Details in Annex 1, taken from draft of the Implementing Regulation available in early March 2006 – the final Regulation may differ.

legislation formalised it) there is an argument for requiring woodland owners to permit public access to woodlands supported by EAFRD, so that people can enjoy the environmental benefits funded by the public purse. Where investment in access facilities is needed and is not eligible for Axis 2 support this could be supported through the recreation and tourism grants in Axis 3. Some of the public benefits achieved through the recent FC Challenge Funds such as local access and forest schools could also be considered for inclusion in forest management agreements under Axis 2.

### ***Adding value to woodland products and building capacity***

Forestry support under the RDR and earlier Regulations has targeted the production resource (existing and new woodland) and the quality of its management (the UK Forest Standard and specific environmental requirements), but has not supported processing and adding value to timber. The challenge will be to use EAFRD effectively as ‘pump-priming’ funding to encourage wider uptake of added value techniques and processes already been piloted in the UK and to develop these and other new uses for locally produced timber and other woodland products.

In addition to capital grants to improve the performance of woodland enterprises EAFRD Axis 1 can provide investment support for micro-enterprises in developing new forest products and technologies, processing and marketing. The existence of a number of pilot projects to add value to timber from sustainably managed woodland suggests that there is no shortage of ideas or willingness to put them into practice, for example the use of sawmill and woodland waste to produce fuel pellets in Wales, and the Objective 1 scheme piloting woodchip as a replacement for straw in livestock housing. It may be useful to develop ‘clusters’ of micro-businesses involved in new woodland products to gain economies of scale in supply of raw materials and in providing guaranteed quantities of product.

One of the problems in a depressed woodland sector is the lack of awareness of new products and lack of ability to adapt businesses to meet new demands. There is also a realisation that more needs to be done to disseminate the results of research and development to small businesses. Axis 1 provides a range of support for capacity building including vocational training, information and specialist forestry advisory services (free at the point of use). Axis 3 also offers support for people from farm families seeking to diversify (perhaps into contracting woodland management services or processing woodland products) and for setting up micro-businesses.

### ***Encouraging innovation and supporting local priorities***

The Commission’s Strategic guidelines section on Leader notes that ‘*Integrated approaches involving farmers, foresters and other rural actors can safeguard and enhance local natural and cultural heritage, raise environmental awareness and invest in and promote specialty products, tourism and renewable resources and energy.*’ The Leader approach offers the opportunity to bring together the measures from different axes in a way that addresses priorities at a local as well as national level. There is a strong case for more active involvement of the woodland sector in the public-private partnerships of the Local Action Groups.

Perhaps because Government support for the woodland sector under the RDR has been almost entirely directed at growing timber, much innovation in the woodland sector has been supported by other funds, notably Leader and Objective 1. Given the new environmental demands on woodlands, particularly towards mitigating climate change and managing water resources, it is particularly important that support for innovation in the sector continues. This will require adequate funding of woodland programmes under Leader and a willingness to accept innovation and the attendant risks that not all Leader support will end in commercially viable activities. Using the Leader approach, particularly with experienced LAGs who manage other projects or services, also makes it easier to access other sources of funding and

add value to the limited EAFRD budget by assembling ‘packages’ of funding for specific projects.

***Measuring the public benefits of sustainable woodland management***

The EAFRD Regulation requires that rural development programmes should be evaluated against their objectives using indicators relating to the baseline situation as well as to the financial execution, outputs, results and impact of the programmes. Each rural development programme must also specify a limited number of additional indicators specific to that programme.

A comprehensive suite of UK Indicators of Sustainable Forestry already exists (see Table 6 below) which could be used to supplement the evaluation measures required under EAFRD. One of these, woodland birds, is also a component of the UK Sustainable Development Framework Indicator of breeding birds but is less widely publicised than the indicator for farmland birds – perhaps because, in England at least, it is not included in Defra’s PSA target to reverse the decline in farmland birds by 2020. A set of 12 headline Sustainable Development Indicators for Wales was adopted in March 2001 and Indicators of Sustainable Development for Scotland were published in April 2002. A sustainable development strategy for Northern Ireland will be published in 2006.

Table 6: UK Indicators of Sustainable Forest Management<sup>49</sup>

UK Indicators of Sustainable Forestry			
<b>A</b>	<b>Woodland</b>	C7	Pollution incidents
A1	Woodland area	C8	Crown density
A2	New woodland creation	C9	Damage by living organisms
A3	Loss of woodland	C10	Other damage (wind and fire)
A4	Tree species	<b>D</b>	<b>Timber and other forest products</b>
A5	Woodlands in landscape	D1	Volume of growing stock
A6	Area of sustainably managed woodland	D2	Harvesting compared with annual increment
A7	Management practices	D3	Timber production and future availability
<b>B</b>	<b>Biodiversity</b>	D4	Home-grown timber as % of consumption
B1	Ancient woodland	D5	Carbon storage
B2	Native woodland area	<b>E</b>	<b>People &amp; Forests</b>
B3	Native woodland condition	E1	Visits to woodland
B4	Abundance of fauna	E2	Extent of open public access
B5	Richness of flora	E3	Public awareness
B6	Diversity of woodland within a stand	E4	Community involvement
B7	Natural regeneration of woodland	E5	Historic environment and cultural heritage
<b>C</b>	<b>Condition of forest and environment</b>	E6	Health & safety
C1	Air pollutants	<b>F</b>	<b>Economic aspects</b>
C2	Soil chemistry	F1	Financial return from forestry
C3	Water quality	F2	Value added in forestry
C4	Surface water acidification	F3	Value added in wood processing
C5	Water yield and stream flows	F4	Employment
C6	River habitat quality	F5	Social & environmental benefits

<sup>49</sup> Forestry Commission (2002) *UK Indicators of Sustainable Forestry*, Economics and Statistics Unit Edinburgh. [www.forestry.gov.uk/sfindicators](http://www.forestry.gov.uk/sfindicators)

## 9 Conclusions and Recommendations

### 9.1 Introduction

In assessing the potential for applying EAFRD forestry related measures in the UK, this study examined European and UK forestry policies and their current implementation, identified forestry relevant measures in all four axes of EAFRD and assessed their relevance to LUPG priorities for forestry. The opportunities for using these measures to deliver Government and LUPG objectives in the 2007-13 Plan period and beyond were analysed, and challenges for their implementation identified. The analysis and conclusions have been refined and developed during discussions with stakeholders at workshops in Cardiff, Edinburgh and London.

This section draws conclusions and makes recommendations covering strategic forestry policy relevant to EAFRD and the potential use of EAFRD measures. The section begins by considering how to make most effective use of the EAFRD budget, which has been perceived as a limiting factor on the use of forestry and woodland measures, then considers how to ensure that forestry and woodland support delivers the EU policy priorities to which funding is linked and finally makes recommendations on how individual measures might be used.

### 9.2 Making most effective use of the EAFRD budget

It is clear that the EAFRD budget for 2007-13 will be significantly smaller than originally planned and this, combined with pressure from new EAFRD measures, will limit the funds available for forestry. Extra EAFRD funds will be transferred from Pillar I through modulation but it is not yet clear to what extent this will relieve the budget pressure in the UK. The following recommendations are aimed at maximising the benefits for sustainable woodland management from all relevant land management policies, and using EAFRD funds effectively and efficiently.

#### *Targeting support at multifunctional forest management*

Sustainable forest management has the capacity to deliver a range of environmental, social and economic benefits. Achieving these benefits, through offering financial incentives to private landowners and businesses, will require clear definition of the intended impacts and careful design and targeting of the support measures. Protecting environmental values may reduce the ability to achieve economic objectives, but the new forest-environment payments are designed to take account of this. If management of some SSSI and Natura 2000 sites cannot be achieved solely through forest-environment payments there is the further option of using top-up state aid management agreements.

#### **Recommendation 1**

All EAFRD forestry support should be designed and implemented to deliver **sustainable forest management with defined outcomes**. All EAFRD support should respect the basic principles that **action under one axis should not damage interests under another**, and that support should **achieve multiple objectives wherever possible**.

#### *Taking advantage of the opportunities offered by a decoupled Pillar I*

The decoupling of Pillar I support for farmers is likely to alter the dynamics of agriculture and forestry as alternative land uses, particularly on land that is marginally profitable for agriculture. Existing differences within the UK rules on trading and 'stacking' SPS entitlements, and within GAEC cross-compliance requirements to cut vegetation on unused agricultural land, may offer some farmers the opportunity to encourage natural regeneration of woodland without necessarily losing Pillar I support. Within Pillar II the new agro-forestry measure offers another way of encouraging tree planting on farmland without the loss of SPS



payments. Using such ‘crossover ‘ options to the full could be an effective way of increasing tree cover without the need for EAFRD planting grants.

### **Recommendation 2**

There should be a **review of the most cost-effective options for encouraging farmers to allow natural regeneration of woodland and trees or establish extensively managed agro-forestry systems on existing farmland eligible for decoupled Pillar I payments.** This review should cover, *inter alia*:

- environmental derogations from GAEC cross-compliance mowing requirements – for example on field margins adjacent to ancient woodlands – to allow natural regeneration;
- on land eligible for SPS in England, Scotland and Wales the possibility of allowing natural woodland regeneration within GAEC followed by a forest-environment management agreement when the tree cover reaches the point at which the land no longer qualifies for SPS;
- options for woodland establishment in conjunction with stacking of SPS entitlements in Northern Ireland;
- the value for money and effectiveness of compensatory payments such as the FWPS;
- the most effective ways of targeting the integration of trees and agricultural production.

### ***Allocating modulation funding to public benefit priorities***

Under the original voluntary modulation arrangements for the RDR, the only woodland measure which qualified for modulated funds was new woodland planting on farmland. This has changed significantly, with all axes and measures in EAFRD now qualifying for funding from compulsory EU modulation (decisions on allocations are made by the Member State). It is not yet clear what, if any, restrictions will be imposed on the use of additional voluntary modulation funds but in principle it seems likely that these too will be available for forestry measures.

### **Recommendation 3**

Additional EAFRD **funding from modulation** should be allocated to axes and measures on the basis of environmental and other public benefit priorities.

### ***Using EAFRD funds for pump-priming***

There are two ways of using EAFRD measures for pump-priming. Firstly, under Axis 1 the measure for the development of new products, processes and technologies could be used to support micro-enterprises with the potential to open up new markets for woodland products, and to support co-operation between producers, processors and third parties. Secondly, when using the Leader approach to deliver woodland measures within local development strategies it may be possible to substitute some EAFRD funding with support from other public or private sources without breaching the additionality rules.

### **Recommendation 4**

Axis 1 measures for **the development new products, processes and technologies and the formation of co-operatives along the supply chain** should be used as a means of pump-priming new markets for woodland products.

### **Recommendation 5**

The potential of the **Leader axis to draw on other sources of public and private funding** should be used to the full for EAFRD woodland and forestry measures.

### 9.3 EU policy priorities as the basis for woodland measures in EAFRD

Section 2 of this report has shown how, since 1999, the strategic environmental and social objectives for EU forestry support have been strengthened through the MCPFE Guidelines and national forestry strategies on the one hand and through the EU Forestry Strategy and EAFRD on the other.

#### *Policy basis for forestry support in EAFRD*

Forestry policy is the responsibility of the devolved administrations. Current strategy reviews in England and Scotland, a new strategy in Northern Ireland and new forestry grant schemes being put in place in 2005-07 offer opportunities to align both strategic policy and EAFRD support with the new priorities defined in the Commission's Strategic Guidelines for Rural Development. Improvement of the environment and the countryside is now the only justification for supporting planting and management of trees and woodlands under Axis 2 of EAFRD, and plays a significant role in the other axes, particularly in supporting renewable energy production. The Commission's Strategic Guidelines make clear that EAFRD forestry and woodland support must contribute to:

- preservation and development of high nature value forestry systems and traditional agricultural landscapes;
- implementing the forestry Natura 2000 network;
- reversing biodiversity decline by 2010;
- achieving the objectives of the Water Framework Directive; and
- meeting the Kyoto protocol targets;

It will be important at the outset of EAFRD programming to define the scope of the contribution which woodland management and the forestry sector can make to these policy goals, and to ensure that this contribution is identified in the separate national strategies for EAFRD and forestry. There is a direct policy link from the Commission's Guidelines through the four UK National Rural Development Strategies and then to the Rural Development Programmes' allocation of EAFRD funding to woodland and forestry measures. At a domestic level the potential social benefits of private forestry also need to be more widely recognised and rewarded. In the past social benefits have largely been recreation and access opportunities created in state forests and, to a more limited extent, in private forests using the access supplements in the WGS. The wider use and development of non-FC woodlands by community associations is a more recent development, funded by other EU funds<sup>50</sup> and Challenge funds. The potential of woodlands to deliver other social benefits such as health (walking and cycling routes, green gyms) and rehabilitation of offenders (working with probation services and NGOs) is not a yet feature of mainstream RDR support, although some Challenge Funds support forest schools and health paths, for example.

#### **Recommendation 6**

The revised **national forestry strategies** should define and quantify targets for trees and woodlands to deliver the following key UK and regional **environmental priorities directly linked to EAFRD**, and indicate the extent to which Government expects these to be **delivered by the private woodland sector, with support from EAFRD**:

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<sup>50</sup> e.g. Leader+ funded small or pilot projects in many parts of the UK and larger schemes such as the £16 million Objective One programme *Cydcod* which funds community groups in Wales who want to plant new woods or improve woods nearby. 100% grants are available for activities such as improving the condition of woods; opening up woods with new paths, signs and benches; artwork in and about woods; buying land; tree planting; and developing forest facilities that provide local benefits such as forest schools, woodland based businesses, or recreation facilities.

- **Natura 2000 and other high nature value woodland systems** - appropriate management of the Natura 2000 woodland network and of other wooded land with habitats or species protected under either the Birds or the Habitats Directives<sup>51</sup>;
- halting **biodiversity loss** – giving priority to the restoration, management and re-creation of semi-natural woodlands which are UK BAP priority habitats or host BAP priority species, including plantations on ancient woodland sites (PAWS); and also to woodland corridors and stepping stones as indicated under Article 10 of the Habitats Directive;
- **climate change mitigation** - quantify the role of woodlands as a carbon sink and as a source of renewable energy to meet the binding Kyoto target of reducing greenhouse gas emissions by 12.5% between 1990 and 2012, and the more ambitious UK target in the Energy White Paper of reducing carbon dioxide emissions by 60 per cent by 2050, and the role of solid wood products substituting for materials with higher embodied energy;
- the **Water Framework Directive** - catchment scale use of tree planting and woodland management to reduce diffuse pollution from agriculture, to protect vulnerable soils from erosion and to mitigate flooding;
- meeting the UK commitments under the **MCPFE Declarations** - particularly that of the Fourth MCPFE in Vienna in 2003;
- the **national adaptation policy framework for climate change** - a UK wide initiative promoted by Defra.

#### **Recommendation 7**

The revised **national forestry strategies** should also describe the role of trees and woodlands in delivering **community benefits and the public health agenda, and indicate the extent to which Government expects these to be delivered by the private woodland sector, with support from EAFRD.**

#### **Recommendation 8**

The four **EAFRD national rural development strategies** for the UK should address the potential of existing and new woodland to deliver their **respective Governments' environmental, social and economic objectives, in addition to the EU level objectives defined in the Regulation and the Strategic Guidelines.** The EAFRD strategies should make clear that the targeting and environmental requirements of forestry support should be no less rigorous than those of support for other rural actors, including farmers, but should take account of the particular contribution of forestry.

#### *Collecting the evidence of woodland public benefits*

One of the difficulties in demonstrating the environmental and social benefits of forestry has been a lack of appropriate impact indicators. The Commission will provide new monitoring and evaluation guidelines for EAFRD but even without this requirement there is a need to be able to demonstrate the environmental and social contribution of forestry to justify the significant domestic co-financing of EAFRD and the possible use of modulated funds for forestry measures. The UK already has a set of 40 Indicators of Sustainable Forestry, which could form the basis of such evaluation.

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<sup>51</sup> Council Directives 79/409/EEC and 92/43/EEC respectively

### **Recommendation 9**

Appropriate regional **targets and performance indicators for the environmental impacts** of trees and woodland should be devised in parallel with the forestry and rural development strategies by building on the UK's existing suite of Indicators of Sustainable Forestry, rather than initiating new ones; similar targets and indicators should be developed for the **social and economic benefits** of forestry. Both sets of targets and indicators should be applicable across the state and private forestry sectors and used to measure the impact of EAFRD support for the sector. The targets and indicators should be compatible with (but not constrained by) the MCPFE Improved Pan-European Indicators for Sustainable Forest Management and the impact indicators in the EAFRD evaluation guidelines<sup>52</sup>.

## **9.4 Making the most effective use of the EAFRD woodland measures**

The environmental potential of many UK woodlands, in terms of biodiversity, landscape, resource protection and climate change is not being realised or is actually declining through lack of management. In many cases woodland will not be brought into management without payments that recognise the public benefits, and/or new opportunities being found to add value to woodland products. The effects of decoupling support for farming are not yet clear but the SPS may encourage some farmers to seek economic benefits from existing woodland or make land available for tree-planting, whether for afforestation or as agro-forestry. In future the distinction between 'farmers' and 'foresters' is likely to become less clear, and Government advice, EAFRD support and R&D should reflect this. EAFRD offers new opportunities to tailor forestry support to local needs through the combination of devolved forestry policies, delivery systems and EAFRD measures which can be tailored to fit local needs - for example, designated planting areas, forest-environment payments and use of the Leader approach for any forest related support.

### ***Targeting support***

Lessons could be learnt from agri-environment schemes in the UK which have developed sophisticated mechanisms for targeting and assessing applications, in part as a response to the need to achieve environmental value for money with limited budgets. The same approach could usefully be applied to EAFRD support for woodland planting and management. This may require the identification of preferred zones for different types of planting, similar to those used under Countryside Stewardship to target habitat management options, and/or a menu based grant scheme with a scoring system used to prioritise applications (a scoring system for the new EWGS is being piloted in Eastern England in 2006). EAFRD requires Member States offering support for afforestation to identify eligible areas on the basis of environmental criteria.

### **Recommendation 10**

The choice of measures, payment rates, eligibility criteria and environmental conditions attached to EAFRD woodland and forestry incentives should reflect the **local priorities** within overall Government targets, and be **reviewed regularly against these targets**. Regional forestry frameworks (and other local policy documents nested within the national strategies) could be used to **define the role of EAFRD measures in delivering** these priorities at regional/local level.

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<sup>52</sup> The draft EAFRD Implementing Regulation proposes seven common impact indicators of which four are environmental - 'reversing biodiversity decline', 'maintenance of high nature value farming and forestry', 'improvement in water quality' and 'contribution to combating climate change' (Details taken from draft available in early March 2006, the final Regulation may be different)

### **Recommendation 11**

The national EAFRD strategies and regional grant approval processes should **identify the locations, geographical zones and types of planting to be supported by EAFRD to meet specific environmental, social and economic targets and objectives** in that area. This should cover planting on agricultural and non-agricultural land, agro-forestry and SRC.

### **Recommendation 12**

**Woodland ‘public benefit’ scoring systems** would enable the implementation of detailed environmental, social and economic (rural development) targets as above, and could be refined to reflect local/regional priorities. These could be adapted from scoring systems already used in the EWGS and many agri-environment schemes and used:

- as part of the framework used by owners/advisers **for assessing woodlands and preparing management plans** under the new WGS schemes;
- **to assess all applications** for planting and management grants, forest-environment and agro-forestry payments, with applications required to achieve a minimum score and/or be ranked;
- to offer **a range of annual payments and rates of grant that reflect the level and scope of public benefit** each scheme is expected to achieve.

### **Recommendation 13**

All woodland grant and forest-environment schemes should offer incentives, through scoring systems, payment rates or both, for **collaborative applications from adjoining owners** where this would provide extra benefits:

- for the environment (e.g. habitat networks, catchment management, to secure appropriate management of the whole of a designated site);
- for public use of the woodlands (cycle or walking routes, tourist facilities);
- as part of the development of a network of local businesses to supply and process woodland products including wood fuel.

Joint applications should be supported by facilitation and include the option of public/private partnerships where appropriate.

### ***Delivering integrated forestry and agricultural measures under EAFRD***

Forestry support under the CAP accompanying measures has moved from being an alternative land use for agricultural land taken out of production, in the 1992 reforms, to a means of delivering EU environmental objectives which has parity with agriculture in all 3 axes of EAFRD. This should be reflected in the way EAFRD support is delivered. Given the similar status of agricultural and forestry support within EAFRD, the new environmental emphasis of Axis 2 and the opportunities for land management changes offered by the Single Payment Scheme for farmers there seems to be no longer any reason to operate land management payments for agriculture and forestry under separate schemes. The proposed new Environmental Land Management Fund in England is a welcome step towards such integration<sup>53</sup>.

### **Recommendation 14**

Consideration should be given to combining all Axis 2 funding and measures for agricultural and forest management into **single, menu based environmental land**

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<sup>53</sup> Department for Environment, Food and Rural Affairs (February 2006) *Rural Development Programme for England 2007–2013 Consultation*. Available at <http://www.defra.gov.uk/corporate/consult/current.htm>

**management schemes replacing the separate agri-environment and woodland grant schemes.**

Delivering environmental priorities for both agriculture and forestry depends on effective targeting combined with payment rates which make the measures sufficiently attractive, on a first come first served basis. There are currently issues of overlap between agri-environment and woodland payments, potential for double funding and in some cases different levels of funding and different standards for similar measures. For example, the UK Forestry Standard does not apply to all woodland planting under agri-environment schemes, while the EAFRD Regulation requires Member States to apply SMR and GAEC cross-compliance standards to support for new planting on farmland and forest-environment and Natura 2000 payments – but not to support for agro-forestry or new planting on other land.

**Recommendation 15**

**Environmental requirements that are a condition of annual management payments or capital grants should, as far as possible, be the same for farmland and woodland** whilst taking account of the different characteristics of the two land uses. Existing trees and woodland on the farm should be offered a basic level of protection from unauthorised felling and threats such as invasive species or inappropriate grazing, through effective use of GAEC cross-compliance or the ‘entry level’ of agri-environment schemes.

**Recommendation 16**

The **UK Forestry Standard** should apply to all woodland planting and management funded under EAFRD. The planting and management of **SRC and agro-forestry should be subject to similar requirements for sustainable management as other woodland** and should be brought fully within the scope of the UK Forestry Standard and the EIA Regulations, by amending these if necessary.

Different GAEC requirements and different rules on stacking SPS entitlements in the four countries of the UK mean that not all farmers understand how planting trees or allowing natural regeneration will affect their SPS payments.

**Recommendation 17**

**Good Agricultural and Environmental Condition** definitions should be clarified, and farmers in each of the UK countries should be made aware of any possibilities of derogation from GAEC for environmentally beneficial scrub development on unused farmland and for controlled grazing of existing woodland.

**Recommendation 18**

**Scheme design, implementation and pricing should draw on existing best practice and experience of pilot schemes**, and recognise that woodland owners have to bear the transaction costs of EAFRD schemes and associated conditions (EAFRD does not allow forest-environment payment calculations to include transaction costs, unlike agri-environment payment calculations).

***Adding value to sustainable woodland products***

The markets for UK bulk timber are likely to remain depressed in a global market and the economic sustainability of UK woodlands will depend on providing new products and services in a domestic or local marketplace. The EAFRD Strategic Guidelines and key actions relevant to forestry identified under Axis 1 (improving competitiveness) include facilitating innovation and access to R&D; development of new outlets for forestry products; support for investment and training in non-food production; and the development of renewable energy materials and processing capacity. The EAFRD Strategic Guidelines key actions towards creating new employment opportunities (Axis 3) include developing micro-business and

crafts that can build on traditional skills, and developing the provision and innovative use of renewable energy sources using forestry products. The current woodland grant schemes offer little support for adding value to woodland products, although a pilot harvesting, processing and marketing grant will be available in 2006 in three regions of England. The use of woodlands as a source of renewable energy is low in the UK compared to other EU countries. The direct burning of wood fuel, as firewood or pellets, has not been supported in the same way as the use of SRC to produce biomass for processing, although Leader and Objective 1 funds have supported pilot projects exploring the potential of new woodland products. The grants available under EAFRD are limited to micro-enterprises but this is the level at which many of the pilot projects have operated and, whilst it may be a limitation, it has the advantage of encouraging small, locally based new businesses which are likely to be able to source adequate supplies from local woodlands.

#### **Recommendation 19**

Consideration should be given to **stimulating the market for wood fuel and other woodland products and services** through: offering in selected areas grants for adding value to forestry products (Art. 28), for setting up co-operatives between producers, processors and third parties (Art. 29), for diversification into non-agricultural activities (farmers and their families) (Art. 53), and for setting up and developing micro-enterprises (Art.54). The Leader approach (Art. 61-56) could be used to deliver economic measures such as these alongside woodland management payments from Axis 2, and to encourage innovation.

#### **Recommendation 20**

Consideration should be given to stimulating the provision of **public access** to private woodlands and the development of **woodland recreation and tourism** through:

- conditions attached to woodland management payments under Axis 2;
- ensuring that woodland owners areas are aware of, and have access to, grants for tourism development (Art. 55), for conserving and upgrading the rural heritage (Art. 57, for diversification into non-agricultural activities (Art. 53) and for setting up and developing micro-enterprises (Art. 54); and also for setting up public-private partnerships to deliver any of these Axis 3 measures through local development strategies outside Leader areas (Art. 52 and Art. 59).

#### ***Developing capacity in the woodland sector***

Neglected woodlands are partly the result of poor market returns which do not justify investment in management but are also due to a lack of technical knowledge and skills among some woodland owners. If the woodlands of the UK are to be brought back into long term management to deliver regional, UK and EU environmental and social priorities it will be necessary to invest in the management and technical capacity of the owners, including those farmers who may have had little interest in managing their woodlands as part of the farm business. This will require awareness raising (of the potential of their woodland, of grants and of markets), technical advice (on woodland assessment, management techniques, equipment and regulations), business advice and training. Owners of small woodlands may need help in setting up management, processing and marketing co-operatives (to enable them to access markets which demand regular supplies of standard quantities and specification). Woodland owners seeking new markets may need support in developing links with processors (e.g. contracts to supply wood fuel).

#### **Recommendation 21**

**Government funded advice on new environmental priorities for woodland planting and management**, and on the development and marketing of woodland products should be made more widely available (Art. 21, 24 and 25) and should be

closely integrated with similar advice offered to farmers (e.g. Farming Connect in Wales).

#### **Recommendation 22**

Woodland owners and managers should be provided with **improved access to R&D findings, business support and training opportunities**, particularly where they are managing woodlands for public benefits and new markets.

### **9.5 Supporting research and innovation**

#### ***Research***

Sustainable woodland management using new EAFRD measures would benefit from applied research on the application of different types of woodland management and tree planting to meet environmental priorities.

#### **Recommendation 23**

Funding bodies (FC, Defra and EA and their equivalents in the devolved administrations) should **review the priorities for research on methods of using trees to meet the EAFRD strategic priorities** including:

- additional work on **agro-forestry systems** appropriate for planting or natural regeneration on land which qualifies for SPS;
- the place of trees in managed rural landscapes;
- the interface between rural land use change, trees and woodland;
- the environmental impacts of SRC;
- woods and flood prevention;
- land restoration, including the redevelopment and/or use of underused land, some of which may be affected by contamination.

#### ***Innovation***

The EAFRD Strategic Guidelines point out that the Leader approach can be used to deliver the objectives of the other three Axes by supporting farmers, foresters and other local actors working together. Innovation is one of the key themes of the Leader approach, which uses EAFRD funds to support public-private partnerships promoting co-operation and innovation, and could foster links between forestry and the local economy. Leader can also be used to deliver national schemes at a local level. Under EAFRD, Member States have the option of making Leader available throughout their territory or only in selected areas. Particular emphasis is likely to be placed on selecting Local Area Groups (LAGs) that plan co-operative projects with other LAGs or with non-LAG public private partnerships.

#### **Recommendation 24**

The **use of the Leader approach to pilot innovative woodland projects** should be supported in the forestry strategies and the national rural development strategies. Local Action Groups should be encouraged to seek members from within the forestry sector.

### **9.6 Sharing best practice information**

If efficient and effective use is to be made of limited EAFRD funds for forestry it will be important not only to monitor and evaluate all grant schemes but also to share best practice, particularly as the four UK countries are at different stages in the evolution of forestry strategies and EAFRD forestry support. EAFRD makes provision for setting up new networks at both EU and national levels for this purpose. It is equally important to share best practice among woodland owners, contractors and processors if new markets are to be developed for woodland products, and innovative techniques for woodland management and processing are to be researched, piloted and then mainstreamed.



**Recommendation 25**

The new **European Network for Rural Development and the UK national network networks should be used to share experience and best practice** on EAFRD forestry and woodland measures.

**Recommendation 26**

**Landowners, contractors, processors and end users**, especially those new to woodland management or involved in innovation and development of new woodland products and services **should be supported in setting up and using information networks and advisory services** (Art 20). Where appropriate links should be made with networks in other EU countries, particularly those with wider experience of developing and manufacturing innovative woodland products.

**Annex 1: Measures relevant to forestry, woodland management and the associated economic sector in Regulation 1698/2005**

(with text from the March 2006 draft of the EAFRD Implementing Regulation \*\*\*\*\*/2006 on the European Agricultural Fund for Rural Development and its Implementation)

<p><b>Selected extracts from the RECITALS Regulation 1698/2005</b></p>	<p><b>Selected extracts from the ARTICLES Regulation 1698/2005</b></p>	<p><b>Selected extracts from the <i>draft</i> IMPLEMENTING REGULATION</b> <b>NOTE: This is text taken from the draft available early in March 2006. The final Regulation may be different.</b></p>
<p><b>AXIS 1 – IMPROVING THE COMPETITIVENESS OF THE AGRICULTURAL AND FORESTRY SECTOR</b></p>		
<p><b>Recital 15:</b> ‘As regards training, information and diffusion of knowledge, the evolution and specialisation of agriculture and forestry require an appropriate level of technical and economic training, including expertise in new information technologies, as well as adequate awareness in the fields of product quality, results of research and sustainable management of natural resources, including cross-compliance requirements and the application of production practices compatible with the maintenance and enhancement of the landscape and the protection of the environment. It is therefore necessary to broaden the scope of training,</p>	<p><b>Article 20:</b> ‘Support targeting the competitiveness of the agricultural and forestry sector shall concern: (a) measures aimed at promoting knowledge and improving human potential through:</p> <ul style="list-style-type: none"> <li>• vocational training and information actions, including diffusion of scientific knowledge and innovative practices, for persons engaged in the .....forestry sectors;.....</li> <li>• use of advisory services by .... forest holders;</li> <li>• setting up of ..... forestry advisory services;</li> </ul> <p>(b) measures aimed at restructuring and developing physical potential and promoting innovation through:</p> <ul style="list-style-type: none"> <li>• improving the economic value of forests;</li> <li>• adding value to ..... forestry products;</li> <li>• cooperation for development of new products,</li> </ul>	

<p align="center"><b>Selected extracts from the RECITALS Regulation 1698/2005</b></p>	<p align="center"><b>Selected extracts from the ARTICLES Regulation 1698/2005</b></p>	<p align="center"><b>Selected extracts from the <i>draft</i> IMPLEMENTING REGULATION</b> <b>NOTE: This is text taken from the draft available early in March 2006. The final Regulation may be different.</b></p>
<p>information and diffusion of knowledge activities to all adult persons dealing with agricultural, food and forestry matters. These activities cover issues under both the agricultural and forestry competitiveness and the land management and environment objectives.'</p>	<p>processes and technologies in .....the forestry sector; improving and developing infrastructure related to the development and adaptation of ....forestry;'</p>	
<p><b>Setting up and use of advisory services by forest holders</b></p>		
<p><b>Recital 18:</b> 'The use by farmers and forest holders of management and advisory services should allow them to improve the sustainable management of their holdings. At least, the use of farm advisory services, as provided for in Council Regulation (EC) No 1782/2003 of 29 September 2003 establishing common rules for direct support schemes under the common agricultural policy and establishing certain support schemes for farmers, should help farmers to assess the performance of their agricultural holding and identify necessary improvements with regard to the statutory management requirements set out in that Regulation and to Community standards relating to occupational safety.</p>	<p><b>Article 24:</b> 'Support to .....help .....forest holders to meet costs arising from the use of advisory services for the improvement of the overall performance of their holding;' <b>Maximum rates:</b> 80% of the eligible cost per advisory service, maximum eligible amount €1,500</p> <p><b>Article 25:</b> 'Support .... to cover costs arising from the setting up of forestry advisory services and shall be degressive over a maximum period of five years from setting up.'</p>	<p>A degressive rate of support .....in equal steps from the first year of support, in a way that support is completely phased out in the sixth year at the latest from the setting up of those services. (Article 16)</p>

Selected extracts from the <b>RECITALS</b> Regulation 1698/2005	Selected extracts from the <b>ARTICLES</b> Regulation 1698/2005	Selected extracts from the <i>draft</i> <b>IMPLEMENTING REGULATION</b> <b>NOTE: This is text taken from the draft available early in March 2006. The final Regulation may be different.</b>
<b>Improvement of the economic value of forests</b>		
<p><b>Recital 22:</b> ‘Private forests play an important role in economic activity in rural areas and, therefore, Community aid is important for improving and broadening their economic value, for increasing diversification of production and enhancing market opportunities, in sectors such as that for renewable energy, while maintaining the sustainable management and the multifunctional role of forests.’</p>	<p><b>Article 27:</b> ‘Investment support ....for forests owned by private owners or their associations or by municipalities or their associations. Investments shall be based on forest management plans for forest holdings above a certain size to be defined by the Member States in their programmes.’ <b>Maximum rate:</b> 50% in UK.</p>	<p>forest management plans ..... shall be based on relevant national legislation ... and they shall adequately cover the forest resources. Operations for the improvement of the economic value of forests...shall concern investments at the level of the forestry holding, and may include investments for harvesting equipment. Activities related to regeneration after final felling shall be excluded from support. (<i>Article 18</i>)</p>
<b>Adding value to .... forestry products</b>		
<p><b>Recital 23:</b> ‘Improvements in the processing and marketing of primary agricultural and forestry products should be encouraged by means of support for investments aimed at improving efficiency in the processing and marketing sector, promoting the processing of agricultural and forestry production for renewable energy, introducing new technologies and innovation, opening new market opportunities for agricultural and forestry</p>	<p><b>Article 28:</b> ‘Support ...for tangible and/or intangible investments which: a) improve the overall performance of the enterprise; b) concern: — the processing and/or marketing ...of forestry products; and/or — the development of new products, processes and technologies linked to ....forestry products; and (c) respect the Community standards applicable to the investment concerned.  In the case of forestry, support shall be limited to</p>	

Selected extracts from the <b>RECITALS</b> Regulation 1698/2005	Selected extracts from the <b>ARTICLES</b> Regulation 1698/2005	Selected extracts from the <i>draft</i> <b>IMPLEMENTING REGULATION</b> <b>NOTE: This is text taken from the draft available early in March 2006. The final Regulation may be different.</b>
products, putting emphasis on quality, improving environmental protection, occupational safety, hygiene and animal welfare, as appropriate, by targeting, as a general rule, micro, small and medium-sized enterprises and other enterprises under a certain size, which are better placed to add value to local products, while simplifying the conditions for investment aid as compared with those laid down in Regulation (EC) No 1257/1999.’	micro-enterprises. Support shall not be granted to enterprises in difficulty... ‘  <b>Maximum rate</b> 40% (50% Objective 1)	
<b>Cooperation for the development of new products, processes and technologies in ....the forestry sector</b>		
<b>Recital 24:</b> In a context of increased competition it is important to ensure that the ....forestry sector can take advantage of market opportunities through widespread innovative approaches in developing new products, processes and technologies. For this purpose cooperation between .... the raw materials processing industry and other parties should be encouraged.	<b>Article 29:</b> ‘Support ....to promote the cooperation between primary producers in. ....forestry, the processing industry and/or third parties..... Support shall contribute to cover costs incurred for the cooperation.’	Costs for cooperation for the development of new products, processes and technologies in ... the forestry sector...shall concern preparatory operations, including design, product, process or technology development and tests and tangible and/or intangible investments related to the cooperation, before the use of the newly developed products, processes and technologies for commercial purposes. ( <i>Article 20</i> )
<b>Infrastructure related to the development and adaptation of...forestry</b>		
<b>Recital 25:</b> Agricultural infrastructure and restorative and preventive measures against natural disasters should contribute to the	<b>Article 30:</b> Support.... may cover notably operations related to access to farm and forest land, land consolidation and improvement, energy supply and water management.	

Selected extracts from the <b>RECITALS</b> Regulation 1698/2005	Selected extracts from the <b>ARTICLES</b> Regulation 1698/2005	Selected extracts from the <i>draft</i> <b>IMPLEMENTING REGULATION</b> <b>NOTE: This is text taken from the draft available early in March 2006. The final Regulation may be different.</b>
agricultural and forestry competitiveness axis.		
<b>AXIS 2 – IMPROVING THE ENVIRONMENT AND THE COUNTRYSIDE</b>		
<b>General conditions (for measures targeting the sustainable use of forestry land)</b>		
<p><b>Recital 31:</b> Support for specific methods of land management should contribute to sustainable development by encouraging farmers and forest holders in particular to employ methods of land use compatible with the need to preserve the natural environment and landscape and protect and improve natural resources. It should contribute to the implementation of the 6th Community Environment Action Programme and the Presidency conclusions regarding the Sustainable Development Strategy. Key issues to be addressed include biodiversity, Natura 2000 site management, the protection of water and soil, climate change mitigation including the reduction of greenhouse gas emissions, the reduction of ammonia emissions and the sustainable use of pesticides.</p>	<p><b>Article 42:</b> Support under this subsection shall be granted only for forests and wooded areas owned by private owners or by their associations or by municipalities or their associations.....This restriction shall not apply to the support .... for [first afforestation of agricultural land; first afforestation of non-agricultural land; restoring forestry potential and introducing preventive actions; and support for non-productive investments.] Measures ....in areas classified as high or medium forest fire risk within the framework of the Community action on protection of forests against fires shall conform to the forest protection plans established by the Member States for those areas.</p> <p><b>Article 51:</b> Where beneficiaries receiving [payments for first afforestation of agricultural land, Natura 2000 or forest-environment] do not respect on the whole holding, as a result of an action or omission directly attributable to them, the mandatory requirements provided for in</p>	<p>”Forest” means....</p> <ul style="list-style-type: none"> <li>- land spanning more than 0.5ha with trees higher than 5m and a canopy cover of more than 10%, or trees able to reach these thresholds in situ.</li> <li>- areas under reforestation that ,, are expected to reach a canopy cover of 10% and a tree height of 5m are included, as are temporarily unstocked areas, resulting from human intervention or natural causes, which are expected to regenerate.</li> <li>- forest roads, firebreaks and other small open areas; forests in national parks, nature reserves and other protected areas such as those of specific scientific, historical, cultural or spiritual interest.</li> <li>- windbreaks, shelterbelts and corridors of trees with an area of more than 0.5 ha and width of more than 20m.</li> <li>- plantations primarily for forestry protection</li> </ul>

<p align="center"><b>Selected extracts from the RECITALS Regulation 1698/2005</b></p>	<p align="center"><b>Selected extracts from the ARTICLES Regulation 1698/2005</b></p>	<p align="center"><b>Selected extracts from the <i>draft</i> IMPLEMENTING REGULATION</b> <b>NOTE: This is text taken from the draft available early in March 2006. The final Regulation may be different.</b></p>
<p><b>Recital 32:</b> Forestry is an integral part of rural development and support for sustainable land use should encompass the sustainable management of forests and their multifunctional role. Forests create multiple benefits: they provide raw material for renewable and environmentally friendly products and play an important role in economic welfare, biological diversity, the global carbon cycle, water balance, erosion control and the prevention of natural hazards, as well as providing social and recreational services. Forestry measures should be adopted in the light of undertakings given by the Community and the Member States at international level, and be based on Member States' national or sub-national forest programmes or equivalent instruments, which should take into account the commitments made in the Ministerial Conferences on the Protection of Forests in Europe. Forestry measures should contribute to the implementation of the Community Forestry Strategy. This support should avoid distorting competition and should be market-neutral.</p>	<p>Articles 4 and 5 of and in Annexes III and IV to Regulation (EC) No 1782/2003, the total amount of their payments to be granted in the calendar year in which the non-compliance occurs shall be reduced or cancelled.</p> <p><i>[Authors' note: these are the cross-compliance standards for Statutory Management Requirements and Good Agricultural and Environmental Condition which already apply to the Pillar I Single Payment Scheme and which will also apply to EAFRD support for LFA, agri-environment, Natura 2000, and animal welfare]</i></p>	<p>purposes, such as rubber-wood plantations and cork oak stands. Tree stands in agricultural production systems, such as ... fruit plantations, and agroforestry systems (and) trees in urban parks and gardens are excluded from the definition of "forests".</p> <p>"Wooded areas" means land not classified as "forest"....</p> <ul style="list-style-type: none"> <li>- more than 0.5 ha with trees higher than 5 m and a canopy cover of 5-10% or trees able to reach these thresholds in situ;</li> <li>- or with a combined cover of shrubs, bushes and trees above 10% (Article 30)</li> </ul> <p><i>(Authors' note: land predominantly under agricultural or urban use is excluded from both definitions).</i></p>

<p align="center"><b>Selected extracts from the RECITALS Regulation 1698/2005</b></p>	<p align="center"><b>Selected extracts from the ARTICLES Regulation 1698/2005</b></p>	<p align="center"><b>Selected extracts from the <i>draft</i> IMPLEMENTING REGULATION</b> <b>NOTE: This is text taken from the draft available early in March 2006. The final Regulation may be different.</b></p>
<b>First afforestation of agricultural land and of non-agricultural land</b>		
<p><b>Recital 38:</b> 'In order to contribute to the protection of the environment, the prevention of natural hazards and fires, as well as to mitigate climate change, forest resources should be extended and improved by first afforestation of agricultural land and other than agricultural land. Any first afforestation should be adapted to local conditions and compatible with the environment and enhance biodiversity.'</p>	<p><b>Article 43</b> Support .... shall cover only one or more of the following: (a) establishment costs; (b) an annual premium per hectare afforested to contribute to covering maintenance costs for a maximum of five years, (c) an annual premium per hectare to contribute to covering loss of income resulting from afforestation for a maximum of 15 years for farmers or associations thereof who worked the land before its afforestation or for any other natural person or private law body.</p> <p>Support for the afforestation of agricultural land owned by public authorities shall cover only the cost of establishment. If the agricultural land ...is rented by a natural person or private law body, the annual premiums ....may be granted.</p> <p>Support for the afforestation of agricultural land shall not be granted: (a) for farmers benefiting from early retirement support; (b) for the planting of Christmas trees.</p> <p>In the case of fast-growing species for short-term</p>	<p>Agricultural land eligible for support for first afforestation shall be specified by the Member State and ... include land where farming takes place on a regular basis. First afforestation in a Natura 2000 site shall be consistent with the management objectives of the site...</p> <p>"establishment costs" shall include the cost for the plantation material, the cost of the plantation and the cost directly linked to and necessary for the plantation...</p> <p>"fast-growing species for short-term cultivation" shall mean species with a rotation time, namely the period between two harvest cuts on the same</p>



Selected extracts from the <b>RECITALS</b> Regulation 1698/2005	Selected extracts from the <b>ARTICLES</b> Regulation 1698/2005	Selected extracts from the <i>draft</i> <b>IMPLEMENTING REGULATION</b> <b>NOTE: This is text taken from the draft available early in March 2006. The final Regulation may be different.</b>
	<p>cultivation, support for afforestation shall be granted for establishment costs only.</p> <p><b>Maximum rate</b> for establishment costs 70% (80% in LFA)</p> <p><b>Maximum annual premium</b> for farmers or associations .... €700/ha; for any other natural persons or private-law bodies €150/ha</p> <p><b>Article 45</b> Support ...for.....afforestation of [non-agricultural] land ...shall cover the establishment costs. In the case of abandoned farmland, support shall also cover the annual premium [contributing to maintenance costs for a maximum of 5 years, at a maximum rate of 70% of eligible costs]. Support shall not be granted for the planting of Christmas trees.</p> <p><b>Maximum rate</b> for establishment costs 70% (80% in LFA)</p>	<p>parcel, of less than 15 years. (Article 31)</p> <p>Member States may fix the level of support on the basis of standard costs and standard assumptions of income foregone. Member States may accept, other than invoices or equivalent documents, contributions in kind by the beneficiary as eligible expenditure [if] ...controllability is ensured; the beneficiary is a farmer, a private owner of forests, or a private entrepreneur; the contributions in kind concern unpaid voluntary labour carried out by the beneficiaries themselves or their family members on their own holding or in their own forest; the value of the work can be ... determined on the basis of ...standard costing...;the control system provides reasonable assurance that the work has been carried out ...by the beneficiary and/or his family members;... (Article 47)</p>
<b>First establishment of agroforestry systems on agricultural land</b>		
<p><b>Recital 39:</b> 'Agro forestry systems have a high ecological and social value by combining extensive agriculture and forestry systems, aimed at the production of high-quality</p>	<p><b>Article 44</b> Support....for...farmers to create agroforestry systems combining extensive agriculture and forestry systems. Support shall cover the establishment costs [at a maximum rate of 70% of eligible costs]. Agroforestry systems refer to land use systems in which trees are</p>	<p>...Member States, taking account of local conditions, forestry species and the need to ensure continuation of the agricultural use of the land, shall determine the maximum number of trees planted per hectare. (Article 32)</p>

Selected extracts from the <b>RECITALS</b> Regulation 1698/2005	Selected extracts from the <b>ARTICLES</b> Regulation 1698/2005	Selected extracts from the <i>draft</i> <b>IMPLEMENTING REGULATION</b> <b>NOTE: This is text taken from the draft available early in March 2006. The final Regulation may be different.</b>
wood and other forest products. Their establishment should be supported.'	grown in combination with agriculture on the same land. Christmas trees and fast-growing species for short-term cultivation shall be excluded from support. <b>Maximum rate</b> for establishment costs 70% (80% in LFA)	
<b>Natura 2000 payments</b>		
<b>Recital 40:</b> 'Given the importance of forests for the successful implementation of Directives 79/409/EEC and 92/43/EEC, specific support should be granted to forest holders to help address specific problems resulting from their implementation.'	<b>Article 46</b> Support ... granted annually and per hectare of forest to private forest owners or associations .... to compensate for costs incurred and income foregone resulting from the restrictions on the use of forests and other wooded land due to the implementation of [the Habitats and Birds] Directives ... in the area concerned. <b>Minimum</b> [€40/ha/year] and <b>maximum</b> [€200/ha/year, but this may be increased in exceptional cases taking account of specific circumstances to be justified in the rural development programmes].	
<b>Forest-environment payments</b>		
<b>Recital 41</b> 'Forest-environment payments should be introduced for voluntary commitments to enhance biodiversity, preserve high-value forest ecosystems and reinforce the protective value of forests with respect to soil erosion, maintenance of water resources and water quality and to natural hazards.'	<b>Article 47</b> Forest-environment payments ...per hectare of forest to beneficiaries who make forest-environmental commitments on a voluntary basis. These payments shall cover only those commitments going beyond the relevant mandatory requirements [and]...shall be undertaken as a general rule for a period between five and seven years. Where necessary and justified, a longer period shall be determined in accordance with the [Commission's	

Selected extracts from the <b>RECITALS</b> Regulation 1698/2005	Selected extracts from the <b>ARTICLES</b> Regulation 1698/2005	Selected extracts from the <i>draft</i> <b>IMPLEMENTING REGULATION</b> <b>NOTE: This is text taken from the draft available early in March 2006. The final Regulation may be different.</b>
	management] procedure...The payments shall cover additional costs and income foregone resulting from the commitment made. <b>Minimum</b> [€40/ha/year] and <b>maximum</b> [€200/ha/year, but this may be increased in exceptional cases taking account of specific circumstances to be justified in the rural development programmes].	
<b>Restoring forestry production potential and introducing prevention actions</b>		
<p><b>Recital 42:</b> ‘Support should be granted for restoring forestry potential in forests damaged by natural disasters and fire and introducing preventive actions. Preventive actions against fires should cover areas classified by Member States as high or medium fire risk according to their forest protection plans.’</p>	<p><b>Article 48:</b> Support ..... shall be granted for restoring forestry potential in forests damaged by natural disasters and fire and introducing appropriate prevention actions.</p> <p>Preventive actions against fires shall concern forests classified by the Member States as high or medium forest fire risk according to their forest protection plans.</p>	<p>Where support ... covers the creation of forest fires breaks, eligible costs may comprise, beyond the cost of establishment, subsequent maintenance cost on the area...Support for maintaining forest fire breaks through agricultural activities shall not be granted for areas benefiting from agri-environment support.</p> <p>Prevention actions against fire...may cover establishment of protective infrastructures: forest paths, tracks, water supply points, fire breaks, cleared and felled areas, launching of operations to maintain fire breaks and cleared and felled areas and preventive forestry measures; setting-up or improvement of fixed forest fire monitoring facilities and communication equipment. (<i>Article 33</i>)</p>

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<p><b>Non-productive investments in forests</b></p>		
<p><b>Recital 43:</b> 'Support should be granted to forest holders for non-remunerative investments where they are necessary to achieve the forest-environment commitments or other environmental objectives, or in forests to enhance the public amenity value of the areas concerned.'</p>	<p><b>Article 49:</b> Support ...for investments in forests: (a) linked to the achievement of [forest-environment] commitments or other environmental objectives; (b) which enhance the public amenity value of forest and wooded land of the area concerned.</p>	<p>"non-productive investments" shall mean investments that do not lead to any significant increase in the value or profitability of the ...forestry holding. (Article 29)</p>
<p><b>Designating areas for afforestation</b></p>		
<p><b>Recital 44:</b> 'In order to ensure the targeted and efficient use of land management support under this Regulation, Member States should designate areas for intervention under certain measures of this axis.....Member States should designate areas suitable for afforestation for environmental reasons, such as protection against erosion, prevention of natural hazards or extension of forest resources contributing to climate change mitigation, and forest areas with a medium to high forest fire risk.'</p>	<p><b>Article 50:</b> Member States shall designate the areas eligible for payments ... for first afforestation of agricultural and non-agricultural land; Natura 2000 and restoring forestry potential and introducing prevention actions taking into account.....  Areas apt for afforestation for environmental reasons such as protection against erosion or extension of forest resources contributing to climate change mitigation, shall be eligible for afforestation payments.  Natura 2000 forest areas designated pursuant to [the Habitats and Birds] Directives shall be eligible for [Natura 2000 payments].</p>	<p>Environmental reasons qualifying areas ... for afforestation ... comprise prevention from erosion and/or desertification, the enhancing of biodiversity, protection of water resources, prevention of floods and climate change mitigation, provided that the latter will not harm biodiversity or cause other environmental damage. (Article 34)</p>

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	Forest areas with a medium to high forest fire risk shall be eligible for payments ...relating to prevention actions against fires.	
<b>AXIS 3 THE QUALITY OF LIFE IN RURAL AREAS AND THE DIVERSIFICATION OF THE RURAL ECONOMY</b>		
<b>Measures to diversify the rural economy</b>		
<p><b>Recital 46</b> There is a need to accompany changes in rural areas by helping them to diversify farming activities towards non-agricultural activities and develop non-agricultural sectors, promote employment, improve basic services, including local access to Information and Communication Technologies (ICTs) and carry out investments making rural areas more attractive in order to reverse trends towards economic and social decline and depopulation of the countryside. An effort to enhance the human potential in this respect is also necessary.</p> <p><b>Recital 47</b> Support should be granted for other measures relating to the broader rural</p>	<p><b>Articles 52 - 55</b> Support ...[for]...measures to diversify the rural economy, comprising:</p> <ul style="list-style-type: none"> <li>(i) diversification into non-agricultural activities [beneficiaries must be members of a farm household],</li> <li>(ii) support for the creation and development of micro-enterprises with a view to promoting entrepreneurship and developing the economic fabric, [microenterprises are defined as employing fewer than 10 people with an annual turnover or balance sheet less than € million]</li> <li>(iii) encouragement of tourism activities... shall cover</li> <li>(a) small-scale infrastructure such as information</li> </ul>	

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<p>economy. The list of measures should be defined on the basis of experience of the Leader initiative and having regard to the multi-sectoral needs for endogenous rural development.</p>	<p>centres and the signposting of tourist sites; (b) recreational infrastructure such as that offering access to natural areas, and small-capacity accommodation; (c) the development and/or marketing of tourism services relating to rural tourism.</p>	
<p><b>Improving the quality of life in rural areas - conservation and upgrading of the rural heritage</b></p>		
	<p><b>Articles 52 and 57</b> Support under this section shall involve...measures to improve the quality of life in the rural areas .....[including] conservation and upgrading of the rural heritage [covering]: (a) the drawing-up of protection and management plans relating to Natura 2000 sites and other places of high natural value, environmental awareness actions and investments associated with maintenance, restoration and upgrading of the natural heritage and with the development of high natural value sites; (b) studies and investments associated with maintenance, restoration and upgrading of the cultural heritage such as the cultural features of villages and the rural landscape.</p>	
<p><b>Training</b></p>		
	<p><b>Articles 52</b> Support ...[for]...a training and information measure for economic actors operating in the fields covered by axis 3;</p>	

Selected extracts from the <b>RECITALS</b> Regulation 1698/2005	Selected extracts from the <b>ARTICLES</b> Regulation 1698/2005	Selected extracts from the <i>draft</i> <b>IMPLEMENTING REGULATION</b> <b>NOTE: This is text taken from the draft available early in March 2006. The final Regulation may be different.</b>
<b>Local development strategies – skills acquisition and animation</b>		
<p><b>Recital 48</b> The implementation of local development strategies can reinforce territorial coherence and synergies between measures intended for the broader rural economy and population. Therefore, measures relating to the broader rural economy should be preferably implemented through local development strategies.</p>	<p><b>Articles 52 and 59</b> ...a skills-acquisition and animation measure with a view to preparing and implementing a local development strategy.....support shall cover: (a) studies of the area concerned; (b) measures to provide information about the area and the local development strategy; (c) the training of staff involved in the preparation and implementation of a local development strategy; (d) promotional events and the training of leaders; (e) implementation by public-private partnerships other than [Leader Groups] of the local development strategy encompassing one or more of the [other Axis 3] measures.</p>	<p>the public-private partnerships ... shall ... establish area-based local development strategies at sub-regional level; be representative of the public and private actors;... the running costs shall not exceed 10% of the public expenditure relating to the local development strategy of each individual public-private partnership. (<i>Article 35</i>)</p>
<b>AXIS 4 LEADER</b>		
<p><b>Recital 50</b> The Leader initiative, after having experienced three programming periods, has reached a level of maturity enabling rural areas to implement the Leader approach more widely in mainstream rural</p>	<p><b>Article 61</b> The Leader approach..... (a) area-based local development strategies intended for well-identified subregional rural territories; (b) local public-private partnerships (...local</p>	<p>For the implementation of Axis 4 Member States or regions may opt to cover either their whole territory or part of it... procedures must ... ensure competition between the local action groups putting forward local development strategies. ...areas for the implementation of local</p>

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<p>development programming. Provision should therefore be made to transfer the basic principles of the Leader approach to the programmes building a specific axis in them, and provide a definition of the local action groups and measures to be supported, including partnership capacity, implementation of local strategies, cooperation, networking and acquisition of skills.</p> <p><b>Recital 51</b> Given the importance of the Leader approach, a substantial share of the contribution of the EAFRD should be earmarked for this axis.</p>	<p>action groups); (c) bottom-up approach with a decision-making power for local action groups concerning the elaboration and implementation of local development strategies; (d) multi-sectoral design and implementation of the strategy based on the interaction between actors and projects of different sectors of the local economy; (e) implementation of innovative approaches; (f) implementation of cooperation projects; (g) networking of local partnerships.</p> <p><b>Article 62</b> .... local action groups ... must propose an integrated local development strategy .... and be responsible for its implementation; they must consist of either a group already qualified for the Leader II or Leader+ initiatives, or ... be a new group representing partners from the various locally based socioeconomic sectors in the territory concerned. .... The area covered by the strategy shall be coherent and offer sufficient critical mass in terms of human, financial and economic resources to support a viable development strategy.....The local action groups shall choose the projects to be financed under the strategy. They may also select cooperation projects.</p>	<p>development strategies ...shall be selected through a call of proposals no later than two years after the approval of the programmes. Member States or regions may organise more than one call for proposals, especially where Leader is open to new areas, in which case longer time limits may be granted.</p> <p>The population of each area ... must be as a general rule greater than 10 000 inhabitants and not exceed 100 000 inhabitants....However, in properly justified cases, the limits ... may be lowered or increased.</p> <p>(EU 15) Member States ... shall seek to ensure that a priority is given to the selection of local action groups which have integrated cooperation into their local development strategies (<i>Article 36</i>)</p> <p>Cooperation ... shall... involve at least one local action group ...be implemented under the responsibility of a coordinator local action group..... be open to public-private partnerships ...and to other rural areas. ...Cooperation shall include the implementation of a joint action....Expenditure on animation may be</p>



<p align="center"><b>Selected extracts from the RECITALS Regulation 1698/2005</b></p>	<p align="center"><b>Selected extracts from the ARTICLES Regulation 1698/2005</b></p>	<p align="center"><b>Selected extracts from the <i>draft</i> IMPLEMENTING REGULATION</b> <b>NOTE: This is text taken from the draft available early in March 2006. The final Regulation may be different.</b></p>
	<p><b>Articles 63 and 64</b> support ...under the Leader axis shall be for:</p> <ul style="list-style-type: none"> <li>(a) implementing local development strategies ... with a view to achieving the objectives of one or more of the three other axes... If the operations under the local strategy correspond to ...measures ... in ... the other axes, the relevant conditions shall apply...</li> <li>(b) implementing cooperation projects involving the objectives [of one or more of the three other axes]; inter-territorial cooperation within a Member State. or transnational cooperation between territories in several Member States and with territories in third countries. [If the operations under the local strategy correspond to measures in the other axes, the relevant conditions apply]</li> <li>(c) running the local action group, acquiring skills and animating the territory..</li> </ul> <p><b>Article 70(7)</b> An expenditure co-financed by the EAFRD ... may be co-financed under only one axis of the rural development programme. Where an operation falls under measures from more than one axis, the expenditure shall be attributed to the dominant axis.</p>	<p>eligible in all the areas concerned by the cooperation. (<i>Article 38</i>)</p>

Selected extracts from the <b>RECITALS</b> Regulation 1698/2005	Selected extracts from the <b>ARTICLES</b> Regulation 1698/2005	Selected extracts from the <i>draft</i> <b>IMPLEMENTING REGULATION</b> <b>NOTE: This is text taken from the draft available early in March 2006. The final Regulation may be different.</b>
		in case of integrated operations falling under more than one axis and/or measure, for each part of the operation clearly identified as falling within the scope of a particular rural development measure, the conditions of that measure shall apply. (Article 40)
<b>NETWORKS FOR RURAL DEVELOPMENT</b>		
<p><b>Recital 52</b> The EAFRD is to support through technical assistance actions relating to the implementation of the programmes. As part of the technical assistance referred to in Article 5 of Council Regulation (EC) No 1290/2005 of 21 June 2005 on the financing of the common agricultural policy (1), a network for rural development should be set up at Community level.</p>	<p><b>Article 67</b> A European Network for Rural Development for the networking of national networks, organisations and administrations active in the field of rural development at Community level shall be put in place... to:</p> <ul style="list-style-type: none"> <li>(a) collect, analyse and disseminate information on Community rural development measures;</li> <li>(b) collect, disseminate and consolidate at Community level good rural development practice;</li> <li>(c) provide information on developments in the Community's rural areas and in third countries;</li> <li>(d) organise meetings and seminars at Community level for those actively involved in rural development;</li> <li>(e) set up and run expert networks with a view to facilitating an exchange of expertise and</li> </ul>	

<p style="text-align: center;"><b>Selected extracts from the RECITALS Regulation 1698/2005</b></p>	<p style="text-align: center;"><b>Selected extracts from the ARTICLES Regulation 1698/2005</b></p>	<p style="text-align: center;"><b>Selected extracts from the <i>draft</i> IMPLEMENTING REGULATION</b> <b>NOTE: This is text taken from the draft available early in March 2006. The final Regulation may be different.</b></p>
	<p>supporting implementation and evaluation of the rural development policy; (f) support the national networks and transnational cooperation initiatives.</p> <p><b>Article 68</b> Each Member State shall establish a national rural network, which groups the organisations and administrations involved in rural development....[with EAFRD support available for]...the structures needed to run the network [and] for an action plan containing at least the identification and analysis of good transferable practices and the provision of information about them, network management, the organisation of exchanges of experience and know-how, the preparation of training programmes for local action groups in the process of formation and technical assistance for inter-territorial and transnational cooperation.</p>	

## **Annex 2: Forestry and woodland grant schemes (and related schemes) under current UK Rural development Programmes**

The following sections review the current forestry and woodland grant schemes in each of the four UK countries: England, Scotland, Wales and Northern Ireland. **Table 3** summarises these schemes.

### **ENGLAND**

#### ***England Woodland Grant Scheme (EWGS)***

EWGS opened in 2005 (replacing the previous Woodland Grant Scheme and Farm Woodland Premium Scheme) and consists of 6 grants for the creation and stewardship of woodlands. It is operated by the Forestry Commission.

The overarching objectives for EWGS are:

- to sustain and increase the public benefits derived from existing woodlands in England
- to invest in the creation of new woodlands in England of a size, type and location that most effectively deliver public benefits

Funding is managed on a regional basis and some grants are focused to meet the priorities laid out in the Regional Forestry Framework action plans. Grants are offered where they meet national and regional objectives and there is money available. The key targets of EWGS are:

- increasing the area of woodland under certified sustainable forest management and approved management schemes
- expanding the area of woodland with public access
- bringing woodland SSSIs into favourable condition
- assisting delivery of Habitat Action Plan targets for native woodlands
- improving the environment of disadvantaged urban communities
- woodland creation

Table 7 summarises the grants available under the EWGS.

Woodland Category	Grant Type	What the grant is for
Stewardship of existing woodlands	<b>Woodland Planning Grant (WPG)</b>	Preparation of plans that both assist with management of the woodland and meet the UK Woodland Assurance Scheme. <b>Open</b>
	<b>Woodland Assessment Grant (WAG)</b>	Gathering of information to improve management decisions. <b>Open</b>
	<b>Woodland Regeneration Grant (WRG)</b>	Supporting desirable change in woodland composition through natural regeneration and restocking after felling. <b>Open</b>
	<b>Woodland Improvement Grant (WIG)</b>	Work in woodlands to create, enhance and sustain public benefits. <b>Open</b>
	<b>Woodland Management Grant (WMG)</b>	Contribution to additional costs of providing and sustaining higher-quality public benefits from existing woodlands. <b>Open</b>
Creation of new woodlands	<b>Woodland Creation Grant (WCG)</b>	Encouraging the creation of new woodlands where they deliver the greatest public benefits, including annual Farm Woodland Payments to compensate for agricultural income forgone. <b>Reopens for applications in April 2006.</b>

**Table 7: Summary of Grants Available under England Woodland Grant Scheme**

(Source: Forestry Commission website)

### Woodland Planning Grant (WPG)

This grant is for the preparation of management plans that both assist with management of the woodland and meet the requirements of the UK Woodland Assurance Standard. The plan is expected to cover all woodlands on the property and the grant rates are calculated on the woodland area:

#### **Area of woodland on the property Grant rate**

3–30 ha – £300 total

30–100 ha – £10 per hectare

Any additional area over 100 ha – £5 per hectare

### Woodland Assessment Grant (WAG)

This grant is for gathering specific information to improve woodland management decisions. The FC will normally invite applicants to apply for an assessment grant when other EWGS grants have been applied for and the proposed work and sensitivity of the site requires further information. The exact information required will depend on the site and proposed work. The grant rates vary with the type of assessment required:

<b>Assessment type</b>	<b>Grant rate</b>	<b>Minimum payment</b>
Ecological Assessment	£5.60 per ha	£300
Landscape Design Plan	£2.80 per ha	£300
Historical & Cultural Assessment	£5.60 per ha	£300
Determining Stakeholder Interests	£300 per assessment	£300

### Woodland Regeneration Grant (WRG)

This grant is for supporting desirable change in woodland composition through natural regeneration and restocking after felling. The grant rate depends on the type of woodland being felled and regenerated:

*Example rates:*

<b>Type of woodland felled</b>	<b>Type of woodland restocked</b>	<b>Grant rate per hectare</b>
Conifer plantation	Broadleaved woodland	£950
Conifer plantation	Conifer woodland	£360
Conifer plantation site on ancient woodland	Native woodland	£1760
Conifer plantation on site ancient woodland	Conifer woodland	£0
Ancient and other semi natural woodland	Native woodland	£1100

Broadleaves must be established at a density of 1100 trees per hectare; conifers 2250 trees per hectare. Conifer nurses and exotic shrubs will only be allowed in certain circumstances.

### Woodland Management Grant (WMG)

This grant encourages low-key, sustainable woodland practices. This work should safeguard the existing environmental and social public benefits that the woodland provides and create the conditions under which woodland can continue to deliver benefits into the future. Properties with more than 30 ha of woodland must be certified to the UK Woodland Assurance Standard; smaller woodlands must either be certified, have a management plan or undergo a Condition, Opportunity & Threat (COT) assessment.

The payment of £30 per hectare per year for 5 years is payable on SSSI woodlands, native or ancient woodlands, public access woodland or woodland within Red squirrel reserves. The work expected must address key threats to the woodland and take identified opportunities. The threats and opportunities should be highlighted in the management plan or COT assessment. Examples of the type of work expected include provision and upkeep of access paths, open space management and protection of heritage features.

#### Woodland Improvement Grant (WIG)

This grant supports capital investment work that creates, enhances and sustains social, environmental and economic public benefits that woodland provides. Varying contributions towards the cost of work from 50 to 80% are offered depending on the type of work and particular region.

The 3 main types of work supported are:

- SSSIs – work to improve the condition of woodland SSSIs in unfavourable condition. The work must address the key threats and be capable of bringing the woodland into ‘unfavourable recovering’ condition
- UK BAP – work that helps deliver the UK Biodiversity Action Plan for woodland habitats and woodland priority species. This may include the protection of ancient and semi-natural woodlands and restoration of ancient woodland sites
- Public Access – work to provide and improve the facilities for free public access where there is a need

In addition to these national priorities, there are some regional funds. For example, in East England WIG Challenge funding is available for work relating to Forest Schools.

#### Woodland Creation Grant (WCG)

This grant encourages the creation of new woodlands where they deliver the greatest public benefits. Each region has a scoring form to rank applications for woodland creation and the highest-scoring applications that fit within the regional budget will be taken forward. In addition to the standard creation grant (£1800/ha for broadleaves, £1200/ha for conifers), additional contributions of £500/ha are available if the woodland is close to people and/or offers public access where there is a demand.

Farm Woodland Payments are also available to compensate for agricultural income forgone. The payment rate ranges from £60 to £300/ha/yr depending on the location and type of land where the woodland is being created, and may be paid for up to 15 years. The expected species, stocking density, shrub and open space design will depend on the objectives of the woodland. For example, a native woodland must include a minimum stocking of 1600 native trees per net hectare, a maximum of 25% native shrubs and can include up to 40% managed open space.

#### Other EWGS Grants

There are special grants operating in specific target areas to reflect regional priorities: for example, a pilot Woodland Harvesting, Processing and Marketing Grant Scheme which offers support relating to woodland product processing. This new approach is being piloted in parts of three regions:

- South East England
- Yorkshire & The Humber
- North East England.

Grants will be available to:

- Improve and rationalise the harvesting, processing and marketing of forestry products. The grant is limited to all working operations prior to industrial processing.
- Promote new outlets for the use and marketing of forestry products.
- Establish associations of forest holders that are set up in order to help their members to improve the sustainable and efficient management of their forests.

### ***Agri-environment schemes***

#### Entry Level Stewardship (ELS)

Whilst there are tree-related options in ELS such as infield trees, only two options specifically related to woodland score points:

- Maintenance of a stock-proof woodland boundary – to prevent livestock grazing the woodland and causing environmental damage @ 4 points per 100 m of boundary
- Woodland margin buffer – leaving a 2 m buffer on agricultural land adjacent to woodland edges to allow development of the woodland margin @ 380 points per hectare (e.g. 500 m woodland margin with 2 m buffer = 0.1 ha = 38 points)

#### Higher Level Stewardship (HLS)

To apply to HLS, applicants must normally be in ELS or Organic Entry Level Scheme. Woodland needs to be registered on the Rural Land Register (although woodlands will already be registered if an ELS scheme is in place). Support cannot be received under HLS and EWGS for the same woodland.

For HLS, an audit of the holding is required to identify the special environmental features and their condition. This is recorded in the Farm Environment Plan. The FEP will also help determine whether woodland proposals should be supported via HLS or EWGS. When options are selected, they should reflect the information contained in the FEP; e.g. if a native woodland is in poor condition, Defra will expect applicants to apply for the woodland restoration option under HLS to improve its condition.

HLS can pay for capital work and annual payments, with supplements also available: e.g. woodland creation – capital payment for tree planting and protection work; annual payment for income forgone and tree maintenance; supplementary payment if public access is provided.

Woodland Options included in HLS are:

- Woodland creation (with different rates within/outside Less Favoured Areas)
- Woodland restoration
- Woodland maintenance

The choice of restoration or maintenance option for existing woodland will depend on the current condition as identified in the Farm Environment Plan. Woodland creation under HLS can only fund woodland blocks that are a maximum of 1 ha, with a maximum area of 3 ha on the holding.

There are other options in HLS of relevance to trees and woodlands: *(Noted that the list below is not completely compatible with the HLS prescriptions, Pages 61 & 66 of the HLS handbook)*

- Wood pasture
- Scrub creation, restoration and maintenance options



- Orchards
- Restoration and maintenance of historic parklands
- Infield and boundary tree management
- Heathland restoration from forestry plantations

In addition to the above, other options may benefit trees and woodlands. For example, a woodland which is currently adjacent to intensively managed arable land with the threat of spray drift will benefit if applicants choose to revert the arable land to low-intensity pasture.

### ***Vocational Training Scheme***

This Scheme provides funding towards the cost of vocational training (that is, training that relates to the performance of a person's occupation or work) for those engaged in farming or forestry, including training needed for diversification purposes (such as moving from one type of farming activity to another or moving from farming to non farming activities).

Eligible training courses must fall within one of the following areas:

- Information and Communications Technology (ICT);
- Business skills;
- Marketing;
- Conservation and environment skills;
- Diversification opportunities;
- Managing resources;
- Managing yourself and your staff;
- Looking at new ways of working;
- Technical skills (forestry);
- Technical skills (agriculture and horticulture);
- On farm food production and processing skills.

Courses which are not eligible for funding include:

- Full time education (at schools, further and higher education establishments);
- Training courses in receipt of aid under the European Social Fund (objectives 1 and 2)

To be eligible all potential trainees must fall within one of the following categories:

- Spend at least 50% of your working time on your agricultural/horticultural holding
- Spend at least 20% of your working time on your forestry holding
- Derive a direct income from farming or forestry activities
- Are involved in the conversion/diversification of farming, horticultural or forestry activities.

### ***Energy Crops Scheme***

The Energy Crops Scheme (ECS) provides:

- establishment grants for two energy crops, short-rotation coppice (SRC) and miscanthus (must be at least 3 ha); and
- aid to help SRC growers set up producer groups - legally established groups of growers who work together to harvest their crops and supply them, after processing and storage if necessary, to one or more energy end-uses. Up to 50% of the costs of setting up a producer group is available (maximum £200,000 per group).

Applicants need to demonstrate that they have or will have an energy end-use for the crops. This could be a biomass power station or a community energy scheme using heat or combined

heat and power (CHP) technology. The end-use(s) must be within a reasonable distance of the crops (generally 10 miles for small installations, 25 miles for large installations). Energy crops can also be grown for own use, e.g. to heat a home or business.

#### ***Leader +***

Leader + is an EU co-financed Community Initiative to stimulate bottom-up development in rural areas through the development of small-scale, innovative projects under the guidance of a Local Action Group. Several Leader + projects in England are focused on forestry/woodlands e.g.

- the Charlesworth Treecare project in the Cumbria Fells and Dales LAG which is focused on increasing the value of locally grown timber through milling and drying and using waste material for firewood
- Dorset Woodland Project working in schools and running events to raise awareness of the role of woodlands in the countryside and the high quality products that can be made from sustainably managed woods.

#### **SCOTLAND**

The Scottish Forestry Strategy is being reviewed with a new Strategy expected by mid 2006. Current priorities for action are:

- To maximise the value of the wood resource
- To create a diverse forest resource for the future
- To make a positive contribution to the environment
- To create opportunities for more people to enjoy trees, woods and forests
- To help communities benefit from woods and forests.

#### ***Scottish Forestry Grants Scheme***

The main RD grant funding is provided under the Scottish Forestry Grants Scheme (SFGS) administered by the Forestry Commission. This offers grants to encourage the creation and management of woods and forests to provide economic, environmental and social benefits. Work carried out must meet the standards set out in the UK Forestry Standard.

Grants are available for:

- Woodland expansion: creating new woodlands
- Restocking: for replanting following felling
- Stewardship: for a range of management activities in existing woodlands

In Scotland landowners can apply for grants to create a Forest Plan. This is a set of maps and documents that outline the felling/thinning and restocking work to be carried out on a property over a 20 year period. Once the Plan is agreed, after going through a consultation period, Forestry Commission Scotland will give the necessary approvals for the first 10 years of the plan.

#### Expansion grants

Grants are available for creating new woodlands that meet one or more of the following objectives (% figures show the amount of grant available as a percentage of Standard Costs of Forestry Operations):

- P1 - Establishing well-designed productive woodlands (60%)
- P2 - Expanding areas of native woodland (90%)
- P3 - Improving riparian habitat (90%)
- P4 - Improving the quality and setting of urban or post-industrial areas (90%)
- P5 - Improving the diversity of the farmed and crofting landscape (60%)

Grants can be claimed within the following categories:

- Ground preparation - paid in full when the work is completed
- Protection – paid in full when the work is completed
- Planting and establishment – paid in two instalments, 70% after planting and 30% five years later subject to satisfactory establishment
- Natural regeneration – paid in one instalment subject to successful regeneration

The scheme specifies minimum planting areas:

- Areas to be planted must normally be no smaller than 0.25 hectares.
- The minimum area for planting to get Farmland Premium is 1 hectare.
- The minimum area for planting under the P1 Establishing well-designed productive woodlands objective is 5 hectares.

#### Farmland Premium

The Farmland Premium scheme offers additional grants for planting trees on land that has been in agricultural use during the previous three years. Annual payments compensate for farming income foregone. The Scottish Executive Environment and Rural Affairs Department administer this scheme. There is a joint SFGS and Farmland Premium application procedure. Grant payments are made for either 10 or 15 years depending on the percentage of broadleaves established within the scheme. To qualify for payments over 15 years, the percentage of broadleaves must be at least 60% at planting and must not subsequently drop below 50%. Schemes planted with less than 60% broadleaves will qualify for payments for 10 years.

#### Restocking Grants

Grants are available to replant felled woodlands that meet one or more of the following objectives (% figures show the amount of grant available as a percentage of Standard Costs of Forestry Operations):

- R1 - Producing well-designed productive woodlands (60%)
- R2 - Restoring areas of native woodland (90%)
- R3 - Improving riparian habitat (90%)
- R4 - Improving the quality and setting of urban or post-industrial areas (90%)
- R5 - Improving the diversity of the farmed and crofting landscape (60%)

Grants can be claimed within the following categories:

- Ground preparation - paid in full when the work is completed
- Protection – paid in full when the work is completed
- Replanting and establishment – paid in full when the work is completed
- Natural regeneration paid in one instalment (subject to successful regeneration)

#### Stewardship Grants

Grants are available for a range of operations within existing woodlands and where applicable are available from the year of planting (% figures show the amount of grant available as a percentage of Standard Costs of Forestry Operations):

- S1 - Improving timber quality (60%)
- S2 - Reducing deer numbers (60% or 90% of agreed costs up to £6/ha)
- S3 - Native woodlands (90%)
- S4 - Improving woodland biodiversity (60% or 90%)
- S6 - Developing alternative systems to clear-felling (60% or 90%)

- S7 - Woodland recreation (90%)
- S8 - Developing community involvement (90% of agreed costs up to a £5000 maximum)

#### Locational Premiums

A locational premium is an extra grant payable in addition to the standard grants available from the SFGS. It is called 'locational' premium because it is only available in certain parts of Scotland where the Scottish Executive considers that woodland planting, regeneration, improvement or management are priorities for social, environmental and/or economic reasons. The current Locational Premiums are:

- Ayrshire & Arran
- Central Scotland
- Glasgow & Clyde Valley
- Grampian
- Highland
- Northern Isles
- Scottish Borders
- Western Isles

Woodland schemes on farmland may also qualify for the SFGS Farmland Premium payments from the Scottish Executive Environment and Rural Affairs Department.

#### Challenge Funds

Challenge Funds offer additional grants to the standard stewardship grants for carrying out activities in existing woodlands. They are competitive in that applicants are required to bid for this additional money. The work to be carried out must of course meet the aims of the challenge.

#### Woodlands In and Around Town Initiative

WIAT aims to enable woodland owners in Scotland to contribute to the regeneration of the urban environment, and to improve the quality of life for people living and working in urban areas, by bringing urban woodlands into sustainable management.

#### ***Agri-environment schemes***

The Rural Stewardship Scheme includes several options relating to woods/woodland management:

- Management of scrub (including tall herb communities)
- Management of native or semi-natural woodland
- Management of ancient wood pasture

An environmental audit is an essential requirement of the scheme.

#### ***Leader +***

Some woodland activities have been funded under the Scottish Leader Programme e.g.

- Scottish Borders LAG – Pilot Small Woodlands Group Certification Scheme providing technical assistance and guidance
- Cairngorms LAG – Aboyne Community Woodlands

#### **WALES**

The Forestry Commission is developing Better Woodlands for Wales, (BWW) with the aim of introducing it from early in 2006. It will replace the existing Woodland Grant Scheme,

(WGS) which will be phased out. BWW will provide a framework of support to owners who are willing to commit to managing their woodlands sustainably. In particular:

1. The scheme will grant aid the preparation of long-term Management Plans which will help owners to manage their woodlands well.
2. These plans will help owners to demonstrate that their woodlands are well managed as the planning process will fulfil many of the requirements of the UK Woodland Assurance Scheme, (UKWAS) standard.
3. BWW will provide a comprehensive range of woodland management grants to help owners to implement their plans. High rates of grant will be available for work that fulfils Woodland Strategy priorities.
4. The Forestry Commission will provide a quality service through BWW. It will use new technology to provide clear documents and maps and the Web-based system will provide an efficient application process and allow grants to be claimed on-line.

In the meantime, the Woodland Grant Scheme continues and the FC is making arrangements for the transition from the WGS to BWW. *The WGS info will be redundant very shortly, applications close in the summer, BWW will be phased in from Spring 2006.*

### ***Woodland Grant Scheme***

#### Grants for New Woodlands

A combination of grants is available to assist with the costs of establishing new woodlands

#### *New Planting*

Grants for new planting are paid in two instalments:

- 70 per cent when planting is finished
- 30 per cent after five years

The area must be maintained to the Forestry Commission Wales's reasonable satisfaction for at least 10 years after planting.

<b>Rates of planting grant per hectare (1 hectare = 2.47 acres)</b>		
<b>Area</b>	<b>Conifers</b>	<b>Broadleaves</b>
Woods less than 10ha	£700	£1350
Woods more than 10ha	£700	£1050

Extra grants are paid to encourage new woodlands in priority areas. These can be claimed with the first instalment of a planting grant and the Discretionary Payment or Fixed Payment for natural regeneration.

#### *Natural Regeneration*

Planting proposals will not be approved where natural regeneration is both practical and appropriate. There are two elements to the grant for natural regeneration:

- a discretionary payment (DP) of 50 per cent of the agreed costs of work necessary to encourage the natural regeneration
- a fixed payment (FP) equivalent to the rate for restocking

Better Land Contribution (BLC) - £600 per hectare

Paid for planting trees on agricultural land that is either arable land, improved grassland or cropped land.

Community Woodland Contribution (CWC) - £900 per hectare

To encourage people to create new woodlands close to towns and cities that can be used for informal public recreation.

To be eligible for CWC:

- the new woodland must be within five miles of the edge of a village, town or city where there are few other woodlands available for recreation
- the woodland must be designed in line with the principles given in Forestry Commission guidelines especially Community Woodland Design Guidelines, *Forest Recreation Guidelines* and *Forestry Practice Guide No 10 Involving Communities in Forestry*
- the public must be allowed free access on foot

Farm Woodland Premium Scheme

The FWPS is designed to enhance the environment through the planting of farm woodlands, in particular to improve the landscape, provide new habitats and increase biodiversity. Forestry Commission Wales administers the scheme and the Department of the Environment, Planning and the Countryside makes payments.

Grants for Existing Woodlands

A combination of grants to assist with the costs of restocking and managing existing woodlands are available.

*Restocking:*

Grants for restocking are paid in one instalment when the planting is finished. The area must be maintained to our reasonable satisfaction for at least 10 years after planting. At least 2,250 conifers or at least 1,100 broadleaves per hectare must normally be planted.

<b>Rates of restocking grant per hectare (1 hectare = 2.47 acres)</b>	
<b>Species</b>	<b>Rate per Hectare</b>
Conifers	£325
Broadleaves	£525

*Natural Regeneration*

An alternative to planting when restocking areas in existing woodlands. Planting proposals will not be approved where natural regeneration is both practical and appropriate

There are two elements to the grant for natural regeneration:

- a discretionary payment (DP) of 50 per cent of the agreed costs of work necessary to encourage the natural regeneration

- a fixed payment (FP) equivalent to the rate for restocking

Further Discretionary Payments may be made if initial work does not encourage regeneration and Forestry Commission Wales considers that further work may be successful. Forestry Commission Wales will agree a reasonable time for establishment to take place. For native woodlands, a clumped distribution may be preferable.

Claim the Fixed payment when:

- the trees are around 30-45 cm tall, healthy and well established
- there are at least 1,100 trees per hectare

FP may also be claimed even if there is no work that requires payment of DP. If there is some natural regeneration, but further work is required to ensure it becomes established woodland, you may be eligible to apply for DP.

#### *Woodland Improvement Grant (WIG)*

There are currently 3 WIG projects available:

Project 1: Providing public recreation in woodlands

To encourage informal public recreation in existing woodlands by opening up woods for recreation or to improve areas already being used by the public

Project 2: under managed woodlands

To help bring woodlands which are under-managed or have low commercial value back into management

Project 3: Woodland Biodiversity

To assist woodland owners to manage their woods in ways which will implement the forestry aspects of *Biodiversity, The UK Action Plan*

Grants are paid as a discretionary payment, based on 50 per cent of the agreed cost of the work.

#### Quality Timber Challenge Funds

This grant is to support the creation of well designed productive woodlands that are capable of growing timber in a sustainable way. The grant also aims to ensure that the woodlands have the potential to be transformed towards a form of continuous cover management in future. They must be well designed and the majority of the trees must be of species that have the potential to grow a vigorous crop of quality timber on the soil and site.

#### *Eligibility - size*

- The minimum size of new woodlands will be 5 hectares
- The maximum area of new woodland will be 50 ha
- No more than 50% of an existing agricultural holding would be eligible. However, additional areas would remain eligible for the standard WGS and FWPS grants

Tree species capable of producing quality timber must be planted on sites where trees can grow well. At least 50% of the trees must be selected from one or more of the species listed in the table below. The species selected should be capable of growing at least at the growth rates indicated on the chosen site.

Species	Minimum Yield Class
Douglas Fir	16
Japanese / hybrid larch	12
Sweet chestnut	8
Sessile or pedunculate oak	6
Ash	8
Cherry	8

Woodlands can be either coniferous or broadleaved species or a mixture of the two. Half of the trees planted can be “other species” to be grown as a "nurse" crop or to provide species diversity. Forestry Commission Wales can provide examples of mixtures. Conifer stands must include a minimum of 15% site native species in order to provide species diversity and to improve the silvicultural characteristics of the stand.

The woodlands will usually be established by planting and an average stocking of 2500 stems per hectare will be required. The Challenge payment will be £1500/hectare in addition to the existing Woodland Grant Scheme, establishment grants and Farm Woodland Premium Scheme payments. The Challenge fund is cash limited and grants will be allocated on a first come, first served basis to applications that meet the criteria.

To qualify for the Quality Timber Challenge Fund:

- The area of new woodland to be created must be in Wales, or, in the case of farmland, on an agricultural holding registered in Wales
- The majority of the species must be selected from the list of eligible species and be able to grow vigorously as defined in the minimum yield classes
- Applications must not be on wet or exposed sites that would be liable to early windthrow
- Sites where oak or sweet chestnut are major species, must not be prone to cracking known as shake
- The land must **NOT** have an existing high conservation value. On unimproved land advice should be sought from the Countryside Council for Wales (CCW)
- The application must not adversely affect sites which have a high landscape or archaeological value

In addition, consultation is expected to be carried out for applications:

- in National Parks (requires a letter of support from the Park Authority)
- outside a National Park and over 10 ha (requires a letter of support from the Local Authority)
- on Sites of Special Scientific Interest (written support of Countryside Council for Wales required)
- on Scheduled Ancient Monuments (written support of Cadw required)

Applicants in an existing agri-environment scheme such as Tir Gofal will need to ensure that they have the agreement of their project officer in order to apply.

#### Native Woodland Expansion Challenge

Native woodlands are those where the majority of trees and shrubs are native to the site. They are important habitats for many native species of plants and animals and they also have a high



cultural and landscape value. This is especially true of Ancient Semi-Natural woodlands, which have existed in this state for several centuries or more and are the most natural woodlands we have. Progressive clearance has meant that many of the surviving native woodlands in Wales are small and isolated. This fragmentation restricts the ability of animals and plants to spread and makes the woodlands vulnerable to loss through felling, over-grazing, or changes in the natural environment such as disease or climate change.

The Government is committed through Biodiversity Action Plans to reversing the decline of endangered habitats and the Forestry Commission Wales takes the lead for woodland habitats. This grant is for enlarging and where possible linking together existing areas of native woodland.

- A minimum area of 0.25 hectare will apply to each area being established
- The maximum area limit for the Challenge grant will generally be equivalent to the total area of existing woodland being enlarged or connected except where there are strong landscape or environmental reasons for expanding the woodlands on a larger scale. Additional areas would remain eligible for the standard WGS and FWPS grants

The woodland to be created must be of site native tree species suited to the soil and site. An average stocking density of 1,600 stems per hectare will be required within 5 years. The woodland can be created either by natural regeneration or planting or a combination of both. Applications should take account of the guidance set out in FC Bulletin 112 Creating New Native Woodlands and local site conditions in order to create woodland that will develop a natural woodland character quickly.

The Challenge payment will be £1500/hectare in addition to the existing Woodland Grant Scheme, establishment grants and Farm Woodland Premium Scheme payments. The Challenge fund is cash limited and grants will be allocated on a first come, first served basis to applications that meet the criteria.

To qualify for the Wales Native Woodland Expansion Challenge Fund the area of new woodland to be created:

- must be in Wales, or, in the case of farmland, on an agricultural holding registered in Wales
- must join directly on to an existing, fully-established native woodland
- must NOT have an existing high conservation value. On unimproved land advice should be sought from the Countryside Council for Wales
- must be on sites capable of growing woodland that would enhance the existing native woodland. This may for example exclude disturbed land where soil conditions would not be able to support the desired range of woodland and tree plant species

The application must not adversely affect sites that have a high landscape or archaeological value.

In addition, applicants are expected to carry out consultation in the following cases:

- applications over 2 ha in National Parks require letter of support from the Park Authority
- applications outside a National Park and over 10 ha require letter of support from the Local Authority
- applications on designated sites such as Sites of Special Scientific Interest need the written support of Countryside Council for Wales
- applications on Scheduled Ancient Monuments need the written support of Cadw

- applicants in an existing agri-environment scheme such as Tir Gofal need to ensure that they have the agreement of their project officer in order to apply

#### ***Transitional arrangements (from WGS to BWW)***

Transitional Replanting Supplements will be extended for the 2005/6 and 2006/7 planting seasons. They were introduced in November 2003 in order to provide an incentive for WGS contract holders to upgrade their replanting in line with woodland strategy priorities.

Woodland owners are advised not to hold back on restocking operations until the BWW scheme is available. Sites which were felled before December 2003 will not be eligible for BWW replanting grants. Owners or managers of such sites, are advised to use the WGS replanting grants and these supplements while they are available. There are no plans to extend the supplements beyond 2006/7.

New planting grants will be developed and introduced in 2007 as part of the BWW scheme. In the meantime, the existing WGS new planting grants remain available. There are currently two challenge funds in Wales, the *Native Woodland Expansion Challenge* and the *Quality Timber Expansion Challenge*. These challenge funds were scheduled to close at the end in March 2006 but applications will now be accepted for the 2006/7 planting season in order to bridge the gap between then and 2007.

In order to help people to start preparing BWW management plans before the BWW scheme is fully launched, we are now grant aiding some elements of the planning process called Special Assessments. These are for evaluating:

- Plantations on Ancient Woodland Sites, (PAWS)
- Plantations being considered for transformation to Continuous Cover Forestry, (CCF)

BWW will provide a planning process that (in native woodlands) will be similar to the existing Native Woodland Plans, (NWP.) In order to avoid disadvantaging those woodland owners who have NWPs or are in the process of having one prepared, higher rates of Woodland Improvement Grants for certain operations to implement NWPs have been made available:

The BWW scheme will provide Woodland Improvement Grants (WIG) grants at up to 75% towards the cost of priority operations. In order to start encouraging certain activities, some of these grants are now available within the WGS for the following activities:

- PAWS Restoration
- Transformation of plantations to CCF
- Securing those native woodlands under NWPs

#### ***Agri-environment schemes***

Tir Cynnal, the new entry level scheme should provide protection to habitats, but will not counter threats to woodland, such as from invasive species (rhododendron).

Tir Gofal, the whole farm agri-environment scheme, provides payments for woodland management and establishment, though mainly for schemes below the WGS threshold (0.25ha). Above the threshold WGS is usually used, though woodlands can be fenced to control grazing with agri-environment funding. CCW (who deliver TG until October 2006) and FC work closely to minimise additional bureaucracy caused by using two schemes. There is potential to consider greater integration of funding for woodland elements of TG agreements under the new EAFRD provisions for forest-environment payments. (

### ***Training***

In addition to training for farmers, the WRDP provides support for training to prepare forestry holders and other persons involved in forestry activities for the application of forest management practices to improve the economic, ecological and social functions of forests.

Actions will be centred on the application of forest management practices to improve the economic, ecological or social functions of forests. Raising and maintaining woodland and forestry skills are an essential and integral part of a sustainable woodland industry. A range of courses are available, either full or part-time, from the University of Wales and Welsh based colleges of Further Education. These courses are complemented by those offered by other training providers such as LANTRA and the National Trust.

Forestry and wood related training and skill development can be broken down into the following main areas:

- Establishment
- Management
- Harvesting
- Other e.g. health and safety
- Adding value

Provision is also made for the delivery of appropriate training and advisory packages to farmers and foresters, covering the production of Short Rotation Coppice and other crops as appropriate as well as harvesting of forest residues.

### ***Leader +***

Some woodland activities have been funded under the Welsh Leader Programme e.g.

- Rural Conwy LAG – Woodlands and Water
- Rural Conwy LAG – Forest Wood Energy Chain for the Production of Biomass for Energy Production

## **NORTHERN IRELAND**

To encourage woodland establishment, the Department of Agriculture and Rural Development (DARD) offers two grant schemes. Both schemes are administered by the Forest Service and are part funded by the European Union (Council Regulation 1257/1999). The Woodland Grant Scheme (WGS) offers grants towards the costs of establishing and maintaining woodlands. The Farm Woodland Premium Scheme (FWPS) offers annual payments, usually issued in October/November, to compensate for agricultural income foregone. Applicants can apply for the WGS alone or the WGS and FWPS together.

### ***Woodland Grant Scheme***

The overall aims of the WGS are:

- (i) To encourage people to create new woodlands and forests to:
  - increase the production of wood;
  - improve the landscape;
  - improve woodland biodiversity;
  - offer opportunities for recreation and sport.

(ii) To encourage the sustainable management of forests and woodlands (as enshrined in the UK Forestry Standard), including their well-timed regeneration, particularly looking after the needs of ancient and semi-natural woodlands.

(iii) To provide jobs and improve the economy of rural areas and other areas with few sources of economic activity.

(iv) To provide a use for land as an alternative to agriculture.

There are two groups of grants available:-

**Establishment Grants** are designed to assist new planting, restocking and natural regeneration. In addition, for new planting, Enclosed Land Supplement and Community Woodland Supplement may be available.

**Woodland Improvement Grant and Sustainable Forestry Operations Grant** are available for existing woodlands to bring them back into sustainable management and secure environmental, social and economic benefits.

Woodlands must be at least 0.2 ha (0.5 acre) in area and 20 metres wide to be eligible for the Scheme.

All grants are paid as part of an agreement under which the owner undertakes to maintain the woodlands in accordance with good forestry practice for a minimum of 30 years in the case of predominantly broadleaved woodlands, and 20 years in the case of predominantly conifer or fast growing broadleaved woodlands (e.g. poplar).

#### Establishment Grants

- **New Planting grants** are paid for the creation of woodland on an area of land which is not already wooded.
- **Restocking grants** are paid for the re-establishment of woodland cover in an existing woodland.
- **Natural Regeneration** is the natural colonisation of land by tree species. Special grants are available to encourage this.
- Higher rates of grant are paid for the establishment of broadleaf species

Where new planting is carried out on land which was previously enclosed and improved for agricultural purposes a supplement of £500/ha will be payable with the first instalment of grant.

A Community Woodland Supplement (CWS) is available under the WGS to encourage people to create new woodlands close to towns and cities which can be used for informal public recreation. The rate of supplement is £950/ha for both conifers and broadleaves.

#### Woodland Improvement Grant

Woodland Improvement Grant (WIG) is a one-off capital payment to encourage a range of work in existing woodlands. It aims to bring the woodland back into active and sustainable management. The minimum area is 1 hectare per application.

There are two types of project under WIG:

##### 1) Undermanaged woodlands

Grant is paid for work that will help bring woodlands, which are undermanaged or of low commercial value back into active management.

## 2) Woodland biodiversity

Grant is paid for work to assist woodland owners to manage their woods in ways that will contribute to Northern Ireland targets within the UK Biodiversity Action Plan. In particular grants will be paid where the work proposed helps achieve the expansion, maintenance and enhancement or restoration targets set out in the native woodland Habitat Action Plans or benefits the habitats of those woodland species covered by the species action plans

### Sustainable Forestry Operations Grant

Many woodlands are suffering from insufficient investment and require funding to bring the woodland to a condition where the owner can resume normal management operations. Sustainable Forestry Operations Grant (SFOG) is a contribution towards the cost of eligible investments to secure significant environmental, social and economic benefits.

The rate of grant is £35 per hectare per year over the five-year period of the plan of operations. The overall cost may vary from application to application but will always be more than £35 per hectare per year.

The minimum area is 1 hectare per application. SFOG will only be paid provided:

- the public benefit from the work is judged to be greater than the grant;
- the net operational cost, including indirect costs, of the work is judged to be greater than the grant.

In addition to supporting the cost of preparing a five-year plan the SFOG will provide a contribution to one-off operations. These are:

- protecting woodland from grazing and Grey squirrel or rabbit damage, by erecting fencing and/or by means of eradication by shooting;
- one-off investment to tackle major problems of invasive species, such as rhododendron;
- felling to encourage diversity of species and age-classes and to add value to the remaining timber;
- removal of trees from streambanks and other open ground habitats;
- small scale planting of broadleaves in woodland;
- securing work funded by Woodland Improvement Grant.

In order to qualify for SFOG, the Forest Service requires the preparation of a five-year plan describing the specific objectives and eligible activities for those areas for which the grant is sought. The plan must set out the desired state of the woodland at the end of the five-year period and describe annual programmes of work with agreed costs and time scales where appropriate.

### **Farm Woodland Premium Scheme**

The Farm Woodland Premium Scheme (FWPS), is designed to encourage the creation of new woodlands on farms.

FWPS annual payments are made for either 10 years or 15 years, depending on the trees planted and how they will be managed.

To receive annual payments over 15 years, more than 50% of the area of the wood must be planted with broadleaved trees. The wood must not be felled within the 30 years following the first annual payment. Silvicultural thinning during that time is allowed, provided the wood remains mainly broadleaved. Nurse trees which are to be removed from the woodland are not included when determining the percentage of the area planted with broadleaves.

Woodlands with 50% or more of the area of the wood planted with conifers, or fast growing broadleaves to be felled in less than 30 years (e.g. poplar), will receive annual payments for 10 years. They must not be felled within 20 years of the first annual payment. Woodlands which are to be felled before 20 years are not eligible for FWPS.

#### ***Agri-environment schemes***

The Countryside Management Scheme has options for managing small farm woodlands. Only areas of farm broadleaved woodland/farm scrub over 0.2 ha in size are eligible. However, any woodland (1ha or over) eligible for a Forest Service Scheme cannot be entered into CMS.

To encourage regeneration of the understorey, all livestock must be excluded from the woodland. Woodland areas are not eligible for claims under IACS. Controlled grazing is permitted on areas of farm scrub. Agreement holders cannot cut down or remove any tree or shrub from woodland without prior written consent from DARD. Where appropriate, inter-planting areas of woodland may be required. This will be discussed and agreed at the outset of the agreement. The annual payment includes the cost of undertaking routine positive management. This will be discussed and agreed at the outset of the agreement. Examples of positive management include the control of non-native species such as laurel and rhododendron or the maintenance of open areas. If additional work is necessary, this may be paid under the specific conservation measures.

#### ***Challenge Fund for Short Rotation Coppice Energy Crops***

The Challenge Fund is so called because it is competitive: applicants are required to bid for the money they need to establish Short Rotation Coppice for an energy end use. Land planted under the Challenge Fund is not eligible for other forestry grants such as the Farm Woodland Premium Scheme, Community Woodland Supplement, Woodland Improvement Grant and Sustainable Forestry Operations Grant. Enclosed Land Supplement will not be payable.

The Challenge Fund for SRC Energy Crops aims to increase the amount of willow grown for an energy use in Northern Ireland. Applicants will have to provide evidence that an energy generating end-user is prepared to buy their harvested coppice, or that they will be burning the biomass themselves, either with existing plant or in a planned installation which has been approved by the Planning Service at least in principle.

#### ***Leader +***

The Northern Ireland Leader Programme does not appear to have funded any woodland or forestry projects to date.

### Annex 3: Workshop Participants

<b>Name</b>	<b>Organisation</b>
John Swift	BASC
Rob Green	Countryside Agency
Hilary Miller	CCW
Allan Buckwell	CLA
Mardi MacGregor	Confor/EFIP
Ian Woodhurst	CPRE
Clunie Keenleyside	Crex
Alec Dauncey	Defra
Nia Jones	Defra
Simon Trehane	Defra RDS SW
Steve Dunkley	Defra RDS
Fiona Mulholland	EHS Northern Ireland
Rebecca Isted	English Nature
Simon Pryor	Forestry Commission
Keith Jones	Forestry Commission
Chris Edwards	Forestry Commission
Richard Schaible	Forest Service Dardni
Frances Snaith	Forestry Commission
Alastair Sandels	Fountains
Tim Kirk	FTA
John Davis	FTA
Judith Webb	FTA, FC England Board,RDS Board
Vicki Swales	IEEP
Martin Farmer	IEEP
Justin Mumford	Lockhart Garratt
Claire Mennim	Mersey Forest
Dr Hugh Williams	National Forest Company
John Jackson	Royal Forestry Society
Mike Wood	RSPB Scotland
Jez Ralph	Silvanus Trust
Jim Skelton	SW Forest
Alexia Wellbelove	Wildlife and Countryside Link
Nick Collinson	Woodland Trust
Hilary Allison	Woodland Trust