



Cywain Environment

An Evaluation of Pilot Activity for Farmer Groups

September 2015



Table of Contents

1	Introduction	3
2	The Methodology	4
3	Project Aims and Objectives	7
4.	Project Mandate and Key Welsh Government Stakeholder Feedback	14
5.	Agri-Environment Background.....	16
6.	Reform of the Common Agricultural Policy	20
7.	Industry Stakeholder Feedback	23
8.	Farmer Led Nature Fund Case Studies	27
9.	UK and Wales Case Studies.....	39
10.	Legislative Context	49
11.	Cywain Environment Primary Research Findings	59
12.	Future Support for Farmer Led Collaboration.....	64
13.	Proposed Collaborative Environment Support Structures and Model.....	70
14.	Conclusions and Recommendations	73

1 Introduction

CamNesa has been commissioned to evaluate the deliverables of the Cywain Environment pilot project with 17 farmer groups throughout Wales funded through the RDP Supply Chain Efficiencies Fund.

The evaluation will firstly analyse the outcomes of the working groups with farmer via allocated facilitators. This will include the working methodologies and how these have been used to engender entrepreneurial activity amongst the groups with regard to the development of commercial arrangements for ecosystem services.

We will seek to identify the stage boundaries of the development of ideas into feasible propositions, through the potential mechanisms of prototyping and test trading to ensure the successful delivery of a particular product or service.

Of particular importance to Welsh Government will be the proposals for the development of a Pillar 2 package of support or programme to support the development of ecosystem services achieving alignment with the overall Welsh Government agenda for sustainable development and the wider direction of greening measures within CAP.

The development of the green economy and more broadly, Green Growth within the agriculture sector is a developing, but Cywain Environment seeks to support farmers to work collaboratively in the development of products, goods and services which can have a direct affect on their income, alongside tangible environmental benefits.

2 The Methodology

Stage 1 - Research and Communications

Research

The research stage of the project will seek to understand the objectives of Welsh Government and the agriculture sector with regard to the progression of collaborative working within the sector and the outcomes of benefit to environmental objectives.

Within the secondary research, we reviewed existing and proposed environment schemes within the sector and the legislative and policy frameworks influencing the progression of 'green transition' within the CAP.

Communications

One of the key elements of this evaluation was the short timescale for delivery in terms of the 17 groups operating and in development throughout Wales. A structure was put in place to ensure that the reporting requirements for the projects are operating to ensure the flow of information to CamNesa through the project lifetime.

The identification of exemplar projects was also be critical to progression of analysis at the later stages of the evaluation, where again, consistent communication was critical to identify early success.

Stage Two – In-depth interviews with facilitators and stakeholders

This stage of the study focused on the attitudes and perceptions of specified individuals representing the partners and key stakeholders. At proposal stage we assembled the following list:

Partners:

- NFU Cymru / FUW
- CLA
- Welsh Government
- NRW

Key stakeholders:

- Key farmers within the groups
- Natural Resources Wales
- LEADER Groups

It was imperative at this stage to gain an understanding of the expectations of both partners and stakeholders and the expectations of activity supporting ecosystem services and how this would be facilitated. This was researched via Directed Discussion Document.

Our key contacts from a policy and delivery perspective for interview to gain insight into the outcomes of the evaluation and final report was:

- Alun Jones, CEO, Menter a Busnes
- Terri Thomas, Welsh Government
- Sue Evans, Welsh Government
- Neil Howard, Welsh Government
- Anne Humble, Welsh Government

Interviewing included a mix of face-to-face and telephone conducted by the study team.

Stage Three – Secondary research with the selected beneficiary groups

This stage focused on a review of documents produced by the client and facilitators and included a comparative analysis. Documents produced by the client that are likely to be relevant included:

- Project proposal per group
- Outline plans for the activity
- Monitoring data
- Minutes of Group meetings
- E-mail interaction with individual groups

The mandate of the evaluation and research was to identify the processes and interventions which may stimulate entrepreneurship within ecosystem services.

As part of this activity we would seek to observe a minimum of two groups in North, Mid and South Wales to analyse the delivery of group working and identify best practice.

Stage Four – Primary research on group work

The primary research method adopted a triangulation approach i.e. focusing on a number of key audiences and capturing evidence, where possible, in a directly comparable format. We can summarise the audiences under study as follows:

- **Farmer Groups** – we will analyse the output from the seventeen farmer groups selected to work with the Cywain Environment programme
- **Facilitators** – at proposal stage we understood these to have been allocated to groups across Wales

We produced two questionnaires to meet the differing situations of the two audiences under study but anticipated that the questionnaires' key themes will need to cover respondents' perceptions of:

- Whether the project achieved its aims, objectives, outputs and results
- Whether the delivery model was effective and efficient
- The impact of the project in terms of increasing the public's understanding and involvement and support for farmers and landowners
- Perceptions of the engagement tools used
- Best practice examples
- Overall view of the strengths and weaknesses of the project
- Perceived value for money of the project from the funder's standpoint
- How engagement may be improved in the future.

If respondents wished to converse in Welsh, we ensured this was facilitated.

Stage Five – Analysis and reporting

The analysis and reporting reviewed the findings of the research as qualitative and quantitative research, with the objective of identifying a series of common themes from the range of projects undertaken by the facilitators and the groups.

Whilst it was important to draw out the potential support models from stages 1 and 2 of the brief, it was vital to gauge the views of the beneficiary in terms of

their experience and viewpoints in the design and development of options for a future programme or supporting mechanism.

Stage Six – preparation of final report

To comply with the client's instructions we prepared an Interim Report by the end of August 2015 and a final report for inclusion in the client's report to Welsh Government by 30/09/2015.

3 Project Aims and Objectives

Cywain Environment has been funded to identify new opportunities for Collaboration amongst groups of farmers and in particular to investigate the interventions which support the development of environmental goods service and products.

As stated, the project worked with a number of farmer led groups throughout Wales. 17 of these groups have previously made unsuccessful applications to the Welsh Government Nature Fund for a broad variety of projects supporting the objectives of the fund with the areas identified by Welsh Government. Although they were not successful with their application for varying reasons, they were deemed worthy of further consideration, through the Cywain Environmental project, in order to ascertain what further support they would require to realise their potential.

The Nature Fund was created from evidence gained from the findings of the Welsh Government 'State of Nature' Report, where the Minister for Natural Resources at that time, Alun Davies AM, responded with the launch of the £6m fund to "tackle the decline and to enhance Wales' biodiversity and improve our environment - and crucially to do so in a way that supports the resilience of our communities and Wales' economy."¹

A number of farmer led applications to the Nature Fund were made and for the purposes of this project, seventeen have been identified as beneficiaries of Cywain Environment support for the project delivery window from June 2015 to the end of September 2015 with a view of gauging what is required to further their development.

3.1 Project Structure and Delivery

¹ Welsh Government Ministerial Statement by Alun Davies AM 14 May 2014

The project has been assigned a Project Manager who will oversee the delivery of the project as a whole.

Activity will be delivered by a group of facilitators who have been recruited on a self-employed basis to deliver the key activity with the farmer groups across Wales. The facilitators are experienced individuals with strong credentials of this type of work with farmers. A copy of the job specification for the Cywain Environment Facilitators can be found at annex 1 of this report.

The project will work with the groups in the development of the projects, using a combination of techniques to identify barriers to project delivery and to take forward the aspirations of the projects. Interventions will be discussed later within this document.

The facilitators have been assigned to projects across Wales and this is detailed on the following table:

Project Leads	Location	Description	Facilitator
Cadwyn Clwyd / NFU	Rhuthun	Catchment sensitive farming	Elaine Rees
Nick Davies	Newtown	Bio digester interest on new uplan dairy farm and neighbouring farms working collaboratively	Mark Davies
John Beamond	Welshpool	Large group of farmers interested in working together and sharing resources	Sarah Yeomans
Rhodri Lloyd Williams	Talybont	Catchment focus - Large social element and flood alleviation as well as habitat	Mike Lewis
Hugh Bevan	Dyffryn Dyfi Valley	Catchment sensitive farming	Mark Davies

Gareth Williams	Halkyn	Upland commons management outside of Glastir	Alan Gardner
Dafydd Jarrett NFU	Llyn	Connectivity	Aaron Hughes
Brian Bowen FJUW	Brecon & Radnor	To Introduce cattle to graze llangynider common for environmental benefit	Hefin Jones
Ysbyty Ifan co-operative	Ysbyty Ifan	Co-operative providing social benefit with neighbouring farmers now wanting to join in working collaboratively	Geraint Hughes
Keri Davies	Brecon	A Farmer led Catchment scale project to improve the upper Usk river catchment & increase ecosystem resilience	Mike Lewis

Evan Williams	Glamorgan	Glamorgan Group - Improving the natural habitats on South Wales by nature Ideas from Next generation farmers	Mari Goldsworthy
Abi Reader NFU chair	Glamorgan	Goldsland Environmental Project	Mari Goldsworthy
Rob MacCurrach Forest manager	Llanymawddwy	Bwlch Coedlog - Upland and Habitat Restoration	Lowri Rees
Carol Lever	Somerset and Merthyr	Biodiversity Improvement in farming practices	Wyn Owen
Tirlun Llyn Farmer	Llyn	Coastal Connectivity	Mari Hughes
Planned	Pembrokeshire	Positive land management in Pembrokeshire	Olwen Thomas
Sion Brackenbury	All Wales	Methods and best practice in controlled burning	Catrin Jones

3.2 Deliverables

Each group had an allocated facilitator who worked with them to further develop the project ideas that were submitted to the Nature Fund. The facilitation involved the use of a range of techniques to work through the barriers to progression and investigate the potential outcomes of the projects not apparent in the initial applications.

The structure for delivery within each group was agreed and defined prior to inception. Delivery consisted of:

- Inception meeting with group
- Development of Action Plan for approval by Project Manager
- Milestones set for project actions i.e. meetings, engagement of speakers / experts
- Meeting notes / registration forms
- Identification of barriers
- SWOT analysis (mandatory)
- Final group report including Exit Strategy

3.3 Staff Structure

A lead facilitator was assigned to Mid, South and North Wales. These were:

- Elaine Rees, North
- Mark Davies, Mid
- Olwen Thomas, South

A Project Manager was assigned to the project by Menter a Busnes and administration support based at the St. Asaph Menter a Busnes office.

3.4. Delivery Model

The Cywain delivery model has traditionally been based around the concept of a Development Manager working with an individual or group with the objective of developing new products along with general market and trade development.

The Development Manager works with the client or group to develop a plan usually supported by a mentor procured from a framework agreement within Menter a Busnes. The mentor works with the client or group to deliver agreed

actions towards the development of a new product or market which leads to outcomes such as increases in business turnover, new products and / or processes.

Cywain has delivered this activity within the food and fisheries sector to date, being evaluated independently with positive results.

Cywain Environment differs from the traditional Cywain model as it employs Facilitators to work with the identified groups. These Facilitators, as per the job specification, have backgrounds in this area of work within the agriculture sector and are predominantly individuals who have worked as Agrisgop leaders on the successful programme operated by Menter a Busnes.

This is the key difference in the operating model of Cywain Environment and will be the subject of the main evaluation assessing its effectiveness in developing the projects from their current stage.

3.5 Policy and Strategic Influences

Cywain Environment has been conceived at a time of change within the agriculture sector in Wales, influenced by the Welsh Government cornerstone of sustainable development and driven by changes in Common Agriculture Policy and the structure of the new Rural Development Plan.

As a pilot project, Cywain Environment has the opportunity to innovate with group working methodologies with the objective of encouraging co-operative working between farmers and land owners.

When considering the traditional Cywain delivery model as described, the interventions and outcomes for the type of projects being reviewed and developed will be considerably different to the added value food and fisheries projects supported by Cywain previously.

The end outcome for the projects will be environmental benefits, but as part of the facilitation process, there was exploration of how projects fit into wider policy objectives of ecosystem services, payment for ecosystem services and other market based outcomes where there may be the ability to develop these from the projects under development.

Existing and historical support for agri-environment schemes are well founded, with the current Glastir scheme being available to individual farm business units and the Glastir Commons agreement. Given the restrictions on contracting Glastir across farm boundaries, Cywain Environment will explore

other mechanisms for environmental management and improvement. We will focus upon the consultations with industry representatives to gauge industry buy-in to such mechanisms.

The focus of the Environment Bill being based on an ecosystems based approach to the management of Wales' natural resources underlines the innovative measures required to engage land owners and farmers in market based outcomes and solutions, which will be researched further within this document.

4. Project Mandate and Key Welsh Government Stakeholder Feedback

CamNesa sought the views of key Welsh Government stakeholders with regard to the shape and progression of the project in terms of the outcomes and results expected. The results of the project could potentially influence the wider agenda of CAP going forward and elements of the Rural Development Plan for Wales, particularly the co-operation measures within the programme.

The engagement with Welsh Government stakeholders sought to identify how the project will deliver and how its outcomes could shape future farmer co-operation for environmental benefit.

The feedback provided by Welsh Government covered three distinct areas:

Support for Co-operation

Farmer based instruments under Pillar 1 of the RDP are predominantly based on the payments to single holdings. One of the key elements of the Nature Fund and the projects being evaluated is the co-operation element amongst farmers and the ability of groups to work across individual farm boundaries to achieve positive project outcomes.

The 2014 – 2020 Rural Development Plan for Wales offers a number of mechanisms to support future co-operation between farmers and other actors. Specifically, measure 16 of the RDP operates a number of sub-measures that will support co-operation amongst farmer groups. Support for co-operation was seen as vital to supporting wider policy aims of Welsh Government

It was commented by one respondent that the co-operation measures of the RDP will be critical to the delivery of environmental measures involving groups of farmers going forward.

Payment for Ecosystem Services (PES) and Market Based Instruments

Throughout the development of the project, PES has been promoted as a potential project outcome for the projects supported by Cywain Environment. From a delivery perspective, PES as an outcome has been integrated into the delivery planning for the facilitators.

As PES is a complex area, requiring specific knowledge and / or training in order to assess the potential within projects and build into group discussion, PES options will be assessed by facilitators outside of the group and if an obvious route exists, only then would it be discussed with the group.

The main objective of Cywain Environment is to further the development of projects submitted to the Nature Fund and were unsuccessful. A PES outcome for these projects is not critical at this stage, but it is important to assess the potential for PES within some projects

Legislative Frameworks

Feedback from Welsh Government respondents highlighted the impacts of the main Bills and Acts progressing and being delivered through Government at present:

- The Well-being of Future Generations (Wales) Act 2015
- Environment (Wales) Bill which will include climate change

In addition to Welsh legislation, attention has been drawn to wider legislation such as the Water Quality Framework Directive and the implementation of the Marine Strategy Framework Directive.

Land Managers and Government have clear roles to play in the how such Directives are actually implemented on the ground, with one of the key factors being engagement and co-operation across land and marine boundaries.

5. Agri-Environment Background

This chapter examines the current opportunities for a collaborative approach within existing agri-environment provision and the opportunities under the emerging legislative framework that seeks to animate the ecosystem services approach from Welsh Government policy.

It also looks at how the new greening requirements under the CAP have been transposed into Welsh legislation and highlights examples in other regions on how collaboration has worked to deliver environmental outcomes.

Historically, the 1992 MacSharry reform of the Common Agricultural Policy started the shift from product support (through prices) to producer support (through income support) and saw the beginning of agri-environmental schemes.

The voluntary schemes are designed to compensate farmers for undertaking positive management and protection of the environment on their land and contracts are generally for a minimum of five years.

Payments for the adoption of a prescription of activities which go beyond statutory minimum standards are based on compensating the additional costs and income foregone of adopting positive environmental practises.

In Wales, there has been a notional move towards a PES type approach to farmers and this initial shift was prominent in the moves to address environmental issues which had been hitherto not part of any agri environmental offer²

The opportunities for the development of an output based approach to environmental management ultimately evolved into an action based approach in the Glastir Scheme.

5.1 Glastir

In September 2008 the then Minister for Rural Affairs, Elin Jones, announced a review of Axis 2 schemes in Wales. The review found that the existing agri-environment schemes lacked objectives and a clear baseline to assess the extent to which they addressed the newly published CAP Health Check proposals.

² Ecosystem services from the ground up: Understanding the Translations and Mutations of Payments for Ecosystem Services in Wales. Sophie Wynne-Jones Paper for workshop on 'Ecosystem services as simplification: knowledge production in practise' November 22-3, 2013 Cornell University Ithaca, NY

Furthermore, existing schemes only partially addressed the Wales Environment Strategy objectives.

Following the review, the Minister announced that from 1 January 2012 the four existing Axis 2 schemes in Wales (Tir Cynnal, Tir Gofal, Tir Mynydd and the Organic Farming Scheme), would be merged into a new single scheme, entitled Glastir, to address the new challenges outlined in the Health Check proposals specifically for water and climate change³

5.2 Glastir under RDP 2007 – 2013

Under the 2007-2013 programming period, Glastir comprised of the All Wales entry level element accessible to all farmers, an upper level targeted element which targeted a range of habitats and species in pre-defined priority areas, a Common Land element, the ACRES (Agricultural Carbon Reduction and Efficiency Scheme) capital grant element and a stand-alone Woodland Creation element.⁴

The targeted element of the scheme was devised to encourage farmers within a pre- defined area to deliver a range of desired outcomes. The actions in the higher level aimed to work with farmers at a collaborative or catchment scale, although there is little evidence to suggest that any meaningful collaboration between farms was undertaken.⁵

The Common land element of the Glastir scheme provided a collaborative approach to land management and entry was open to any farmers who hold rights to common land and had a formal Grazing/Commoners Association in place.

Applicants were required to have a formal Association in place by 31 December 2013 and in order to facilitate the process, the Welsh Government put in place a network of Common Land Development Officers, (CDO) funded under the Technical Assistance Measure of the Rural Development Plan for Wales 2007-2013. The CDO's acted as facilitators to encourage and negotiate with graziers and commoners, to achieve the 80% of active graziers required to enter the scheme⁶

Whilst this approach offered a degree of collaborative action, there was little flexibility in the prescriptions available and graziers had to choose between;

³ Welsh Assembly Government, Sustaining the Land: A Review of Land Management Actions Under Axis 2 of the Rural Development Plan for Wales 2007-2013

⁴Welsh Assembly An introduction to Glastir and other UK agri-environment schemes February 2011 Hannah Rose Paper number: 11/012

⁵ Wales Audit Office, Glastir, page 25

⁶ Welsh Assembly Government, Gwlad, Issue 102 (p 4-5), January 2011

- Adhering to a closed period of 3 consecutive months between 1 November and 31 March each year where all stock had to be removed from the common or:
- Manage sward height throughout the year through changes in stocking

Despite the lack of flexibility within the prescriptions, the Common Land element of the Glastir scheme has proven to be popular and since 2012, grazing associations have signed 147 contracts covering 48 per cent of the common land in Wales, compared with just two per cent of common land covered under Tir Gofal⁷

An evaluation of the role of the Commons Development Officers, in 2012 explored the application of the LEADER approach applied through the employment of Commons Development Officers through the 3 Local Action Groups (LAGs) for Wales; Menter Môn, Cadwyn Clwyd and PLANED. The PLANED group was one of the 17 groups under study within this evaluation.

It also considered the value of this approach in building the capacity of Grazing Associations (GAs) and delivering the Glastir Common Land element⁸ and could provide a possible model for promoting and facilitating collaborative ecosystem services working under the Rural Development Plan 2015-2020.

5.3 Glastir Post 2015

Glastir will continue to be the primary scheme to deliver for agri-environment, forestry and climate measures under the 2015-2020 Rural Development Plan (RDP) In January 2014, The Welsh Government issued a consultation on proposed changes to Glastir, a subsequent summary and analysis of the 148 consultation responses was published which outlines Welsh Governments position on the proposals for change⁹

The changes to Glastir are designed to take into account of the compulsory greening requirements of the new Common Agricultural Policy and the objectives included within the RDP regulation such as climate change and renewable energy.

⁷ Wales Audit Office, Glastir, page 38

⁸ 'Doing Things Differently' Glastir Common Land Element And The Local Action Groups: An Evaluation Of The Commons Development Officer Role Using The Leader Methodology October 2012, accessible at, http://www.ccri.ac.uk/wp-content/uploads/2013/07/CDO_Eval-Report_Reduced.pdf

⁹ Welsh Government Consultation Analysis Document Proposals For The Glastir Scheme, Part Of The Rural Development Plan For Wales 2014-2020 Analysis

The document makes specific reference to Article 35 of the RDP Regulation (Co-operation) which highlights the opportunities for collaborative working, such as ‘grazing associations on Common Land or groups of farmers in a catchment combining to ensure that as many options to address an objective can be undertaken as possible to bring about beneficial outcomes.’¹⁰

Within the current scheme, Welsh Government has prioritised areas where it believes the scheme will have the greatest impact although there is no mechanism to target individual farmers or groups of farms which means that improvements at catchment or landscape level may not be delivered.

In the Auditor General’s, September 2014 Glastir report, the opportunities for collaborative action to encourage participation within prioritised areas was highlighted and Welsh Government acknowledged the need to fund development officers to facilitate joint applications and where those applications were submitted, it proposed to make higher payments in recognition of the longer term benefits of collaborative working.¹¹

The European Union (EU) also recognises that ‘joint actions involve additional transaction costs which should be compensated adequately,’¹²

During the period 2006–2013, EU rules stipulated that transaction costs could not exceed 20% of the premium paid for the agri-environment–climate commitments. For the current period (2014–2020) this has been increased to 30% where commitments are undertaken by groups of farmers or groups of farmers and other land managers, to allow for flexibility and diversity within national schemes¹³

In Welsh Government’s consultation analysis document there is specific reference to ‘Improving co-operation and capacity building on the ground’¹⁴ The consultation exercise produced some novel suggestions for co-operative ventures and Welsh Government acknowledged the success of the Commons Development Officers approach and committed itself to building on these successes and” seek to co-ordinate the delivery of Glastir Advanced and the Glastir Habitat Network scheme on a geographical scale. Front end support

¹⁰ Welsh Government Consultation Analysis Document PROPOSALS FOR THE GLASTIR SCHEME, PART OF THE RURAL DEVELOPMENT PLAN FOR WALES 2014-2020

¹¹Wales Audit Office, Glastir, page 25

¹² Art 5, Regulation (EU) No. 1305/2013 of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (2013)

¹³ Agri-environmental collaboratives for landscape management in Europe Katrin Prager, The James Hutton Institute, Social Economic and Geographical Sciences, Craigiebuckler, Aberdeen AB15 8QH, United Kingdom

¹⁴Welsh Government Consultation Analysis Document Proposals For The Glastir Scheme, Part Of The Rural Development Plan For Wales 2014-2020 ,page 12

for various aspects of Glastir will be delivered through on the ground facilitators to meet industry requirements”.

There was considerable support for the development of the Glastir Habitats Network scheme, although consultation on proposed pilot scheme due to be launched in late 2015 has yet to be published.

6. Reform of the Common Agricultural Policy

Following nearly two years of negotiations between the Commission, the European Parliament and the Council, a political agreement on the reform of the CAP (Common Agricultural Policy) was reached on 24 September 2013¹⁵.

6.1 Direct Payments

The CAP has two ‘pillars’ of support, the first pillar (Pillar 1) is support to farmers’ incomes. It is provided in the form of direct payments and market measures and is entirely financed from the European Agricultural Guarantee Fund (EAGF)¹⁶.

The second pillar (pillar) is the support provided for the development of rural areas. This takes the form of Rural Development programmes and is co-financed from the European Agricultural Fund for Rural Development (EAFRD)¹⁷ Wales has been allocated a Pillar 1 budget of €322 million per annum which is 9% of a UK budget of €25.1 billion; this represents a reduction in real terms of 12.6% from the 2007-13 levels¹⁸.

The reformed CAP also gave Member States and Regions the option of transferring up to 15% of the Pillar 1 budget into Pillar 2 and Wales elected to modulate the full amount.

6.2 Greening

Under the Basic Payment Regulation, farmers will have to comply with three basic criteria in order to qualify for their basic payment, these are; the retention of permanent grassland, Ecological focus Area and crop diversification.

¹⁵ <http://ec.europa.eu/agriculture/cap-post-2013/>

¹⁶ [European Agricultural Guarantee Fund](#)

¹⁷ [European Agricultural Fund for Rural Development.](#)

¹⁸ <https://www.gov.uk/government/news/uk-cap-allocations-announced>

Member states could also adopt their own greening requirements as part of a national certification scheme, which had to deliver equivalent environmental benefit and be approved by the European Commission.

Land farmed in accordance with the EC Regulation on Organic Farming is deemed to be automatically green, but organic farms with non-organic land will have to apply the greening rules to their non-organic land.

6.3 Greening Criteria

a) Permanent Grassland

Permanent grassland is defined as land that has been grassland for five years or more. The ratio of permanent grassland to total agricultural area must be maintained and should not reduce by more than 5% compared with the ratio in 2012.

Any Permanent Grassland falling under the classification as environmentally sensitive under the Habitats and birds Directives¹⁹ has to be designated and cannot be ploughed or cultivated.

As allowed in the Regulation, Wales chose to extend the definition of 'permanent grassland' to include "shrubs and trees which are grazed, and land on which grasses and herbaceous are not predominant, such as heath. Permanent grassland in any terrestrial Site of Special Scientific Interest (SSSI), excluding sites designated solely for geological or earth science features, will also be designated as a further sensitive area²⁰"

It is likely that most farms in Wales will qualify as green on the basis of permanent grassland

b) Crop Diversification

This has also been called the '2 or 3 crop rule'. If a farmer has 10 or more hectares of arable land, they will have to follow the crop diversification rules on the minimum number of crops they grow and the areas they cover.

Farmers with between 10ha and 30ha of arable land will have to grow at least two crops, with no single crop constituting more than 75% of the total area, although some exemptions do apply²¹. Farmers with more than 30ha of arable land will have to grow three or more crops with one crop no more than 75%

¹⁹ Directive 92/43/EEC – Natural habitats and wild flora and fauna. Directive 2009/147/EC for wild birds

²⁰ <http://wales.gov.uk/docs/drah/publications/140114directpaymentstofarmers-decisionsen.pdf>

²¹ <http://fuw.org.uk/wp-content/uploads/2015/01/Crop-Diversification-16th-July-2014-Final-SENT.pdf>

and two crops covering no more than 95%.²² Winter and spring crops are counted as separate crops.

For the purposes of Article 44²³ a crop is defined as a culture of any of the different genera defined in the botanical classification of crops; a culture of any of the species in the case of *Brassicaceae*, *Solanaceae*, and *Cucurbitaceae*; land lying fallow; grasses or other herbaceous forage.

c) Ecological Focus Areas

Farmers with more than 15ha of arable land will be required to retain at least 5% as an EFA by 2015, unless they qualify for an exemption. Member States have a choice of the land uses and features that can be used by farmers to count towards their EFA obligations.

The list of options adopted in Wales includes; fallow land, hedges, stone walls, short rotation coppice, afforested land and land used for nitrogen fixing crops²⁴.

Under the Regulation there were also additional options for EFA's, namely²⁵

- Implementing up to 50% of the EFA obligation at regional level to obtain adjacent EFA areas.
- The use of a conversion matrix to apply conversion and weighting factors when calculating the contribution of the individual EFA features to meeting the total obligation at farm level. This can be used to convert linear features into an equivalent area that reflects its ecological benefit
- Permitting groups of up to and including 10 farmers to fulfil their EFA requirement on a collective basis, assuming their EFA is contiguous.²⁶ Individual participants in this arrangement would have to ensure that at least 50% of their EFA obligation is in, or is adjacent to, the arable land declared by them. Member States and regions may designate the geographical areas on which collective implementation is possible and impose further obligations on the participating farmers or groups of farmers.

²² <http://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX:32013R1307> Article 44

²³ <http://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX:32013R1307> Article 44 p4

²⁴ <http://wales.gov.uk/about/cabinet/cabinetstatements/2014/pillar1decisions/?lang=en>

²⁵ Welsh Assembly Research Service note: CAP Reform - Greening

²⁶ EUR-Lex - 32013R1307 - EN - EUR-Lex

The collaborative approach offered by this particular element in terms of developing an ecosystem services approach in Wales was considered as part of the consultation process, but the Minister, in his written statement on July 1st, 2014, stated:

“... I have decided not to use the regulatory options to allow joint EFAs however – the benefit is outweighed by the administrative complexity and compliance risk. I recognise the value of larger, landscape based approaches to enhancing the environment but they are more appropriate for Pillar 2”.

There will be a review of the Basic Payment provisions in 2017 and there may be scope in future to promote more collaborative measures into Pillar 1 provision, although given that 15% of the Basic Payment budget has been allocated to Rural Development measures it is likely that this where the real opportunities for promoting collaborative ventures will lie.

7. Industry Stakeholder Feedback

Part of the consultative process within this evaluation has been to engage with farming unions and other bodies representing land owners in Wales to provide feedback on the measures to support co-operation amongst farmers, particularly in terms of co-operation for environment improvement.

CamNesa has interviewed the main industry stakeholders in Wales, seeking to gain feedback from individuals within those organisations who not only monitor policy, but also have experience of working with their members of either Nature Fund projects or projects that have a Payment for Ecosystem Services element.

Stakeholder interviews were conducted via Directed Discussion Document with a series of set questions for the respondent.

The questions were based around the mandate of the Cywain Environment project and the level of co-operative engagement amongst farmers in Wales.

Consultative Position

Respondents had contributed to many of the influencing policies and schemes that stand on the periphery of ecosystem services, including the State of Nature report, Glastir and RDP consultation.

Formal responses have also been made to Bills that will have a direct effect on members interests including the Environment Bill and the Well-being of Future Generations (Wales) Act.

Respondents regularly provide evidence at all levels of Government with regard to environmental issues affecting the industry and have membership of many groups within Welsh Government's farming and environment interests.

The legislative position with regard to land management was an area promoting much discussion amongst respondents.

The imposition of area statements was raised by respondents covering issues such as the loss of locality within land management arising from the way the Environment Bill in particular has been positioned. To this end, there was a feeling that the community led element of RDP could be undermined.

From a Government and legislative position, respondents felt that a bottom-up approach to PES and environmental services should be supported. A comment was made that:

“the development of genuine PES activity should be supported and not impeded by Government.”

There was recognition that PES and other forms of market based initiatives for environmental improvement and land management provided greater freedom to achieve Government ambitions on the part of the land owner, whilst others would prefer to be paid for improvements.

Finally, it was noted that respondents highlighted the legislative layering of burdens on land owners and comment was made that Welsh Government legislation is not necessarily aligning with that of the European Commission, which could lead to further disadvantage for Welsh land owners and farmers.

Nature Fund and Ecosystem Services including PES

All respondents had knowledge of the Nature Fund and have been actively involved with their membership at varied levels of intervention with Nature Fund projects and also projects that involve PES outcomes outside of Nature Fund.

Respondents were questioned with regard to the evolution of PES in Wales. Responses were as follows:

“We believe PES is still in its early stages of evolving.”

“PES is being driven by Government.”

“Innovative and progressive farmers are beginning to grasp the opportunities in PES, but we are some way off communicating and recognising PES as a payment mechanism for land owners and farmers.”

There was a general opinion that there was a lot of expectation from Government with regard to PES, but the comments provided from respondents demonstrate that it is not well developed enough in the industry to make an impact.

Comment was made with regard to the development of the Environment Bill and its consultative processes with a view that private landowners and farmers were not consulted with widely enough with regard to PES. Comment was made that:

“Government needs to set the framework as we don’t have the regulatory controls in place for PES at present. Both Government and its agencies need to work out how the buyer pays”.

One respondent felt that the ecosystem services agenda is being driven by the Environment Bill. There was also perception that PES and more generally, ecosystem services were being seen as a vehicle to reduce pressure on the public purse through payment to land owners for environmental outcomes.

There also needs to be clear linkages on the ground between practitioners and policy makers to ensure that the delivery of policy is joined up and that farmers have a clear understanding of the policy objectives.

To follow on with the practitioner theme, it was recognised that this is the most critical element of engagement within the PES process. As a complex method of income generation from a farmer / land owner perspective, the involvement of the supportive mechanisms which could be delivered to encourage PES by Welsh Government need to be clearly conveyed and practitioners need to be competent in the delivery of PES to such groups.

Trust is a theme running through the delivery of PES, particularly with groups of farmers as is highlighted in the primary research of respondents from the Cywain Environment groups interviewed. The trust element not only existing in the facilitation of groups, but also in the long term relationship between the

buyer and seller. This means there needs to be a meaningful and trusted relationship between those involved in the PES project.

One particular area focused upon was identifying the buyer and seller, the relationship between these two and being able to qualify environmental and economic relationships between the two parties. Comments made by respondents in this area were:

“There has to be a commitment to follow through on outcomes by both parties in ecosystem service agreements. There is a perception of a linkage to CAP, with some farmers concerned that the PES route is being sold as an option to mitigate issues with regard to the flat rate payment.”

Moorland and upland situations were mentioned by respondents in two areas of discussion. One, from the perception amongst farmers that PES is an income vehicle which is only relevant to upland farmers and the second contrary view being that there was more opportunity for PES for farmers and land owners on the urban fringe.

Communication

One of key themes identified through the discussions with industry stakeholders was how PES and other based initiatives were being communicated to land owners and farmers.

There is wide recognition that PES is at an early stage of development, but if it is to be promoted as a tool for land managers by Government, it has to be properly facilitated with a commitment to follow through on its advantages.

This is not only true from the perspective of the land owner, but also from the perspective of the buyer of services to have confidence in opting for land management solutions to their needs and wants.

Ecosystem Services was recognised as an extremely complex area when set against traditional environmental improvement and land management interventions to date, including schemes such as Tir Cynnal and Glastir.

It was recognised that one the audit findings of Glastir was its communication of the scheme to farmers and this could potentially be a greater hurdle in developing understanding of PES. One responded stated:

“There needs to be strong management of expectations with PES. We need to make sure that projects are real and the science behind them stacks up. If

projects progress well in a co-ordinated and professional manner, that will be great, but if the science doesn't stack up and projects fail, it will create a negative image which will be difficult to turn around".

8. Farmer Led Nature Fund Case Studies

Case Study 1 – The Berwyn, Migneint, Black Mountains and Radnor Upland Recovery Project

Project Summary

The Welsh uplands have suffered a serious decline in bird numbers and loss of heather habitat; these upland owners have been dismayed to see that for themselves on their own land and would like to be involved with the Nature Fund as a means of starting to restore some of this lost habitat and wildlife.

Upland owners wanted to create a 'bottom-up' collaboration involving themselves, local graziers and stakeholders, with a team of experienced technical advisors, working with NRW in 'co- production'. The aim is to create a 'Cluster' of upland areas (one in the north of Wales and one in the south).

Their ambition is to achieve landscape-scale species recovery, alongside other ecosystem service delivery particularly the safeguarding or restoring of peat bogs, carbon sequestration, water retention, flood risk alleviation, retention and restoration of heather habitat.

The key to this will be employing wildlife wardens and instigating wildlife recovery and habitat improvement measures, alongside targeted grazing regimes. Obviously all of this cannot be achieved with the grant of funds for one year – but a start can be made.

The project proposal described two Clusters of upland owners. The southern Cluster (3 areas) covers the Black Mountains and Radnor Forest; it extends in total to 10,070 ha (25,100 acres). The northern Cluster (7 areas) is mainly in the Berwyns SPA / SAC and the Ruabon / Llantysilio Mountain and Minera SSSI; it extends in total to 14,180 ha (30,800 acres) giving a combined total of 24,250 ha (55,900 acres).

There were a number of methods to create community involvement, some within the timescale of the application (12 months) and others in the longer term. These include Open Days, events such as Black Grouse Lek watches (from hides), Equestrian Events, Wilderness Walks, working with local schools and generally exploiting the 'instant community' created by bringing together

10 upland owners, hundreds of local graziers, 10 project partner organisations, and their families, friends and contacts. In addition all the upland areas are open access; all the work done, the results achieved and in time the additional wildlife will be visible to, and enhance the experience of, anyone taking advantage of that access.

The project (in the long term) will make a significant contribution to the local economy and local job creation. The proposed habitat restoration will inject money into the local economy, by spending on equipment, contractors etc. All the funds will be recycled into the local economy; none of this funding is profit generating.

The project sought to explore scope to develop specific training courses in Wales and possibly set up a vocational course in Upland Game & Wildlife Recovery & Management with an appropriate college or university.

The wildlife wardens will adopt management measures to enhance upland bird numbers and manage habitat to provide nesting areas, food supply, and protect nesting birds, eggs and chicks from predation. Habitat improvement measures will include rotational burning or cutting of heather, bracken and gorse control, establishing appropriate livestock grazing levels, cutting undergrazed grass areas, grip blocking, and preventing/diverting water runoff down eroded paths & tracks, track & path repair, and woodland/scrub removal from dry heath and blanket bog. Best-practice and novel sheep tick control will be implemented amongst the northern Cluster moors to reduce tick abundance and thereby improve sheep, grouse and even human health.

As well as the above, measurable deliverables in this first four seasons of work are to collectively block 1000m of grips, divert water from and restore 50km of footpaths and tracks, create 33 new Mawn pools, commission expert reports for 9 uplands and implement a 10th, cut over 100ha of under-grazed grass, spray over 500ha of bracken and, treat 9ha of gorse, cut or burn heather over 940ha, reseed heather and protectively fence it on 25 ha, install over 200 new signs to facilitate non-damaging access, hold 8 events to involve the local community, and employ between 11 and 12 FTE wildlife wardens as well as giving them training and advice on best practice.

In addition to administering the project, a facilitator would help involve the local community, and link this project with the Nature Action Zones.

The project sought a contribution from the Nature Fund of £1.7m in year 1, an average of £71 per ha spread over the whole land area. The landowners' and other in kind contribution is 20% of total costs. N.B due to the tight timescale involved in the run up to submitting this application, the budgets (and indeed

the fine detail of the bid) are subject to further development.

The project would explore scope to secure EU funding (INTERREG) for future years.

Many of the upland owners' motivations for this project come from the fact that they are being given an opportunity to 'design' conservation plans for their land, adopt measures which they feel will work, cooperate with their neighbours, and work towards some regained sporting potential on their property in the long term.

Project Lead Interview

The project delivery has worked well within a restrictive delivery window on signature of funding contracts in February 2015 with a finish date of June 2015.

It was also noted that the funding for the project has been reduced to 25% of the original funding applied for.

The project benefited from having direction from one leader, William Gordon, who acted as an individual to get the groups together. Some of the groups were known to one another and other groups were not. It was clear that collaboration between the groups as a whole was very effective.

One clear strength of the project is in its science led orientation. The Game and Wildlife Conservation Trust for Wales led on this element of the project. Another highlight of the project was the level of collaboration between the project partners and farmers. The CLA was key to this collaborative partnership with the farmers and landowners. FWAG acted as a facilitator and NRW involvement due to SSSI designations.

Issues with regard to double funding arose, but these were identified prior to the project commencing.

One of the positive elements was the development of links with 100's of graziers alongside very positive community engagement.

Welsh Government was recognized as being very supportive in the delivery of the project.

Key Findings

In questioning the aspects of the project which would have had more positive effects the timescale and budget constraints meant that some of the outputs

will not be achieved in the short term.

The PES element of the project may not be realized. These were based on the training of game wardens who would be employed by the farmers to manage the areas and bring a commercial element to the project in the form of game management.

Both the scale of the project and the limitations on time to deliver were factors in holding this part of the project back.

Whilst it was a long term aspiration of the project for land owners to have a commercial estate shoot, it was nevertheless a sustainable outcome for the project.

Discussion took place around the additional PES elements of the project and the potential for this to happen. It was clear that The limitations on funding and the time constraints of the project have led to commercial and economic benefits of the project being restricted.

A continuation of the project would led to some of the wider benefits being realized, with lasting holistic benefits for sustainable development.

Case Study 2 - A farmer-led landscape scale project to improve habitat connectivity and increase ecosystem resilience in the Mynydd Epynt upland area

Aim

To establish a farmer led collaborative landscape scale project to increase habitat connectivity in an upland area of mid Wales.

Rationale

Habitat connectivity provides a method to extend range or scale and also increase adaptive opportunities for biodiversity. Maintaining and improving connectivity is important in ensuring the long-term survival of biodiversity in a fragmented landscape, and especially under a changing climate.

The Local Biodiversity Action Plan for Powys identifies that fragmentation of high quality wildlife habitats is a common problem. Fragmentation can lead to isolation of key species which increases the possibility of extinction in the future. This project takes practical action at landscape scale and seeks to build ecosystem resilience by enhancing connectivity through the establishment of wildlife corridors which will deliver wider environmental benefits including improved water quality and storage within the catchment.

Project location

This project is set in mid Wales in the upper reaches of the Duhonw catchment on farmland bordering Mynydd Epynt, the Ministry of Defence owned training area, parts of which have SSSI and SAC designation. The farmland is also surrounded by two other areas of common land namely Pengarreg and Lower Epynt to the South East and Moelfre to the North.

The proposal, therefore, is geographically suited to landscape scale connectivity action.

Project Actions

Research shows that the provision of wildlife corridors provide excellent habitats for native species to thrive together with increased connectivity to

extend species range. This project aims to build on this research through the establishment of wildlife corridors to link existing corridors which will improve connectivity between a range of habitats including riparian, ancient woodlands and unimproved/semi-improved grasslands together with the areas of moorland vegetation found on Mynydd Epynt, Moelfre and Lower Epynt.

Project Interview

As per the previous case study, the applicant experienced issues with regard to the project start date which had a knock on effect on the deliverables of the project, particularly the planting of hedge plants.

Of the £128k of grant awarded, £90k was spent during the project period. One of the key community features of the project was the joining up of the Epynt Walk around the MOD firing range.

Collaboration between the six farms involved was a key feature of the project with an extensive habitat improvement scheme programme within the project. The project had two farms interested in the development at the outset which then brought in the additional farms to complete the project boundaries.

Of the farms involved in the project, all have Glastir contracts with Welsh Government and four of the farms had operated within the Tir Gofal Scheme. During the period from project approval through to final contract, one of the main issues mentioned by the project lead was state aid issues of double funding between schemes.

It was clear that the interviewee, Rob Powell, had driven the project and acted as the project lead during the inception and delivery and was supported administratively by his local NFU agent with regard to the administration and finance of the project.

An open day was held in November and December last year with regard to the progression of the project that was well attended.

It was noted that much of the funding assigned to the project had been spent on physical works. Only £2,100 of the total budget was allocated to project management and administration.

Key Findings

There were few barriers to project inception and progress, which is partly due to having a leader within the group willing to drive the project forward and partly due to the straightforward nature of the project of infrastructure works supporting habitat improvement.

There were no PES elements to the project and the interviewee had limited knowledge of how such schemes operated. The project was very much orientated around the connectivity between farms for habitat improvement that fitted the criteria for the Nature Fund.

Further discussion around the Payment for Ecosystem Services model ensued. An area of interest raised by the applicant was the individual characteristics of each farm involved in the project and the geographical location of the project with certain restrictions with regard to the existing commercial activities of the farms involved and also their proximity to the MOD range.

Renewables were discussed as an option and restrictions with regard to infrastructure for this activity were mentioned within the immediate Radnorshire area.

The project had safeguarded a number of jobs not only during the quieter winter period on the farms for farm hands, but also within the sourcing of materials locally, particularly fencing stakes and other materials.

A weakness of the project is within the monitoring of the outcomes. Whilst the works have been undertaken, there is no firm management agreement between those involved to maintain the assets invested in for habitat improvement.

The requirement for management agreements for share assets is mandatory for certain land and marine based schemes within Welsh Government where grant aid is administered.

An additional element of the project that requires a monitoring arrangement is an assessment of the habitat and biodiversity improvement which funding may provide in the future. This could be easily put in place with a project partner so that the effects of the project can be monitored in future and form a sustainable exit strategy for the project.

Case Study 3 – Elenydd Purple Moor Grass Project

The Elenydd Purple Moor Grass Project aimed to facilitate the delivery of a wide ranging action delivering ‘real change for biodiversity’ in the Cambrian Mountains Nature Action Zone. In so doing, it sought to promote ‘long term resilience for agriculture and the wider economy’ through support for innovation in farm management for biodiversity, and diversification into new markets in order ‘to realise the potential of our upland areas’.

One of the main biodiversity issues facing the Elenydd is domination by purple moor grass (*Molinia Caerulea*). The spread of *Molinia* over the last century has had a detrimental effect on species diversity (including charismatic bird species such as Golden Plover), habitat quality, fuel-loading in case of fire, access for recreation and agricultural productivity, as well as contributing to the degradation of active blanket bog. The scale of the *Molinia* problem on Elenydd makes it difficult to conceive how the domination can be reversed via existing agri-environmental interventions alone. The proposed project sought to trial and evaluate a number of different approaches to the management of *Molinia* that, between them, have the potential to deliver multiple ecosystem benefits of value to society, whilst also securing an economic return to farm businesses.

The project undertook and evaluated different approaches to the management of *Molinia* and researched the potential uses of harvested *Molinia*, both as an on farm resource and as a raw material for products and processes.

Project Description

The Elenydd lies at the heart of the Cambrian Mountains Nature Action Zone. It is a fantastic example of a multi-functional upland landscape where food is produced from extensively kept livestock and where the widespread blanket bogs and organic soils act as major carbon stores. Much of the area is contained within the Elan Valley / Dwr Cymru water catchment and the landscape is both a major draw for tourism and a repository of nature – with a high proportion of the area covered by European SAC / SSSI designations and classed as an important upland bird area (IUBA).

Getting land management right in the Elenydd is therefore critical if these benefits are to be optimised and sustained for the future. The major challenge for the area is how to deal with an overgrowth of purple moor grass, *Molinia caerulea*. Evidence from peat profiling and other sources demonstrates there has been a large increase in the cover and total biomass of *Molinia* across the Elenydd over many decades. It is now estimated that there are 11,700 ha of *Molinia* in the Elan Valley Catchment area. The spread and overgrowth of this

grass has had considerable negative impacts on blanket bog vegetation, has negatively impacted a range of key upland bird species, has created a high fuel loading in the event of fire, has reduced the attractiveness of open country for recreation and has negatively affected agricultural productivity. The aim of this project is to develop sustainable solutions to the problem of *Molinia* overgrowth and spread on the Elenydd.

The underlying causes of this overgrowth are complex and associated with changes in agricultural practice and nutrient enrichment from air pollution. The nature of the open, unfenced and often isolated and difficult to access landscape of the Elenydd implies that the *Molinia* problem is likely to need multiple solutions.

The project proposal therefore took a multi-pronged approach to looking at the control of *Molinia*. The common underpinning to these approaches is:

- to increase utilisation of *Molinia*, so as to reduce its competitive advantage in comparison to other vegetation types and remove nutrient loading; and,
- to develop innovative and economically credible solutions that can be sustained in the long term.

The key approaches are listed below and were developed and delivered within a co-ordinated context of conservation monitoring and project evaluation.

- **P1 Production and marketing of biochar:** In this approach *molinia* cut on the open hill will be used as a feedstock for producing value added 'biochar' for use as a soil improver.
- **P2 Mixed grazing and Rhos Hay:** This approach looks at the development of a demonstration farm as an example of a closed-loop mixed livestock upland agricultural system using the traditional practices of Rhos hay production on the open hill, coupled with mixed grazing.
- **P3 Livestock Movement Monitoring:** This will trial the use of GPS tracking collars to establish livestock movement patterns on Elynedd and aid shepherding of stock for grazing of cut areas under management.
- **P4 Mechanical intervention to increase *Molinia* utilization by grazing livestock:** This will investigate the impact of winter raking

and autumn / winter cutting of *Molinia* on grazing activity to achieve conservation benefit, benefits for animal productivity and to embed the use of machinery as an entry point for the reestablishment of appropriate grazing practice

- **P5 Base Line Monitoring:** This will be used to provide baseline biodiversity monitoring across the range of projects
- **P6 Project coordination:** Coordination, management and support of project to include monitoring, evaluation & dissemination of findings.

The project had the potential to deliver a number of benefits that could contribute to the improvement of biodiversity and the sustainability of agricultural activity on the Elenydd. These benefits, can be summarised as follows:

- Market development of commercial uses for cut *Molinia*;
- Direct management of *Molinia* dominated vegetation to deliver sward composition and structure that can benefit blanket bog species;
- Recognition for HNV mixed grazing regimes as a component with the control of *Molinia*;
- Innovative and novel approaches to animal husbandry and land management that deliver greater agricultural efficiency AND better outcomes for nature.
- The establishment of a facilitated, farmer led ecosystems group capable of leading on the development of Ecosystem Goods and Services delivery proposals in the uplands of the Elenydd;
- Increased number of improved habitat sites within the Elenydd Important Upland Bird Area management zones - thereby contributing towards maintaining the IUBA short-term target of 11 pairs of golden plover on the Elenydd;
- Monitoring of Golden Plover and other species to assess their response to management actions, and vegetation monitoring to assess whether the management provides an improved and more diverse vegetation;
- Cooperative action for the restoration of habitats undertaken by a group of farmers on Elenydd, supported by the development of machinery sharing for conservation management;
- Evaluation of the practical application of *Molinia* cuttings as mulching product and fuel/nutrient

- A greater understanding of the benefits accruing to farm businesses arising from taking a more ecosystems approach to land management;

Project Interview

The project was late starting from the point of approval through to contract.

The subject area of the project was driven by Tony Davies as the key individual within the project driving it forward. The Molinia issue was researched by the applicant as part of a post graduate thesis, with the project concepts developing through to the Nature Fund application.

The collaborative elements of the project are advanced in terms of not only the farmer co-operation, but also the science behind the project and through the delivery, where IBERS is included as a project partner to research the outcomes.

The project has an outcome which tied into Payment for Ecosystem Services, but not in the form of a service, but product based outcome. There are clear environmental benefits from the activities of the project in terms of habitat improvement, but also the development of a biochar product as an output.

All of these elements have brought together a network of project partners to deliver the scheme including 28 tenants within the Elan Valley area.

An open day was held for the project during its period of activity and the project also had a presence at the 2015 Spring Festival in Builth Wells.

Key Findings

One of the key elements of the project was the level of collaboration required for the project to take place. The number of partners in the project is such that it does raise a query of the value of some elements of collaboration and whether they were necessary.

The potential market based outcomes for the project is one of the key features in the production of biochar from the harvested Molinia. Whilst this has not quite realised its full potential, the project has at least made a critical start to developing a sustainable product with benefits to habitat within the geographical area.

The project has clear sustainable outcomes that are supported by good connectivity and collaboration between the tenants involved in the scheme. The project has increased the knowledge of the biodiversity of the tenant farms hugely during its lifespan which must be recognised as a positive outcome.

The qualification of the benefits of the project are still to be recognised, in terms of the Molinia management and how this may fit into the commercial marketing of the biochar product as the end outcome.

Again, as with the other projects assessed, the short timescales of the Nature Fund has meant that whilst the project has been delivered there are some clear end benefits which require further work, review and monitoring.

8.1 Case Study Findings

1. There is a clear case that both budgetary restrictions and timing have played a major factor in restricting some of the success factors of the projects. All three projects have delivered, but there is a clear case in all of them for further work to ensure that the initial investment made is monitored and in certain cases developed further.
2. From a Cywain Environment perspective, there are economic elements within two of the projects that would benefit from a form of support offered by a Cywain type programme to fully develop the products and services which have been created by the Nature Fund intervention. It is accepted that these are not traditional PES outcomes, but they are indeed sustainable outcomes supporting environmental improvement outcomes alongside income generating opportunities on a collaborative basis amongst groups of farmers.
3. There is a case for more robust monitoring arrangements to be put in place to assess the environmental benefits of the project once they have been completed. In one of the projects, the level of habitat improvement works should be monitored to ensure the correct measures have been taken to support these aims.

Public funding for environmental improvement and conservation outside of core schemes should be monitored and for efficiency, if it does not exist already, there should be integration of such features onto farm mapping for inspection by officials.

4. Any programme going forward to support farmer led collaborative working with objectives of improvement of the environment should be delivered with consideration to the ability of applicants to apply for such funding, the timescales of the programme fitting with the seasonal aspects of delivery and more robust monitoring and evaluation requirements on the part of the applicant

9. UK and Wales Case Studies

Collaboration amongst farmers, public bodies and environment agencies is increasingly recognised as beneficial for the sustainable management of the farmed landscape.

As Welsh Government moves towards an ecosystem services approach to land management a collaborative approach is extremely important to ensure the delivery of the required outcomes. There are a growing number of successful collaborative projects being delivered across Europe and these highlight a range of benefits, limitations and ways to encourage collaboration.

Two of the examples below highlight how farmer led projects can deliver landscape scale benefits within a relatively short time period, whilst the other is an ambitious longer term project which seeks to deliver a wide range of Paid for Environmental Services.

9.1 Case Study 1 - The Dartmoor Vision and Dartmoor Farming Futures

Introduction

The Dartmoor (Moorland) Vision²⁷ and Dartmoor Farming Futures²⁸ are two initiatives designed to improve the delivery of a wide range of public benefits on the moorland within the Dartmoor National Park. Both projects have been progressed through collaboration²⁹ with farmers and commoners with independent facilitation.

The Dartmoor Vision

This project sought to address concerns expressed by farmers that the information and direction they received from public bodies/Government agencies were often conflicting leaving them confused and unsure as to whose direction they should follow.

²⁷ [Dartmoor \(Moorland\) Vision](#)

²⁸ [Dartmoor Farming Futures](#)

²⁹ The steering group and principle funders are Dartmoor National Park Authority, Duchy of Cornwall, Natural England and Dartmoor Commoners' Council. Additional support is received from the RPA, RSPB, SWW, English Heritage, Environment Agency and Defence Estate

Initiated by the National Park, all relevant agencies participated in an exercise to clarify the priorities for each area of land and set out on a map what they want the moorland areas of Dartmoor to look like in 2030.

The results for the historic environment, vegetation, public access and water catchment were mapped. The process, which included 'ground truthing' by local farmers, identified few areas of conflict but did reveal inconsistencies in language and communication.

The resulting "Vision" map³⁰, enabled farmers to understand what the longer term objectives of their management, usually delivered under an agri-environment agreement, was intended to achieve. The vision was then embedded into the Dartmoor National Park Management Plan, 'Your Dartmoor'³¹.

Dartmoor Farming Futures

This project emerged from the farmers' concerns that their current agri-environment agreement was unlikely to deliver the vision for their Common³² as identified by the 'Dartmoor Vision'. The farmers wanted to be able to contribute their experience and expertise to help deliver the Vision. In response to these concerns, in 2010 Defra agreed to a two stage project to consider an alternative approach for an agri-environment scheme suitable for common land.

Stage 1 ran between August 2011 to March 2011, two groups of Commoners designed a scheme based on a new approach to agri-environment delivery, by initially agreeing a number of outcomes and then designing a monitoring programme based on those outcomes.

The outcomes for each common were selected from the relevant priority ecosystem services found on that common. This selection was partly informed by the Dartmoor Vision and the priorities of relevant Public agencies.

³⁰ The Dartmoor Vision map was endorsed (signed by) in 2006 by Dartmoor National Park Authority, Rural Development Agency, English Nature, Dartmoor Commoners' Council, Defence Estate, English Heritage and Environment Agency.

³¹ [Your Dartmoor](#)

³² Over 87% of Dartmoor's moorland is registered common land, divided into some 92 common land units. The majority (c80%) are in under some agri-environment agreement.

The agreement identified the outcomes required but didn't contain any prescriptions on how it would be achieved; this element was left for the farmers to decide.

The draft scheme was presented to Defra and its agencies (Natural England and Rural Payment Agency) and consent for two trials was granted.

During 2012 trials were established on two commons; each had different priorities. Haytor & Bagtor Common 's outcomes focused on public access and the historic environment whilst on The Forest (*of Dartmoor*) the focus was on the wildlife (SSSI & SAC), water resources, carbon storage and archaeology.

Both trials were enabled through derogations to existing agri-environment agreements (Higher Level Stewardship). This allowed farmers to deviate from their HLS prescriptions without penalty or loss of payments.

The participating commons set up internal processes to assess and subsequently grant consent to deviations that they considered would improve delivery of the outcomes.

The outcomes for the natural environment required clearer SSSI information which Natural England provided on the Forest of Dartmoor including training on SSSI monitoring. As the trials progress the farmers undertake monitoring (SSSI and archaeology) and hold an annual assessment with Natural England.

The initial evaluation³³ of the pilots demonstrated that ownership of the agreements within the farming community had increased significantly as had the understanding of what their agreement is intended to achieve.

The evaluation concluded that the key strengths of the Dartmoor Farming Futures approach included:

- Improved dialogue between the parties and development of closer working relationships
- Improved understanding of environmental features, ecosystem services and agri-environment schemes
- Empowering commoners to take ownership of outcomes, management and monitoring
- Improved verifiability arising from the outcome-focused agreement
- Increased likelihood of positive outcomes from the agreement

³³ http://www.dartmoor.gov.uk/_data/assets/pdf_file/0008/384614/Dartmoor-Farming-Futures-Independent-Project-Evaluation.pdf

- enthusiasm amongst commoners and partners
-

The independent evaluation also highlighted that there was agreement amongst commoners and stakeholders that the DFF approach should be considered for inclusion in the new Rural Development Programme for England 2014 – 2020.

The National Park is now in the process of recruiting an internship³⁴ (with Natural England support) to evaluate how *Dartmoor Farming Futures* (DFF) has impacted on farm behaviour and farm economics and to consider how the locally based outcome approach might be extended.

9.2 Case Study 2 – The Pumlumon Project, Wales

Introduction

The Pumlumon Project is a long term, multi partnership project managed by Montgomery Wildlife Trust.

The project covers around 30,000 ha of upland landscape, there are 250 farms in the Project area and farming, forestry and tourism are the main economic activities.

The area is also the largest watershed in Wales, supplying water to four million people in England from the reservoirs and streams in the hills which drain into the Wye, Severn, Rheidol, Dyfi and Leri river catchments³⁵.

The overall vision for the area is stated as:

“To revitalise Pumlumons important habitats and amazing wildlife by enhancing key ecosystem services. This exemplar project will pioneer a new, sustainable upland economy for Wales”³⁶

³⁴ <http://www.dartmoor.gov.uk/aboutus/au-jobvacancies/job-pages/dartmoor-farming-futures-internship>

³⁵ Defra PES Pilot Evaluation of the Pumlumon Project Alison Millward Associates 7 th May 2014

³⁶ http://www.wtwales.org/sites/default/files/montgomeryshire_pumlumon.pdf

The Project

Established in 2007 as a private Paid for Environment Scheme (PES) the project aims to establish an upland economy built around wildlife, ecology and long-term sustainability³⁷

The project was built around addressing the specific problems and opportunities of an area of upland Wales whilst piloting an integrated approach whereby ecosystem services (i.e. biodiversity, water quality, flood risk reduction, carbon safeguarding) could be delivered via sustainable land management.

The underpinning objectives are to:

1. Build capacity within rural communities to ensure the future of sustainable hill farming including the conservation of local natural and cultural heritage.
2. To enhance, expand and reconnect natural upland habitat features, and the wildlife they support
3. Actively promote the financial and cultural links between farming, wildlife conservation, local communities and commercial enterprise and the combined opportunities they provide
4. Advance the education of the public and local communities, emphasising the important relationships between sustainable upland hill farming, agriculture and wildlife conservation
5. Provide advice, means and support for local people to implement innovative and sustainable projects
6. Promote the natural beauty and cultural heritage of the area and encourage innovative tourism, recreation and farm diversification opportunities
7. Lobby both partner organisations and external bodies to ensure that landscape-level conservation is viewed positively³⁸

Collaborative Partners

The project is supported by Welsh Government, Natural Resources Wales, the Crown estate, Welsh Water, Statkraft, Biffa and Local Businesses and Landowners.

It has received RDP Funding, a Strategic Development Fund from the Wildlife Trusts and a Communities Access and Nature Grant through the Welsh European Funding Office.

³⁷ <http://www.montwt.co.uk/what-we-do/living-landscapes/pumlumon-project>

³⁸ https://www.rspb.org.uk/Images/Landscapescale_tcm9-236040.pdf

The project also receives varying levels of year on year financial support from Natural Resources Wales for capital works. These grants total approximately £650,000 over the next five years³⁹

Outputs

Over the last 5 years the Pumlumon Project has paid farmers and landowners an average of £265 per hectare per year to restore upland blanket bogs through the Trust's pilot Payment for Ecosystem Service (PES) scheme. This scheme requires farmers to block up drains on moorland, in return for receiving a diverse source of farm income.

This habitat restoration works helps to:

- Reduce flood risk by retaining rainwater and slowly releasing it into the rivers.
- Improve drinking water quality by filtering impurities from rainwater.
- Soak up carbon from the atmosphere

The Montgomery Wildlife Trust (WLT) state that landscape management practices have been changed over more than 450ha of upland peat, grassland, heath and woodland in the heart of the Project area with the involvement of 15 land owners. The Defra PES pilot funding has supported an evaluation of the Project's achievements to date and has helped to formalize explorations of future sources of funding including accessing new market mechanisms such as the Peatland Code⁴⁰

The MWT also works with farmers to create and market high quality, added-value products for local markets such as 'Conservation Beef', which uses the Wildlife Trust logo.

MWT medium term objectives are to continue to "prove" the PES model by demonstrating cost effective delivery of ecosystem services and through attaching a value to these services.

They also want to continue to promote the Ecosystem Approach by delivering land management practices which monitor the outputs and changes to strengthen the evidence base.

³⁹ <http://www.assembly.wales/en/bus-home/committees/sustainable-land-management/Pages/pumlumon-project.aspx>

⁴⁰Defra PES Pilot Evaluation of the Pumlumon Project 2014

There are also moves to engage with whole communities not only land owners, expand delivery to adjacent sites and involve and engage with all land owners within the Project area ⁴¹.

The project has set itself a number of ambitious goals and aims to act as a catalyst for a wide range of economic, social and environmental activity within the project area.

Whilst the project is still in its early stages ensuring continuity of ongoing funding is an issue and it is difficult to judge at this stage how effective it might be.

‘Winning the hearts and minds’ of land managers and the wider local community and the need to change the culture of land managers from focusing on agricultural production towards a more conservation orientated and collaborative mind set is also a major challenge for the project going forward⁴², but the projects experience in developing and maintaining a partnership approach between a diverse range of environmental, landowning, private and public agencies is likely to be an important blueprint for future collaborative ventures.

9.3 Case Study 3 – The BurrenLIFE Programme

Background

The Burren on Ireland’s western Atlantic coastline is a unique area composed of priority habitats which have been designated under the Habitats Directive.

The Burren is important for farming, wildlife and recreation and the BurrenLIFE project focussed on bringing together private and public landowners within the three main terrestrial SCIs⁴³

The initial ideas for the programme came from the 1990s when local farmers, Teagasc, University College Dublin and the National Parks and Wildlife Service, came together to agree a research project into *The Impact of Agricultural Practices on the Natural Heritage of the Burren*. This PhD research project⁴⁴ was later published by Teagasc in book form⁴⁵

⁴¹ <http://gov.wales/docs/desh/publications/150729-defra-pes-pilot-evaluation-report-en.pdf> p22

⁴² https://www.rspb.org.uk/Images/Landscapescale_tcm9-236040.pdf

⁴³ http://ec.europa.eu/environment/life/project/Projects/index.cfm?fuseaction=search.dspPage&n_proj_id=2661

⁴⁴ <http://www.cabdirect.org/abstracts/20023026188.html;jsessionid=35E05B52E6CDEA5F8B3DAF8BF4F0513C>

⁴⁵ Dunford, B. (2002). *Farming and the Burren*. Dublin: Teagasc, Agriculture and Food Development Authority.

It highlighted the important role that farming plays in supporting the rich biodiversity and cultural heritage of the Burren, and also the worrying breakdown in traditional farming systems and the habitats dependent on them.

BurrenLIFE Project

In 2004, the same partners NPWS, Teagasc and Burren IFA worked together to secure funding from the EU LIFE fund⁴⁶ in an attempt to address some of the problems identified in the initial research project, and to develop a model for sustainable agricultural management of the Burren’.

The ‘BurrenLIFE project’ (2005–2010)⁴⁷ was the first major collaborative farming for conservation project in Ireland and one of the very few EU projects to put farmers at the heart of the conservation agenda.

Working with 20 Burren pilot farms (c.2,500ha) over five years, the Burren LIFE project successfully developed a tested, costed blueprint for the Burren and paved the way for the roll-out of a new programme to tackle the most pressing issues impacting the region.

The overall objective of the scheme was to develop a new model for sustainable agriculture in the Burren in order to conserve the region’s priority habitats, the main issues were identified as:

- Changes in farming practices
- Reduction in extensive grazing
- Localised intensive grazing leading to pollution of the ground water
- Invasion of scrub leading to a loss of grassland and other open habitats
- Deterioration in the quality of the grassland with a loss in species-diversity

The Project worked in partnership with local farmers, conservation authorities and agronomic experts to develop deliver and monitor a practical, targeted model of sustainable agricultural management for the conservation of the habitats.

The Project partners attribute the success of the programme due to the positive working relationship developed and maintained between project sponsors, partners and the farmers. Site-specific management plans were developed for each farm in consultation with the individual farmer concerned which laid out a series of actions dealing with:

⁴⁶ <http://ec.europa.eu/environment/life/funding/lifeplus.htm>

⁴⁷ http://ec.europa.eu/environment/life/project/Projects/index.cfm?fuseaction=search.dspPage&n_proj_id=2661

1. Improving grazing levels on priority habitats through the redeployment of livestock, the reintroduction of light summer grazing and the development of accurate information regarding suitable grazing levels for management units.
2. Introducing new methods of feeding out wintering animals, particularly the use of a specifically formulated Burren concentrate ration to replace silage feeding systems.
3. Removing scrub (mainly hazel and blackthorn) to enhance access and restore priority habitats, and re-treating any re-growth.
4. Enhancing livestock management facilities on Burren winterages by restoring internal stone walls, installing gates, improving water provision and access facilities.

Most of the work was undertaken by members of the local farming community i.e. the project farmers and their families, or other Burren farmers and residents listed on the Projects 'Register of Workers'⁴⁸

To complement the site-specific actions of the project, a range of additional actions were undertaken, to foster a wider understanding of the relationship between land management practices and the natural heritage of the Burren. These measures included:

1. Initiating a marketing and branding initiative for Burren beef and lamb, developing a register of 'conservation' workers and a 'Burren farmers for conservation' liaison group.
2. Enhancing awareness of the heritage of the Burren and its management through a range of practical initiatives, including a comprehensive Heritage Education Programme, demonstration days, exchange visits field trips and public lectures aimed at empowering local communities.
3. Creating a detailed GIS database for the Burren including aerial images, soils, sub-soils, ground water vulnerability, turloughs, conservation designations and farm boundaries.
4. Disseminating information relating to the agricultural management of areas of high natural and cultural conservation value in Europe through literature and the media.

⁴⁸http://ec.europa.eu/environment/life/project/Projects/index.cfm?fuseaction=home.showFile&rep=file&fil=LIFE04_NA_T_IE_000125_AfterLIFE.pdf Page 4

5. Pursuing a range of options for the ongoing delivery of conservation farming in the Burren⁴⁹

The Burren Life Programme

Following the success of the BurrenLIFE project⁵⁰, the Burren Farming for Conservation Programme (BFCP) was launched in 2010 by the Dept. of Agriculture, Food and the Marine. The BFCP ran from 2010 to 2014, funded from unused Single Farm Payment budgets and has also been extended to 2015⁵¹.

The programme works with about 150 farmers on around 15,000ha of Burren habitat. It was developed directly from the lessons learned during BurrenLIFE and works in a very creative way to support and incentivise farmers to manage and enhance the habitats of the Burren and tackle many of the issues identified in the original research project.

9.4 Case Study Conclusions

Having reviewed successful Nature Fund projects and three additional case studies, we are aiming to demonstrate the differences in the projects being supported via Nature Fund and the long term UK and Ireland projects.

The key findings of researching the case studies are that the scale of the Burren LIFE and Pumlumon projects are much greater in terms of landscape area. They have also been linked to an incentive payment for habitat restoration by land owners that support long term objectives.

Secondly and of interest within the Dartmoor project is the requirement for policy understanding on the part of land owners. Having facilitated this, the vision for the landscape area leads to 2030, which is a long term strategy embedded within the wider strategy of the Dartmoor National Park.

These long term strategic and funded approaches to natural resource management will be considered alongside the assessment of the groups under study in this evaluation and the feedback provided by respondents.

⁴⁹http://ec.europa.eu/environment/life/project/Projects/index.cfm?fuseaction=home.showFile&rep=file&fil=LIFE04_NA_T_IE_000125_AfterLIFE.pdf

⁵⁰ <http://burrenlife.com/wp-content/uploads/2015/05/burren-life-report-pdf0100.pdf>

⁵¹ <http://www.agriculture.gov.ie/press/pressreleases/2015/march/title.81450.en.html>

10. Legislative Context

As highlighted in Chapter 4, the delivery of any programme seeking to support wider Welsh Government aims, must consider current and incoming legislation. In the context of Cywain Environment and the delivery of PES outcomes, the two main legislative instruments being implemented by Welsh Government are the Environment (Wales) Bill and the Well-being of Future Generations (Wales) Act 2015.

We feel that it important within this evaluation to draw attention to specific areas of these Acts and Bills when considering programme formulation and effective delivery.

10.1 Environment (Wales) Bill

The Environment Bill aims to put into place legislation which is meant to facilitate a more proactive and co-ordinated approach to the sustainable management of Wales' resources and to establish a legislative framework to tackle climate change.

Background

During September 2010 the Welsh Government published its consultation, 'A Living Wales – a new framework for our environment, our countryside and our seas', the consultation proposed a new strategic approach to the management of the environment. It set a broad direction of travel for future policy reform and was followed in 2012 by 'Sustaining a living Wales' Green Paper⁵² whose central theme was the development of a new approach to natural resource management. From this, in October 2013, the Welsh Governments White Paper, Towards the Sustainable Management of Wales' Natural Resources, Consultation on proposals for an Environment Bill⁵³ was published.

Amongst other issues, the White Paper set out the Welsh Government's proposals on the natural resource management aspects of the draft Bill, following the consultation, some of these have been amended or omitted completely from the Bill.

In relation to Part 1 of the Bill on Natural Resources the definitions on natural resources and sustainable management have been expanded and amended.

⁵² <http://wales.gov.uk/consultations/environmentandcountryside/sustainingwales/?lang=en>

⁵³ <http://gov.wales/consultations/environmentandcountryside/environment-bill-white-paper/?lang=en>

In addition, a list of the key principles for the sustainable management of natural resources have been included which were not in the White Paper.

Proposals to provide NRW with powers to stimulate the use of payments for ecosystems services and to make use of General Binding Rules which were included within the White Paper have not been taken forward in the Bill⁵⁴

Summary of Provisions Part 1: Sustainable Management of Natural Resources

This element of the Bill introduces the ‘integrated decision-making process to the management of natural resources’ and includes three key elements:

- What is to be managed (natural resources).
- What sustainable management is and its objective (sustainable management of natural resources).
- How to achieve that objective (principles of sustainable management of natural resources).

The Bill gives NRW broader powers in relation to land management and experimental schemes by:

- Providing definitions for the terms natural resources and sustainable natural resource management and listing principles for the sustainable management of natural resources;
- Replacing NRW’s existing statutory purpose with a new purpose aligned to the definitions of natural resource management included in the Bill
- Placing a duty on NRW to prepare a State of Natural Resources Report.

Of particular interest within the context of examining the opportunities for collaboration within the Bill, are the following powers which will:⁵⁵

⁵⁴ National Assembly for Wales Bill Summary Environment (Wales) Bill July 2015 Nia Seaton, Helen Jones and Stephen Boyce

⁵⁵ National Assembly for Wales Bill Summary Environment (Wales) Bill July 2015 Nia Seaton, Helen Jones and Stephen Boyce, page 5

- Place a duty on NRW to prepare and publish ‘area statements’ identifying the risks, priorities and opportunities for natural resource management within an ‘area’.

Area Statements

The term area is not defined in the Bill, but is likely to build on the current area trials in the Rhondda, Tawe and Dyfi river catchment areas⁵⁶

There has been concern expressed over the extent of collaboration and consultation so far and questions about the level of engagement with landowners about this approach.⁵⁷

NRW have stressed that Area Statements will be developed collaboratively and used as a vehicle to engage people, communities and stakeholders in decision making.

It also envisages that the Area Statements will help identify barriers to adopting a more integrated approach to natural resource management and seek to work collaboratively, for example, working with a particular group of people in an area to identify areas where working with stakeholders to revise guidance, in line with adaptive management could improve delivery on the ground⁵⁸

Power to Enter into Management Agreements

- Providing NRW with the powers to enter into land management agreements with land owners to promote the achievement of any objective within its functions. These agreements will replace existing land management agreements in relation to Sites of Special Scientific Interest (SSSIs) and broader nature conservation goals

Section 16 (1) gives powers to NRW to make an agreement with a person who has an interest in land in Wales about the management or use of the land.

⁵⁶ Natural Flood Risk Management 17 June 2015 Steve Cook Manager – Flood Risk Strategy, Natural Resources Wales

⁵⁷CLA, Environment (Wales) Bill Evidence to the Environment and Sustainability Committee

⁵⁸ Natural Resources Wales written evidence to Environment and Sustainability committee – General principles of the Environment (Wales) Bill. June 2015

Whilst the Explanatory Note states that the agreements will be voluntary, Section 16 (2) (a) of the Bill states that a land management agreement ‘may impose on the person obligations in respect of the use of the land’⁵⁹

The concern expressed by landowning representatives with respect to the registration of management agreements with the Land Registry, or longer term commitments required without mention of the resources allocated, does suggest that this element will need some clarification before landowners would consider entering such long term agreements⁶⁰

Experimental Schemes

- Providing NRW with experimental powers to undertake innovative schemes to deliver any of its functions. Welsh Ministers may introduce regulations to allow the waiving of statutory requirements on participants in such a scheme.

This section provides the most explicit opportunities for the development of collaborative approaches to delivering ecosystem services and gives the scope for a wide range of innovative and creative ways of delivering them.

As outlined in the Explanatory Memorandum an experimental scheme provides the means for Natural Resources Wales to trial new approaches to how they carry out or deliver any of their functions and manage natural resources more sustainably. For example, the power will allow NRW to trial new approaches that can help to:

- Develop new management techniques to improve ecosystem resilience;
- Gather evidence to identify new opportunities for social and economic benefits from ecosystems;
- Develop best practice for general application for a carrying out a specific activity.

Welsh Ministers will be able to suspend specific provisions in environmental legislation for a limited period, ‘where the purpose will enable an experimental scheme to contribute to the sustainable management of natural resources’.

An example would be where Natural Resources Wales identified a scheme to trial a new approach to develop general standards in place of a statutory

⁵⁹ National Assembly for Wales Environment and Sustainability Committee, Environment (Wales) Bill, Response from NFU Cymru

⁶⁰ CLA Cymru Environment (Wales) Bill Evidence to the Environment and Sustainability Committee Date: 12 June 2015, Page 4

requirement. The requirement could be suspended under limited circumstances to allow Natural Resources Wales to trial the new standard. There has been some concern expressed by Environmental groups to the proposal to suspend specific provision in Environmental Legislation unless there is a method for checks and measures to be incorporated.⁶¹

The Memorandum explicitly highlights the need for a collaborative approach in order to ensure that the principles which are applied to the delivery of the Bill's outcomes:

“Working together – everyone has a stake in our natural resources and to ensure that these resources are sustainably managed everybody has a role to play, through engaging in projects, providing evidence, or cooperating and collaborating at the local, regional and national level⁶²

Part 2: Climate Change

This section creates statutory climate change targets and budgets, provides for the creation of an advisory body on climate change and sets out the reporting duties of Welsh Ministers against the delivery of these targets. It does this by:

- Placing a duty on Welsh Ministers to ensure that ‘net Welsh emissions’ of greenhouse gases are at least 80% below the 1990-1995 baseline by 2050.
- Requiring Welsh Ministers to specify by regulation one or more interim targets for emissions reductions.
- Requiring Welsh Ministers to publish carbon budgets for five year periods that should ensure the delivery of emissions targets.
- Setting out provisions for the definition of ‘net Welsh emissions’, establishing carbon units, the definition of greenhouse gases and the calculation of gasses from international aviation and shipping.
- Placing a duty on Welsh Ministers to: prepare and publish a report for each budgetary period setting out their proposals and policies for a carbon budget; to publish a final statement for each budgetary period setting out if and why a carbon budget has or hasn't been met; and to publish new proposals and policies for delivery of emissions reductions if they have failed to meet a carbon budget.
- Allowing Welsh Ministers to establish an advisory body on climate change. The body will be required to provide advice on the establishment of interim targets, on the formation and delivery of

⁶¹ National Assembly for Wales Environment and Sustainability Committee EB 11 Environment (Wales) Bill Response from RSPB Cymru, paragraphs 41-43

⁶² Environment (Wales) Bill Factsheet Sustainable Management of Natural Resources

carbon budgets, on Welsh Ministers' progress towards achieving the targets and budgets and any action that may be needed to address shortfalls in the achievement of these targets and budgets⁶³

In terms of opportunities for collaborative actions, whilst the Climate change section does not have any explicit reference to collaboration, the delivery of carbon budgets will be an inherent part of the State of Natural Resources Report (SoNaRR), National Natural Resources Policy (NNRP) and area statements⁶⁴

Some of the main opportunities for collaborative actions under this section of the Environment Bill are likely to stem from the ADAS review of Land Use Climate Change report originally commissioned by the Climate Change Commissions Land Use sub-group in 2010⁶⁵. The group provides an advisory and monitoring role on issues covering agriculture, land use, land use change, forestry, and the food chain.

10.2 Well-being of Future Generations (Wales) Act 2015

This Act is about improving the social, economic, environmental and cultural well-being of Wales, in terms of its scope, is the most far reaching piece of legislation the Welsh Government has yet introduced, however, as currently drafted, it arguably offers less than early promises suggested.

Background

Originally announced as the Sustainable Development Bill in July 2011, the Act has been extensively discussed and amended since then, not least in its name.

It was the subject of an extensive report by the Environment and Sustainability Committee⁶⁶ and was enacted in March 2015.

Principles

The legislation is underpinned by five principles, intended to determine how the wellbeing goals are developed and delivered by public bodies, they are:

⁶³ National Assembly for Wales Bill Summary Environment (Wales) Bill July 2015 Nia Seaton, Helen Jones and Stephen Boyce, p6

⁶⁴ Environment (Wales) Bill Explanatory Memorandum Incorporating the Regulatory Impact Assessment and Explanatory Notes May 2015 p.7

⁶⁵ <http://theccw.org.uk/wp-content/uploads/2015/02/ADAS-review-of-LUCC-final-report-2014.pdf>

⁶⁶ National Assembly for Wales Environment and Sustainability Committee Well Being Of Future Generations (Wales) Bill Stage 1 Committee report November 2014

1. Long-term thinking
2. An integrated approach
3. Engagement
4. Collaboration
5. Preventative action

Whilst collaborative working is one of the five principles underpinning the legislation, the task of promoting this element in the context of reducing budgets and the backdrop of the reforming of Local Government will be significant.

As framework legislation, the Well-being of Future Generations (Wales) Act will make the public bodies listed in the Act think more about the long term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach⁶⁷.

The Act establishes a statutory Future Generations Commissioner for Wales, whose role is to act as a guardian for the interests of future generations in Wales, and to support the public bodies listed in the Act to work towards achieving the well-being goals.

The Act also establishes Public Services Boards (PSBs) for each local authority area in Wales. Each PSB must improve the economic, social, environmental and cultural well-being of its area by working to achieve the well-being goals.

Collaboration

There is some concern that the lack of private and third sector representation may not result in the collaborative actions envisaged

In its response to the Environment & Sustainability Committee, the NRW stated that “PSBs will not necessarily represent the interests of land managers (agriculture and forest/woodland), the business sector or environmental NGOs. Other arrangements may need to be developed to ensure these groups can participate effectively”

As part of its review into the then Bill, the Welsh Assembly Environment & Sustainability Committee report highlighted this point by recommending that;

⁶⁷ Welsh Government Well-being of Future Generations (Wales) Act 2015 The Essentials

... the Welsh Government amend the principles set out in section 8(2) to ensure that public bodies are clear that citizen engagement and co-production should be a key element of the approach to applying the sustainable development principle and objective setting.

In a letter to the Committee dated 17th June, the Minister responded to this recommendation with:

“The principle of sustainable management of natural resources includes the promotion of and engagement in collaboration and cooperation. Public bodies will need to take these into account”.

Some of the new governance arrangements will be common to all public bodies in Wales, for example the application of the sustainable development principle, the requirement to set and report on wellbeing objectives and the oversight role of the Commissioner.

Welsh Government has highlighted the links between the Future Generations Act and other relevant legislation⁶⁸ although it is clear that other stakeholders are less convinced as highlighted in some of the responses to the Environment & Sustainability Committee’s call for evidence on the General principles of the Environment (Wales) Bill⁶⁹

10.3 Water and Marine Legislation

Water Framework Directive

The Water Framework Directive is European legislation which promotes water management through river basin planning.

The Water Framework Directive (WFD) introduces a holistic approach to the management of water quality and establishes a system for the protection and improvement of all water bodies, including rivers, estuaries, groundwater, lakes and coastal waters. The Directive is the foundation for changes that will take place in the management of the water environment in Wales.

The Directive requires all inland and coastal waters to reach at least “good status” by 2015. The Directive encourages greater public engagement and participation in developing the future management of our water environment.

⁶⁸ <http://gov.wales/docs/desh/publications/150223-three-bills-diagram-en.pdf>

⁶⁹ <http://www.senedd.assembly.wales/mgConsultationDisplay.aspx?ID=178>

The WFD is designed to:

- protect and enhance the status and prevent further deterioration of ecosystems and wetlands which depend on good water quality;
- promote the sustainable use of water to protect water resources;
- enhance the protection and improvement of water environments through
- the reduction and cessation of the discharge of “priority” substances;
- ensure the reduction of groundwater pollution; and
- contribute to mitigating the effects of floods and droughts.⁷⁰

Marine Strategy Framework Directive

The Marine Strategy Framework Directive (2008/56/EC) (MSFD) was developed in response to concerns that although existing legislation protected the sea from some specific impacts, it was largely sectoral and fragmented. There was also recognition that since some of the activities that impact on the marine environment are managed at a European or international level (e.g. fisheries and shipping) and other impacts can cross national boundaries (e.g. litter, eutrophication, noise), national action to protect the marine environment needs to be supported by a framework to ensure action is taken across Europe.⁷¹

10.4 Legislative and Strategic Context

Within the review and evaluation of Cywain Environment, we have reviewed CAP transition including greening within this document alongside scoping the limitations of Glastir for collaboration.

Two major pieces of legislation at 10.1 and 10.2 are also closely linked to the outcomes of project taken through the Cywain Environment pilot.

⁷⁰<http://gov.wales/topics/environmentcountryside/epq/waterflooding/legislation/waterframework/directive>

⁷¹<http://gov.wales/docs/desh/consultation/140108marine-strategy-framework-directive-consultation-en.pdf>

When reviewing certain projects developed through the pilot Cywain project, there are clear examples that link to water quality and marine activities including shellfish stocks and nursery grounds for fisheries that support a great number of Welsh registered fishing vessels, a whole socio-economic area in itself.

The complexity of the legislative frameworks that Welsh Government, as a devolved administration, has to interpret and consult upon is very broad. The Dartmoor case study we have provided underlines that this is not just a Welsh issue, but an issue for farmers and landowners to deal with in other parts of the UK.

A number of Cywain Environment projects have developed from small scale to larger, landscape and river basin projects that have a much greater impact across legislative programmes and Welsh Government strategy. This needs to be assessed, understood, captured and monitored if investment is to be made into such projects, which will be further highlighted within the report.

As an advisory note, the Welsh Government's Programme for Government provides a baseline for project developers to consider from a policy perspective, providing a consolidated resource to understand the direction of Welsh Government and aspirations for Wales.

11. Cywain Environment Primary Research Findings

Primary research has been conducted with both the facilitators of Cywain Environment Groups and the lead individuals from the farmer led groups receiving the support from the programme.

The research was conducted via a review of the project documentation submitted by the facilitators of the groups and by directed discussion document to further review the support.

Initial Engagement and Understanding the Concept

It should be noted that within the context of project delivery, the amount of time afforded to working with the groups was very short. The starting point for discussion with group leaders was also difficult from the perspective of the facilitators having to begin their initial communication against the background of the project concepts being unsuccessful Nature Fund bids.

Initial engagement was invariably based around making contact with the project lead who was identified as the applicant farmer/s from the Nature Fund project in question. Following initial discussion with the project lead within the group, meetings would be set up with the wider group to initiate discussion around the format and basis for the Nature Fund bid.

Due to the subject matter of the bids for Nature Fund being extremely varied in terms of content, quality and detail, the initial approaches to the groups by the facilitators were mixed. One of the key elements of the initial contact was to establish the reasoning for the intervention of Cywain Environment and its role in developing the project.

The breadth of development at the initial engagement stage has been very encouraging within the sample groups who have made real progression with the support of the facilitator. This has been due to increased levels of interest generated by the project itself, resulting in more farmers joining the group.

To provide two examples, the Pennal Group being supported by Mark Davies expanded from a small partnership of two farms with objectives of knotweed and balsom control to a much wider farmer group that led onto a more holistic landscape management approach.

The Halkyn Group of Alan Gardner did not grow in terms of the numbers of farmers involved, but the work of the facilitator identified a much wider group

of stakeholders with interests in the common than originally specified, which has led to a much more intergrated project proposal to move forward with.

The main techniques used at the initial contact stage were:

- Telephone and e-mail communication
- Objective setting with the group lead
- Objective setting with the group
- Action Learning techniques
- Group rotation to ensure complete response from all members

The common thread running through all of the initial contact was to ensure understanding of the original objectives between the facilitator and the group lead in order to work through the objectives of Cywain Environment.

Value and Positive Outcomes of Intervention

Questions were posed to the respondents with regard to the value of the intervention of Cywain Environment and the positive effects created.

Again, due to the diverse nature of the groups under study, the responses have been varied, but largely positive. Using the projects developed for the Nature Fund as a base for discussion, most groups valued the intervention of a facilitator to promote discussion and act as a sounding board for the issues brought forward to address within the project.

As highlighted in section 3.2, the structured approach of the deliverable provided a basis for discussion and it has been noted that the SWOT analysis was a particularly valuable tool in identifying key areas of individual projects to develop.

The introduction of wider engagement of stakeholders and partners was another area that was developed projects further, particularly in helping groups to understand how academia and research within the University network could support their projects. This element very much improved the structure of some projects whereby they would be able to utilise academic expertise to research the outputs of work undertaken and provide the evidence base for project success or failure.

Undertaking research on behalf of the group was another key element of facilitation. This took the form of researching individual aspects of the project and also researching the stakeholders who were required to engage with the

project. Some facilitators looked into identifying comparator projects to bring forward to the group for further discussion.

CamNesa has not been party to the CV's for individual facilitators, but it is evident that the expertise of certain individuals within the field of agri-environment and in one case experience of Payment for Ecosystem Services has greatly aided the development of discussion within the groups and broadened the scope of projects far beyond the original narrow ideas.

Barriers to Progression

As previously stated, the main barrier to progression within the Cywain Environment pilot has been the basis for initial group projects coming from unsuccessful Nature Fund applications.

It should be noted that whilst this may be the case, the Nature Fund had no standard application format and so certain projects were submitted by the farmer led groups in extremely different levels of detail. Feedback from respondents states that the negativity created by the Nature Fund project rejection hindered initial progress of the work of Cywain Environment and it should be noted that facilitators had a difficult role to play as an intermediary to progress from this juncture.

Of the projects sampled for in-depth primary research, some headline barriers to progression were identified.

Project management and governance were issues for groups in terms of project delivery. From the point of application to project contract and onward delivery, groups identified the universal issues experienced by a range of organisations in terms of cash-flowing projects, how this is achieved across multiple holdings, liability for funds and onward management of the projects on completion.

The development of an exit strategy has been part of the Cywain Environment facilitator brief from the outset and will support the project legacy planning stage, but the issues of accountability and management within a farmer led collective actions is an ongoing issue.

Following on from this topic is the natural tendency to look for a project lead or sponsor to move forwards and this has prompted discussion with regard to who farmers would be prepared to work with in such circumstances. The farming unions had stepped into this role in one project, with NFU supporting

the administration and financial management of the Epynt project via the Nature Fund for example.

Looking at other types of project sponsor, there was some reluctance amongst respondents to become involved with certain NGOs, given previous experiences. Nervousness and reluctance to work with project partners was not restricted to NGOs and wildlife interest groups, but also to more traditional PES buyers such as utilities providers.

The ability of groups to relate to wider Welsh Government policy objectives in the development of projects was raised as an issue by respondents. Again, this links to the competency of the project lead within the group to understand the direction of Welsh Government, UK and EC policy in an area which is increasingly complex, not least from the implementation of devolved legislation covered within this document, but also issues with regard to traditional Pillar 1 payments and how these may be affected by the potential for double funding, which has been an issue raised across groups.

Continuing the policy thread, respondents also commented that they were wary of changes in policy direction and how this may affect their projects in future. Views were expressed regarding trust of Government in supporting initiatives within the industry and maintaining onward momentum in what are, particularly in terms of PES, very long term projects. Groups and respondents were very aware of changes within the political landscape following the General Election and the potential for further change with the Welsh Government elections taking place in 2016.

Facilitation Techniques and Group Progress

A mix of facilitation techniques was used in the development of the groups and their project ideas. It was a reflection on the varying stages of project development that a mixed response was received from respondents with regard to the techniques used to support Cywain Environment.

As has been highlighted within the initial approach, softer facilitation techniques were used at the front end of the process in order to build trust with the groups and start discussions with regard to the role of Cywain Environment and the process. It was important to empower the group and ensure that all present were involved in the progression of the project outline.

Moving from the inception stage and into more detailed analysis of projects, a critical element of facilitation was to challenge conventions and project ideas. A theme running through projects was to undertake works of benefit to farm

production, which also had environmental benefits. The challenge element here was to establish the evidence base for such activity and the ongoing effects of this, including sustainability and continued management. The role of the facilitator in challenging aspects of the project such as this and effectively acting as Devil's Advocate to promote discussion around work packages within projects has led to more rounded project development alongside the aforementioned and important research on behalf of the group.

Action Learning techniques have been employed with the group work and to this end it has been important to develop distinctions between the Agrisgop programme and the pilot activity of Cywain Environment. From the respondents, we have ascertained that the core processes of Action Learning was used throughout the groups combined with research on behalf of the groups to develop projects.

Whilst Action Learning techniques were used, respondents felt that it was difficult to fully utilise this process due to the very tight time constraints set for delivery. With this in mind, the use of experienced facilitators within the groups as been critical to driving them forward. The broad range of interests from production, conservation and environmental enhancement has brought with it conflicting views within the groups, with an important role of the facilitator being to ensure balance of views and suppressing dominance of certain group members.

Mentoring has played a role within the techniques employed by facilitators and this has been used where the skillset of the facilitator matches that of the project proposed by the group. As previously stated, the background skillsets and knowledge base of the facilitators has been an asset to the progression of certain groups and this is something that needs to be considered in the development of a future programme.

Where there have been specialist requirements and knowledge required within groups, experts have been used to promote wider discussion with the aim of progression projects and building in innovative approaches. This is a well used method of knowledge development used within the sector, particularly within the Farming Connect programme.

Lead Group Assessment

Due to time constraints on the delivery of the evaluation and the final assessment of groups, we attended the final group meeting of one of the most progressive groups supported through the Cywain Environment pilot.

The Upper Usk Group at Crai, Powys have developed their project on to bring in a range of partners, with interest from Welsh Water Dwr Cymru and Natural Resources Wales. The group have been clearly challenged by the facilitator through the development of the project that has led to a landscape catchment area being considered alongside a land management regime supporting a PES outcome. Benefits will be not only to water quality, but to the community as a whole through the maintenance of the village hall by sales of timber within the plan.

It is clear that at this stage of development, the group require more specialist intervention than the facilitator can provide. This is in the form of planning the whole scheme, constituting the group as an entity and/or partnership and also beginning negotiations with land owners with regard to critical elements of the project.

We are aware that Upper Usk, along with other projects have developed significant momentum, but now require detailed planning in order to fulfil the ambitions, which are in some cases providing significant impact. As we have highlighted throughout this report, as projects develop, they become much more complex in nature and in need to specialist intervention to move further.

12. Future Support for Farmer Led Collaboration

The case study reviews of projects within Wales and the UK demonstrated both the diversity and the complexities of delivery of projects that have demonstrate positive environmental benefits and outcomes which are economically beneficial to the land owner.

Cywain has traditionally been positioned as a business support product operating in the agri-food and fisheries sector with occasional emphasis on specific areas such as Bees and Hops.

Cywain Environment was a short term intervention tasked with gaining a better understanding of support requirements in the future. The inception of Cywain Environment has been based around the somewhat negative starting point of supporting projects that had been unsuccessful in acquiring funding from Welsh Government's Nature Fund. As has been identified from the reporting and the case studies from the Facilitators, it has been difficult to draw groups away from the fact that their projects were not funded. Indeed in certain circumstances, it has been the case that this has stopped any progression taking place within groups.

It must be highlighted however, that progression of certain underdeveloped projects has taken place and although this may not have led to final funding or delivery, such projects are in a much more developed position than they were on submission to the Nature Fund, with one example in particular being the Halkyn Group facilitated by Alan Gardner.

When considering what sort of support such environmental groups would require in the future, we have to refer to the case studies and expert interviews undertaken as part of this review to form a view of a potentially innovative programme that will support Welsh Government ambitions for the delivery of environmental improvements alongside the economic outcomes which have been highlighted within Payment for Ecosystem Services and other Market Based Instruments.

Cywain Environmental intervention has certainly demonstrated how facilitation and expert advice such as that provided by the Cywain facilitators is valued by the group members, and makes a positive contribution to their development.

12.1 Comparator Products and Services Support

One of the key features of Cywain Environment has been the basis of the groups deriving from the Nature Fund. When looking across other case study projects including the submission from Sion Brackenbury, there is an opportunity for the development of a programme which not only supports Environment Services within the agriculture sector, but also products which have positive outcomes for groups of farmers.

Previous Welsh Government and Welsh Development Agency programmes have supported the environmental goods and services sector, in particular the Environmental Goods and Services Programme that operated in conjunction with a modest, flexible grant.

The grant was split into two elements – a Specialist Advice Grant that allowed the business to draw in expertise which would otherwise unavailable within the applicant business and an Implementation Grant which would support the cost of equipment to facilitate delivery of the project and or / business development including the development of green / innovative technologies.

The programme has close synergies with the type of support provided to certain Cywain Environment projects including the aforementioned Bracken management product and the specialist advice provided to the Halkyn project.

The Bracken management project has been considered as a stand alone project within the final primary research as it presented what is effectively a commercial opportunity to the Nature Fund applicant, but with positive environmental management and social development outcomes for beneficiaries.

This alongside other potential product based idea development amongst individuals or farmer groups could be supported via the existing models of business support available within the Welsh Government product offer.

SMART Cymru

One such programme is the long running SMART Cymru model which offers a structured approach to innovation via a staged development plan funded in conjunction with the client. The phases of SMART Cymru are highlighted below and are particularly relevant to farmer led projects which result in a product innovation:

Phase 1: Technical and Commercial Feasibility (TCF)

This is the starting point for most R&D projects. Funding support at this phase aims to help you investigate and assess the technical and commercial viability of the concept.

This could involve initial market assessment, patent checks and Intellectual Property Rights (IPR) validation. It may also involve desk research and calculations to establish if the concept is worth pursuing further.

The result of this phase is a technical and commercial feasibility report. The feasibility report would be used as evidence in any application for funding at subsequent stages of the project.

Typically this phase takes between one and six months.

Funding is available for up to 75% of the costs, up to a maximum of £15,000.

Phase 2: Industrial Research (IR)

Having determined the viability of the initial concept at the feasibility phase, funding and support is available to help you test your ideas through Industrial Research.

The Industrial Research phase involves practical planned research or critical investigation aimed at gaining fresh scientific or technical knowledge to help you develop a new or significantly improved product, process or technology.

The outcome of this phase is typically an early bench-top or basic working model. This model can help to demonstrate that your concept is a significant technological advance and is commercially viable. It could also be used as the basis for an application for support at the next phase of the development process.

Typically industrial research takes between three and 12 months. You must demonstrate that you have already undertaken a feasibility report.

Funding is available for up to 70% of the costs, up to a maximum of £100,000.

Phase 3: Experimental Development (ED)

Funding support at this phase aims to help you use the results of industrial research to advance from a proven model to the development of a pre-production prototype.

The Experimental Development phase results in the completion of an advanced prototype that demonstrates a significant technological advance and confirms commercial viability. The prototype is not intended to be used commercially but to enable initial demonstration or pilot projects. This phase does not include the routine or general changes made to products, production lines, manufacturing processes, existing services and other operations in progress, even if those changes may represent improvements.

Typically the Experimental Development phase lasts between six and 24 months. To qualify for funding, you have to demonstrate the results of your industrial research.

Funding is available for up to 45% of the costs, up to a maximum of £200,000.

Phase 4: Exploitation

Funding support at this phase aims to assist you with the costs of launching the product or process in the marketplace. This can include marketing, publicity, advertising, publication of sales literature, trade fairs and product certification. It does not include the development of manufacturing processes or tooling.

Typically this crucial Exploitation phase can last up to 12 months. Funding is only open to you if you have already developed a prototype and have

received support from us during at least one of the previous development phases.

Funding is available for up to 50% of the costs, up to a maximum of £20,000.

When looking back at the case studies of project which have been subject to the facilitator support under Cywain Environment and projects which were funded under the Nature Fund which have been evaluated, there is a clear case for a structured support model.

The Elenydd Purple Moor Grass project led by Tony Davies brought together the key elements of a group of farmers, the desire to deliver an economic outcome from a grassland management issue and the academic link to undertake the research with regard to the specific product produced from the project activity.

When this is applied across to the SMART Cymru model, there is a clear link and requirement for a structured programme to support this activity.

When reviewing the progress with regard to projects that have received facilitation support, the Fferm Ifan project has explored and identified a requirement to involve academia within their project to take it forward, again underlining the requirement for a structured approach beyond the initial facilitation activity of the farmer group.

Both the Environmental Goods and Services Programme and SMART Cymru provide structures that have delivered for SME's and social enterprises, but have traditionally not been open to farmer's due to restrictions on the use of EC funding within sensitive sectors such as agriculture and fisheries.

A recommendation would therefore be to investigate the possibility of either emulating the programme with the necessary measures of the Rural Development Plan for Wales, or via existing delivery mechanisms to support farmer led environmental innovation. This could either be delivered via the existing innovation offer within the Welsh Government Economic Development portfolio, or through the delivery of a more specialist service provision with particular expertise in agri-environment.

Food Business Development Advisor (FBDA) framework

The FBDA framework was established by the Welsh Development Agency in 2001 to support development activity of the Processing and Marketing Grants Scheme (PMG). Originally contracted as Animateurs, the lack of clarity around

this European term within the business and farming community resulted in the branding change to FBDA.

Advisors were contracted to provide project development support to those operating in the food and drink sector, particularly in the development of business plans and supporting documentation leading to an application for PMG.

The relevance of this as a comparator product to Cywain Environment was the specialist requirements of the FBDA to support the businesses. Experience of operating in the food sector, accompanied by general business experience was a mandatory requirement.

The structure of this framework has been in use until the end of the current round of structural fund programmes and has expanded into the fisheries sector supporting European Fisheries Fund, where a more diverse range of projects have been supported across Axis including science and ecosystem based project development.

The FBDA structure is one that could be emulated as a call-off framework of consultants with experience of environmental planning alongside PES. There are also cross cutting skills with regard to being able identify what can be defined as 'ecopreneurship'. Demonstrating ecopreneurship skills, an advisor would be able to draw upon both environmental and business experience to identify how projects could be financially, socially and environmentally sustainable. In essence, this is defining the payment element of ecosystem services.

Ecopreneurship is an emerging field, but we would recommend a potential test of the market via tender to assess the response to a framework to support a forward programme.

Access Points

The Farming Connect programme and structure has become the point of entry for farmers wishing to access a range of Pillar 2 support from the Rural Development Plan.

However, due to the nature of the client who may wish to access such support being in the form of a group, which could include members who are not directly involved in farming, there are other avenues by which 'pipeline' projects may appear. These may be organizations with specific interest in the sector such as the Farming Unions and agri-environment groups. Indeed,

Welsh Government officials within internal departments including Natural Resources Wales will be an additional source of potential pipeline projects.

If an supportive programme for farmer led collaboration were to be developed, the access point could fall under the Farming Connect programme. As the initial activity with the group will involve similar facilitation to that of the well proven Agrisgop programme, the first tier support could well fit under an environmental strand of the Farming Connect programme.

An additional factor in making the recommendation to assign a future programme to Farming Connect are the synergies with the potential roll out of European Innovation Partnership Operation Groups (EIPOG) that form part of the new contract with Menter a Busnes, presenting the opportunity to form regional partnerships to steer this activity during the next four to five years of the Rural Development Plan.

13. Proposed Collaborative Environment Support Structures and Model

Having reviewed the activity with the short project period undertaken by Cywain Environment, a number of factors have led to a proposal of tiered support for the roll out of a potential support programme.

It is clear from the research undertaken within this evaluation, that there is a business need for such a programme not only to resolve the issue of collaborative working by farmer groups outside of mainstream Pillar 1 support products for the agriculture sector, but also to realize policy objectives of Welsh Government in the delivery of environmental improvement, promoting the development of Payment of Ecosystem Services within the sector.

This type of support has a role to play at the early development stage of this activity, in the identification and formation of farmer groups, project idea development and verification, the initial provision of expert advice and / or mentoring.

As has been highlighted previously within this document, the complexities of PES or indeed any project that will have an impact on the environment will require both scientific, research and regulatory advice and input for further development. We would suggest that this element is beyond the scope of Cywain and Farming Connect and should be provided by an intermediary with the capability to provide such support in the further development of the project.

Outside of the Cywain Environment model, through the feedback provided by the industry stakeholders and the individual projects evaluated, there has been a linkage to engagement with Natural Resources Wales.

As it will be inevitable that NRW will be involved with a large number of projects as they develop, it will be important that NRW is engaged at an early stage. We would recommend that NRW potentially investigate the creation of a dedicated account management function for such projects, with a single point of contact for farmers groups to engage with as their projects develop.

It is clear that on occasion, there are cross cutting issues where a project providing potentially positive environmental benefits in one spatial area could have a detrimental effect on another. This underlines the requirement for regulation of activity and a knowledge base of projects taking place throughout Wales, particularly if they are small scale. We have identified a particular case of a Nature Fund project having a potential affect on a substantial fishery recruitment ground of national significance, where a joined up approach is an absolute necessity to ensure that risks are considered at an early stage. Unfortunately, we are unable to elaborate on this further due to commercial issues around this fishery.

When considering the traditional structure of the Cywain model, the structure of the service would require a dedicated Project Manager and possibly maintaining the existing structure of Development Managers across Wales. The role of the Development Manager would be slightly different in that they would manage a group of Facilitators rather than Mentors, assigned to individual farmer groups and sign off project development activity as groups progressed.

Critical to the role of the Development Manager would be the requirement for them to relate to the wider context of this activity, identifying where progressive groups could be further supported to accelerate positive outcomes discussed within this document such as Payment for Ecosystem Services or other Market Based Instruments. As with the Cywain food programmes, wider knowledge of the sector will be required to enable this sort of linkage to take place, with the Development Manager acting as the central hub to develop linkages to aid group progression.

Separation of duty between the Facilitator and the Development Manager type roles will allow for a structured approach to management, progression and decision making.

Wider Context

In order to operate effectively and deliver results, any future programme will need to facilitate wider discussions with other partners as groups and projects develop.

As has been discussed in this document, the complexity of Payment for Ecosystem Services as an outcome for farmer led collaboration means that a potential future programme may be considered to undertake the initial activity of group development, project development and effective putting in place the foundations of what may develop into a much wider project.

CamNesa has to underline our findings in relation to Payment for Ecosystem Services and Cywain Environment. We feel that the deliverables of Cywain Environment and the structures of supporting Payment for Ecosystem Services in its true sense are some distance apart. Cywain certainly has a role to play in developing this evolving land management tool within the farming industry, but we would recommend that PES is an aspirational outcome for the early development stages of groups and concepts coming through a potential Cywain Environment scheme.

We have already mentioned the role of NRW in such activity in terms of the provision of an account management function, but there is a key role for academia to play and also other specialist agriculture and agri-environment consultancies who have a track record of developing and managing partnerships which deliver PES outcomes.

From this perspective, Cywain Environment will operate no differently from the traditional Cywain food programmes, where clients grow beyond the scope of service provisions and move onto the next supportive phase. This is a tried and tested model which has delivered results within the food and fisheries sector consistently alongside other programmes such as Agrisgop.

14. Conclusions and Recommendations

Barriers to Progress and Gaps in Provision

Having piloted the initial Cywain Environment programme with the 17 farmer groups assigned by Welsh Government, we have identified a number of barriers to the progression of farmer collaboration for projects supporting environmental outcomes.

From the primary research undertaken with groups, we can clearly identify from the feedback, issues with regard to trust, understanding of policy direction and effective long term planning with regard to landscape scale projects whose outputs may only be realized over 10 to 20 years. There needs to be political acceptance of this as a long term goal.

From a programme delivery perspective, the diversity of project issues presents a challenge to supporting groups through the planning stages of project development . The science and regulatory issues for such projects should not be understated and should be one of the first elements to be identified by a practitioner within the initial phases of working with a group.

Whilst we have looked into existing and historical Pillar 1 support for agri-environment alongside Welsh Government legislation in the form of the Environment Bill and the Well-being of Future Generations Act, there are other influencing factors. The Marine Strategy Framework Directive and the Water Framework Directive both impact on how projects develop. We have found at least one project within the scope of Cywain Environment where a habitat management intervention required consideration alongside the river basin and estuary environment to protect a very important fishery.

Such complexities also have to be dealt with positively with groups of farmers, as they can lead to negativity with regard to the potential for projects to progress. It is here where we believe there to be a gap with regard to having a supporting network on hand who are able to facilitate decision making and the provision of advice, hence the suggestion of account management by NRW.

The industry stakeholder interviews also identified a barrier with regard to how industry representation views Payment for Ecosystem Services. As we have discussed looking back at Glastir, communication with regard to future strategy and purpose will be key to developing and maintaining buy-in to the concept.

There is what can be defined as ‘support fatigue’ amongst members of the farming community, particularly in terms of the range of support available to them and how this is developed to delivery policy objectives of Government. This will be one of the main barriers to moving forward, will be the delivery of PES objectives within projects, not least communicating the notion that the payment element is a complex commercial arrangement.

With the groups themselves, structured facilitation by a suitably qualified individual to act the the hub for various project elements will be critical to progressing project ideas. We have to be mindful however, that part of this will be the exit strategy for facilitation and for the group to take full ownership of the project, maintaining and managing it through.

There appears to be a definite knowledge gap in this area of farmer collaboration involving environmental improvement. As projects become more complex, they are more likely to become practitioner led. Project ownership by the farmer group at this stage arguably becomes more passive as the ecosystem management approach required is delivered by a defined plan. As outlined by the Dartmoor case study within this document, creating a level of understanding of how wider policies affect collaborative projects within landscape areas is important for development.

We have pointed to the successful Agrisgop programme as an exemplar of facilitation with farmer and community collaborative actions. However, the vast majority of these actions result in the adoption of new processes and innovation

The three successful projects had difficulty in delivery due to issues around budget and timing to deliver the project activities and outcomes. This should be addressed if any future strategic fund is made available for seed funding projects.

Final Recommendations

We have taken note of the Welsh Government commissioned Assessment for PES in Wales undertaken by Cascade Consulting and the recommendations of the Phase 2 report.

The Cywain Environment approach has proved successful in developing the enthusiasm required to build and development projects, in some cases at both farmer and wider community level. The Cascade report recommends two potential PES pilots at national scale, but having successfully developed projects within Cywain Environment, we would recommend continuing with

this approach to achieve wider environmental improvement objectives alongside communication of coherent messages and understanding with regard to Payments for Ecosystem Services which will be a particularly hard sell to an audience who have been use to receiving public funding for such works.

A distinction has to be made between the complex, large catchment area PES projects and the smaller Cywain Environment projects that have developed from the Nature Fund. A decision needs to be taken as to whether this smaller scale farmer led collaborative activity meets the objectives of Welsh Government, but would argue the case that implementation of small scale activity within larger catchments could aid future facilitation of large scale actions.

In summary, our recommendations are:

- To continue the work of Cywain Environment to facilitate small scale farmer led collaboration
- To integrate this into existing frameworks:
 - Welsh Government PES Practitioner Group
 - Farming Connect
 - Welsh Government's Innovation offer
 - Academia programmes supported by Welsh Government
- To investigate the development of European Innovation Partnership Operation Groups supporting environmental aims within the new Farming Connect Programme
- For Natural Resources Wales to consider dedicated account management for progressive groups
- To establish a supporting knowledge base as per the Cascade Report recommendation to support Cywain Environment activity
- For Welsh Government to agree a clear communication strategy and message with regard to PES and the status of the Nature Fund moving forward
- To establish a dedicated small scale seed fund to support the development of projects where required.

Disclaimer

The information contained in this report is based on a range of sources including Government publications, feedback from a range of stakeholders and individuals, as well as the opinions of other industry experts and public information sources.

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