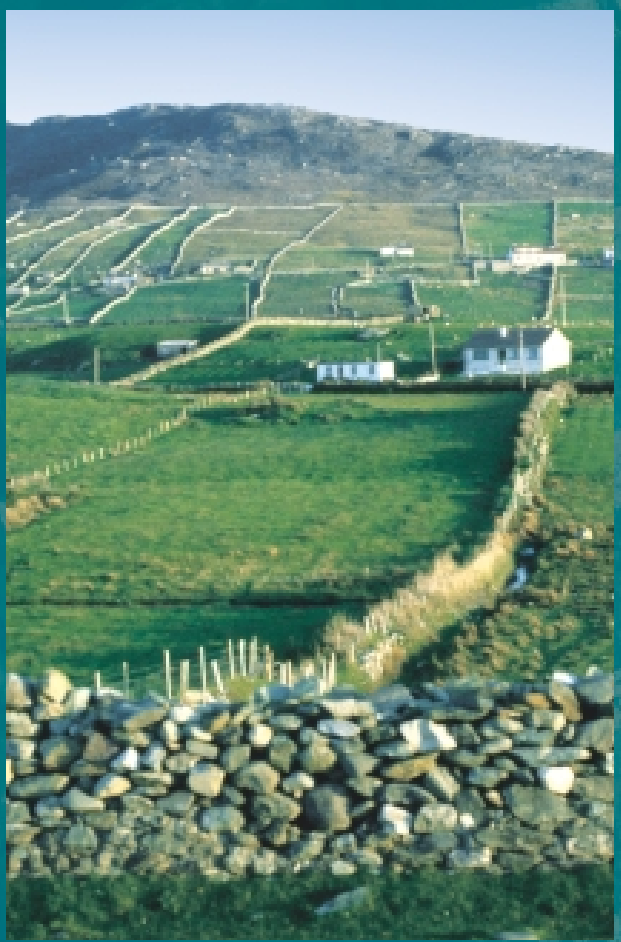
Towards Policies for Ireland's Heritage

A Review of the Cap Rural Development Plan 2000-2006: Implications for Natural Heritage



The Heritage Council
An Chomhairle Oidhreachta

A REVIEW OF THE CAP RURAL DEVELOPMENT PLAN 2000-2006: IMPLICATIONS FOR NATURAL HERITAGE

Prepared for the Heritage Council by

European Forum on Nature Conservation and Pastoralism

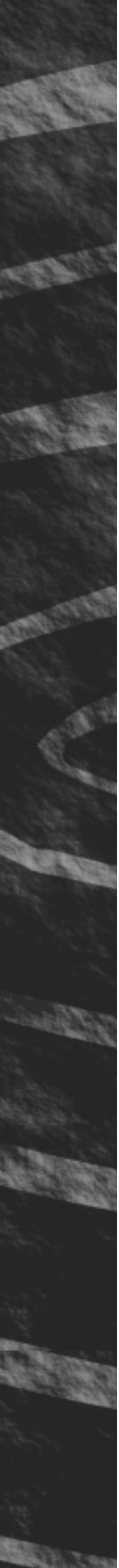
Researched and written by

D.Gwyn L. Jones, Eric Bignal, Liam Lysaght, David Baldock and Jim Phelan

February 2003

An Chomhairle Oidhreachta

The Heritage Council



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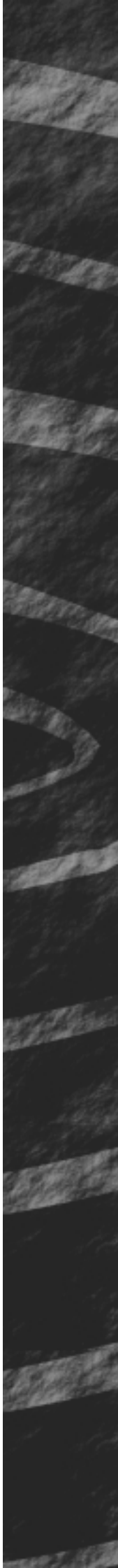

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FOREWORD

Since its establishment in 1995 the Heritage Council has had a policy of bringing in to the public demesne reports it has commissioned to inform the policies and priorities it proposes for the national heritage. This report prepared by the European Forum on Nature Conservation and Pastoralism was written at a time of great change in the agricultural sector. A mid-term review of the CAP was underway and Ireland's REPS was also being fully reviewed. The report examined in particular the impact of agriculture on aspects of our natural heritage. It expresses the very positive view that certain types of agricultural activity should be valued much more, simply because of their tremendous contribution to maintaining diversity within the nation's natural heritage. The report goes on to point out that in many instances it is these very activities and the habitats they maintain which are threatened by competition from other land uses.

The report has stimulated much debate between various sectoral interests on the relative merits of the views expressed. It challenges many hard held views and other opinions and has assisted the Heritage Council greatly in developing its own policies in this area. I feel that the debate has assisted in bringing much mutual understanding to the relative merits of all opinions, and that awareness of the significance of our national heritage has been raised as a result.

I commend the report to all who wish to contribute to the process of achieving closer integration of heritage issues within primary land use policy.

Tom O'Dwyer

Chairperson
The Heritage Council

Michael Starrett

Chief Executive
The Heritage Council

LIST OF ABBREVIATIONS

CAP	Common Agricultural Policy
CMO	Common Market Organisation
DAFRD	Department of Agriculture, Food and Rural Development
EAGGF	European Agricultural Guidance and Guarantee Fund
EEC	European Economic Community
EU	European Union
GATT	General Agreement on Tariffs and Trade
IACS	Integrated Administration and Control System
ICMSA	Irish Creamery Milk Suppliers Association
ICSA	Irish Cattle and Sheep Association
IFA	Irish Farmers Association
LFA	Less Favoured Area
NDP	National Development Plan
NGO	Non-governmental Organisation
NHA	Natural Heritage Areas
RDP	Rural Development Plan/Programme
REPS	Rural Environment Protection Scheme
RDR	Rural Development Regulation
SAC	Special Area for Conservation
SM	Supplementary Measure
SPA	Special Protection Area
SWOT	Strengths, Weaknesses, Opportunities & Threats
WTO	World Trade Organisation

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All the authors wish to thank all those who gave of their time to discuss various aspects of the RDP with us in a frank and open way. In Government we thank DAFRD staff in Kildare St., Wexford, Kilkenny and Sligo and Dúchas HQ staff. On the NGO side, thanks to Gerry Gunning and the Hill and Mountain Committee of the IFA, ICSA staff in Portlaoise and Catherine Casey in BirdWatch Ireland.

Most importantly for a field-based study, our special gratitude goes to those Teagasg staff and farmers in Cos. Kilkenny, Roscommon and Mayo who gave us a feel for the realities of RDP implementation in Ireland, both good and bad.

SUMMARY

The Agenda 2000 reforms of the Common Agricultural Policy have placed integrated rural development measures on an equal footing with direct and indirect mainstream support. These so-called 'Second Pillar' measures are set out in a suite of Rural Development Programmes, each of which should contain a set of integrated objectives and measures relating to the social, economic and environmental issues affecting the area to which it applies.

Ireland contains one such plan, which complements the wider objectives set out in the National Development plan. Ireland's CAP Rural Development Plan contains four measures: support for Less Favoured Areas; an agri-environment scheme (REPS); an Early Retirement Scheme, and a Forestry Scheme. This report sets out to analyse the response of the RDP to environmental issues and in particular to one aspect of the environment, namely species and habitats, also known as biodiversity.

Ireland has significant areas of good quality semi-natural habitat of poor agricultural quality – blanket and raised bogs, fens, upland and maritime grasslands and the karstic landscape of the Burren. These elements are nowadays given considerable (and increasing) importance. But much of its 'green land' is also of considerable value – dry grasslands, wet meadows, rushy pastures, to name but three.

The report puts forth an assessment of the value imputed to these habitats and the species they support both as set out explicitly in the text of the RDP and implicitly in the detail of the schemes and their interactions one with another.

The report concludes that

- environmental questions are not seen as a general theme running consistently through all the measures, but rather are in practice limited to particular schemes or aspects of schemes
- in general the environmental priority seems to be to protect Ireland's biodiversity from farming and that insufficient recognition is given to those instances where agriculture plays or could play a key role in habitat maintenance
- parallel to this, there is an undervaluation of existing biodiversity interest, particularly with regard to wet fields and scrub
- in general existing agricultural management of habitats is undervalued relative to forestry, for which an environmental cost-benefit analysis has not been done
- ironically for a measure emanating from an 'integrated' plan, the forestry measure would seem to be the greatest real threat to Ireland's farmland biodiversity outside formally designated sites
- the question of how an ageing farming population, particularly in the north and west, and subsequent farm amalgamations or semi-abandonment, might affect Ireland's natural heritage deserves urgent and thoughtful consideration
- on the wider front, the difficulties associated with producing an agricultural industry which achieves both the RDP's socio-economic ***and*** environmental aims should be the focus of a serious discussion, whether the aim is to achieve this integration at the level of the farm or of the industry as a whole.

1. INTRODUCTION AND BACKGROUND TO THE STUDY

Production of this Report forms part of the contract agreement between the Heritage Council and the European Forum on Nature Conservation and Pastoralism.

The Heritage Council wishes to become more involved in the discussion surrounding the role of agriculture in shaping and sustaining Ireland's heritage. This is all the more important following the Agenda 2000 reforms of the Common Agricultural Policy (CAP) (see below) which have the stated aim of re-directing support to farmers through "rural development" measures rather than production support. What precisely this will mean in practice is yet to become clear. On the other hand, the way farmers interact with the natural environment will continue to be a vital factor in countryside management. This being the case, the Heritage Council commissioned this review as a proactive step in the process of better mutual understanding with some of the main interest groups of the plan objectives and how the measures introduced to achieve these affect the natural heritage. This report was completed in August 2002

The study is intended to provide a practical appreciation of the workings of the Rural Development Plan (in so far as it affects natural heritage values). It is also meant to assist the Heritage Council and other parties to contribute meaningfully to the deliberations of the monitoring committee and the mid-term review of the plan. Through the dialogue generated as part of this process, the Council will also gain a deeper understanding of the technicalities of farming and agricultural policy as they impact on farmers' decisions.

The focus of this report is very much on pastoral farming systems, and the contribution these systems make to the maintenance of the natural heritage interest of the Irish countryside. The starting point of this review is that low intensity pastoral farming activity supports a large amount of land that is extremely important for the proper functioning and maintenance of Ireland's biological diversity. Central to the introduction of an integrated rural development plan is recognition of this positive contribution and the promotion of the maintenance of low intensity farming systems.

2. THE BRIEF

The brief from the Heritage Council for this review was that only the four main measures contained in the Rural Development Plan should be examined; Less Favoured Areas (LFA) (also referred to as Compensatory Allowances), Rural Environment Protection Scheme (REPS), Forestry and Early Retirement. It did not extend to include the wider measures that also come under the banner of the Rural Development Regulation (Regulation EC No.1259/1999). In Ireland these are programmed through the Objective 1 and Objective 1 in transition programs (and the National Development Plan), for example the new Native Woodland Scheme and capital grants aimed at pollution control (but see also section 4.1 below).

The layout of part 1 of the report follows approximately the headings that were covered in the introductory presentations at the workshop in Kilkenny on 12th March. Most of the workshop discussion revolved around the issues now covered in part 2 of the report but in section 14 we report on some of the main issues discussed that we regard as important. We have not included a detailed description of the Rural Development Plan (RDP) (we are assuming that those reading it will all be familiar with the parts of the Plan that we deal with). However to put the plan in context, chapter 3 describes the broader European policy from which it derives and chapter 4 sets the RDP in the context of Irish rural policy in relation to natural heritage issues.

3. THE EUROPEAN POLICY CONTEXT OF THE RURAL DEVELOPMENT PLAN

3.1 The emergence of the Rural Development Regulation

The Agenda 2000 reforms of the Common Agricultural Policy introduce the concept of a rural development policy being the second pillar of the CAP. In doing so they reinforce the objectives of the earlier 1992 reforms, which started the process of shifting the emphasis from support for agricultural production to income support.

These McSharry reforms signalled an important departure in policy, with reduced use of policies directly supporting production, lower institutional prices under the CAP and compensation for farmers in the form of "direct payments", particularly payments per head of livestock and per hectare of arable land. These changes were made for a variety of reasons, including external pressures from GATT (now the World Trade Organisation), concern about growing agricultural production and budgetary costs, and environmental criticism of the overall direction of agriculture and of intensification in particular.

Alongside the changes in the principal CAP regimes, there was a new emphasis, and enlarged budget for measures focusing on rural development, structural change and environmental management of farmland. For the first time, agri-environment schemes, providing farmers with an incentive for complying with environmental guidelines and restrictions, became compulsory for all Member States. This was intended to reduce the momentum towards intensification, support low intensity and high nature value farming systems, and encourage more positive management. Given the anticipated reductions in farm-gate prices, agri-environment agreements were also seen as a potentially useful form of complementary income for participating farms. The stress laid on these two distinct approaches varied considerably between Member States.

This approach was taken further in 1999 when several of the CAP commodity regimes were adjusted to reduce prices again and to increase the level of direct payments. A range of different measures concerned with agriculture, agri-environment, forestry and broader rural development objectives were brought together in to a single, new Rural Development Regulation (1257/1999). This became known as the "second pillar" of the CAP, signalling its strategic importance and likely growth in future.

Whilst most of the measures within the RDR were far from new, several were altered. For example, the policy for supporting farming in Less Favoured Areas was adjusted significantly and given a stronger environmental emphasis. Agri-environment remained the only compulsory measure for Member States to apply. In this, as in other respects, the Commission's concern to move a larger proportion of CAP measures into the WTO "green box" of permissible, non-trade distorting support for farming was very evident.

The Rural Development Regulation also demands a far higher level of integration between the different measures it contains than was required when they were separate, free-standing elements of the CAP. This implies coherence between agri-environment, forestry and farm investment aids, for example. Furthermore, the measures are to be applied within a Rural Development Programme drawn up and budgeted in advance, following an administrative structure more akin to that deployed in the EU Structural Funds than in previous agricultural measures.

The Rural Development Regulation (RDR) measures aim to support a "viable, multipurpose and environment–friendly agriculture" whilst at the same time continuing to support the economic

and social fabric of rural areas. Between all the Member States, about 70 Rural Development Plans have been approved by the European Commission. Many countries have more than one plan; most of the federal countries have separate plans for individual regions. Spain and Germany, for example, both have different plans for each of their regions and the UK has separate plans for England, Scotland, Wales and Northern Ireland. This allows for greater differentiation in the contents and balance of plans. Some regions may choose to apply a different suite of measures than others and they can also adopt different schemes or alter a national design for a scheme to fit their own conditions. However, regional planning of this kind requires administrative capacity at the regional level as well as some central direction. On the other hand, national plans, such as the one for France, can also include a considerable level of local differentiation within a single national structure.

The second pillar measures offer Member States considerable flexibility within the RDR framework, although all national measures have to be approved by the Commission. There is also a trend towards some increase in flexibility in the first pillar of the CAP. There are more opportunities for national ministries to tailor some elements of support for agriculture to national (or regional) needs. For example there are now "national envelopes" as part of the Common Market Organisation (CMO) for the beef and, since December 2001, the sheep sectors. These "envelopes" constitute a proportion of the budget available for the support of a specific sector that can be spent in a slightly different way than required under the usual rules, for headage payments, for example. In principle, a slice of the support budget can be used to meet the needs of a subset of producers, such as low-intensity suckler beef farmers, that may be relatively disadvantaged by the normal rules.

This greater flexibility is also an element of the LFA compensatory payment schemes (part of the RDR) which Member States are now obliged to pay on an area rather than a headage basis. This seems to have led to quite marked differences in the approaches taken by different countries. The German LFA scheme is using land taxation classes as the basis for new area payments, biasing higher payments to poorer grasslands in mountain areas and in specific areas (Bavaria) paying on arable crops. There are also higher payments in more remote areas in Sweden. Conversely the Scottish scheme is weighting higher payments per hectare towards better quality farmland. This latter approach effectively protects the income stream of more intensive producers but undermines part of the purpose of area payments.

An amendment to the RDR, agreed by farm ministers in June 2001, introduces for a trial period an optional simplified subsidy regime for small producers that receive less than Euro 1,250 per annum in support. This will run from 2002 to 2005 during which time payments will not be linked in any way to production. There is an obligation to keep the land in a state that is acceptable environmentally, but it is not clear how this can be enforced. If adopted in the longer term this could have a significant (though perhaps unpredictable) environmental impact. Interestingly, a parallel scheme, for small 'semi-subsistence' farmers, was proposed by the Commission for central and eastern Europe in February 2002, illustrating the way policy is developing in Brussels.

3.2 Modulation and the future of the Rural Development Regulation

It is widely expected that the second pillar of the CAP will grow as a proportion of the budget as time goes on. The Agriculture Commissioner, Franz Fischler, has repeatedly made the point that he envisages a transfer of resources from the first to the second pillar. Whilst there are different views amongst the Member States on this proposal, it is clearly compatible with the overall strategy of moving a larger proportion of the CAP budget into the "green box" in the WTO Agreement on Agriculture. If this occurs, the importance of the measures within the RDR and the economic signals that they give to farmers and other land managers can only increase. Views about the potential size of the second pillar budget and the ways in which it should be

distributed vary greatly. In some countries, such as the UK and Germany, there is a strong faction advocating a reduction in the proportion of second pillar support devoted to agriculture and a correspondingly growing focus on other rural activities. In other Member States, the second pillar is almost entirely devoted to agriculture and seems likely to remain so.

Under the Agenda 2000 agreement, Member States already have the ability to transfer some support from the first to the second pillar of the CAP. This is known as "modulation" and involves national governments reducing a proportion of the direct payments made to some or all farmers and utilising the proceeds, together with matched funding from national budgets, to finance additional expenditure under agri-environment and certain other measures within the RDR. Effectively, this results in a redistribution of support between farmers and an increase in overall rural expenditure and it has proved politically sensitive in all the countries where it has been considered. At present, France and the UK are the only countries to have applied modulation but Portugal, Germany and The Netherlands have announced their intention to do so. Each has adopted or is proposing quite different rules; in some cases reductions are made in the direct payments received by all farmers, in others these cuts are targeted on a relatively small proportion of larger farms. It is now possible that the Commission will propose that modulation is the appropriate model for the future and should be adopted by all Member States. The mid-term review of the CAP in 2002/2003 will possibly result in modulation of some kind becoming compulsory for all Member States.

There are various ways of modulating the direct payments (up to a maximum of 20% under the Agenda 2000 provisions) and the money saved is matched with national funds and put into any of the four 'accompanying measures' in the RDP budget. The "theory" is that the farm sector as a whole will be able to access these measures to recoup the resulting loss of income. Because agri-environment is likely to be one of the main beneficiaries of the increased RDR expenditure, it is generally assumed that there will be an overall environmental benefit from modulation. But this fundamental shift in policy orientation can have a variety of impacts depending on the design of the schemes concerned in individual Member States. Experience to date in the UK raises questions about whether the benefits in practice are as significant as they may appear and underlines the point that some of the losers from modulation will be high nature value farmers. This is because all farmers lose a slice of their direct payments under the UK system whilst it is usually necessary to join a scheme for the first time or to participate at a higher level in order to access the additional money. Many farmers will not be able to do this, because they are already in a scheme, for example. Thus, it is far from clear which farmers will be able to avail themselves of the new measures, how they will affect agricultural practices and most importantly, whether on balance there will be environmental benefits.

This is a matter of some importance both because of the prospect of compulsory modulation and the widespread conviction that moving funds into the second pillar is the best means of greening the CAP. It will be important not to adopt this approach from a purely theoretical standpoint, but to be aware of the potential social and environmental impacts of a switch to the second pillar. Since the Commission is under considerable pressure to bring in measures which increase the compatibility of the CAP with the WTO green box, this is likely to influence their attitude to de-coupled second pillar support. Evaluating the potential implications on the ground should contribute to a balanced view of the best way forward.

Another aspect of the RDR is the scope for Member States to direct a proportion of the funds allotted to them outside the farming sector, particularly by the use of Article 33. This occurred previously through Objective 5b programmes in those Member States where they were in place but was not a significant feature of the CAP itself. Funding can be directed to processing and marketing of agricultural products and more widely to rural businesses if Member States choose to do so. Given that it is farmers who provide the direct link with the land, there is a real need to assess the heritage implications of this move. Clearly there are important implications for farmers, farm viability and the continuation of land management practices currently regarded

as being of direct benefit to the environment. Appropriate investment in processing and marketing, for example, could help to strengthen the position of high nature value farming in some areas. However, there is equally a danger that the funds will not help this segment of farming but reinforce a model of development that implies both intensification and marginalisation, with damaging effects for the natural heritage.

At an EU level there are two elements that need more investigation from an environmental perspective – the principles and perceptions that drive the new ethos of rural development, viewed with great suspicion by many farmers, and how the mechanisms chosen then deliver the objectives. There is a need both to explore whether the assumptions are sound and whether the policy instruments and the national delivery mechanisms are appropriate. Hence the need to evaluate, especially from an environmental and social perspective, at the earliest possible stage, how rural development measures are working on the ground. The measures dealt with in this report - agri-environment, the Less Favoured Areas and afforestation - all have a direct bearing on the nature conservation potential of farmland.

4. THE RURAL DEVELOPMENT PLAN, RURAL DEVELOPMENT AND THE NATURAL HERITAGE

4.1 The relationship between the Rural Development Plan and agricultural measures in the National Development Plan

While EU Regulation 1257/1999 provides for a range of rural development measures, the Rural Development Plan which this study considers contains only 4 schemes or programmes - Early Retirement, Compensatory Allowances for LFAs, Agri-environment and Afforestation of Agricultural Land. These are the so-called 'accompanying measures' of previous CAP reforms, funded from the Guarantee Section of the EAGGF.

It is important however to stress at the outset that these 4 schemes are not the only rural development measures operating in Ireland; they are not even the only *CAP* rural development schemes. Ireland's agricultural and associated sectors (including food and forestry) also benefit from 18 measures for Agricultural Development and 4 measures for Local Enterprise Development run as part of the National Development Plan (NDP).

Because the whole of the Irish state is designated as either Objective 1 or Objective 1 in Transition, these measures are programmed separately as part of the Guidance Section funded packages for the Border, Midlands and Western and the Southern and Eastern Regions respectively.

The majority of these schemes will have no direct impact on the environment or heritage issues (for example, Improvement in Equine Quality, Development of Grain Storage Facilities, etc.), but there are some exceptions, which, although they will not receive further attention in this report, should be noted here:

- installation aid for young farmers ***could*** have potential for environmental damage
- farm waste management aids will certainly have environmental benefits
- support for Teagasc advisory services could, if channelled in that direction and adequately supported, have environmental benefits
- a Native Woodland Scheme aiming to encourage the management of native woodlands and the extension of the native woodland resource by natural regeneration should have considerable environmental benefits

The total budget for the agriculture-related NDP measures is just over 1.25 billion of which only about 169 million is EU funded - the majority are state aids, albeit within the RDR framework.

In contrast, the CAP RDP budget is almost 5 billion, roughly 47% EU-financed. Even the measure in the RDP with the smallest budget (almost 0.7 billion for forestry) dwarfs the highest-funded measure in the NDP (Farm Waste Management with 0.2 billion).

4.2 The environment in the aims and objectives of the RDP

The text of the RDP displays little evidence of the importance of Ireland's farmed landscape for the for maintaining aspects of Ireland's heritage. The Plan starts out from a SWOT analysis of Irish agriculture in which heritage does not feature explicitly amongst the Strengths. Lack of environmental ***awareness*** is certainly listed as a Weakness. So also are small farm size and an ageing farming population – although the significant and complex inter-relationship of these factors with the maintenance of rural Ireland's environmental strengths are not noted. These issues need further examination.

Under Opportunities, the Plan identifies Ireland's 'green image' as matching 'consumer preferences' but beyond this is silent. It is not clear whether the Plan's authors considered that the truth was consistent with this image! The environment, or at least environmental regulation, is seen as a significant Threat. So also is the eastward expansion of the EU.

Ironically we would see the heritage benefits of Ireland's farming as being one of the main ways of ensuring it did not lose out in the coming struggle for funding following accession.

A notable feature of the introduction to the RDP is that forestry has its ***own*** SWOT analysis, so that from the outset its integration into the Plan is poor. Here the environment has a very low profile, with the exception that enhancement of the country's native woods is seen as an Opportunity. In particular, there is no mention of environmentally inappropriate planting as a Weakness, which we believe it is. It is not surprising therefore that the Plan does not address this issue. Even on the native woodland side, the plan contains the following rather strange items in a list of 'non-wood benefits of forestry' which suggest that a production - based attitude runs deep in the culture of Irish foresters [emphasis added]:

- broadleaf scrub***/underdeveloped*** woodland
- ***unstocked*** woodlands
- woodlands ***not regularly managed***

As with the CAP as a whole, the policy goals of the Plan are focused around the creation of an 'efficient' sector, albeit with 'the ***development*** [our italics] of environmentally sustainable systems of production..'. There seems to be insufficiant recognition here of the need to retain existing value or to manage change in a way that achieves multiple goals, particularly in the higher nature value (and least 'efficient') areas of the North, West and Borders Region.

The Plan contains 8 pages of discussion on the State of the Environment as it relates to agriculture and forestry. This is taken up with the need to ***minimise*** the impact of agriculture and forestry on the environment, particularly with regard to pollution, threats to designated areas, overgrazing and the problems associated with forestry practices. However, and most significantly, there is inadequate awareness of the environmental benefits of farming at present, nor of the need to consider the negative impacts on biological diversity associated with the land use change resulting from farm afforestation in forestry plantings of less than 50 ha (ie. under the E.I.A. threshold). These two omissions are at the heart of the main weaknesses of the Rural Development Programme judged from a natural heritage perspective.

5. AGRICULTURE AND NATURE CONSERVATION

5.1 Background

The Irish countryside is a cultural landscape, where over the centuries the activities of farmers have influenced and modified the countryside. All of the Irish landscape has been farmed, to a lesser or greater extent, consequently there are no truly natural areas remaining. Nevertheless, the variety that exists in the Irish landscape as a consequence of this farming activity interacting with regional variation in climate, geology and topography, is one of the characteristics of the Irish countryside and is of inordinate importance for the conservation of nature. The link that exists between agriculture and nature conservation is highlighted by the fact that of a total of 35 land-based wildlife habitats which occur in Ireland (Fossitt, 2000), at least 26 of these occur on farmland. In most cases, grazing by livestock and other historically low input management practices are vitally important to maintain the nature conservation value of these areas.

The manner in which land has been and is farmed varies from farm to farm and from locality to locality, not only according to physical and environmental conditions, but also due to differences between farmers, their finances, aspirations, interests and family traditions. Historically, farming was all high labour, but otherwise low input, low output. Farming systems were not always static (or ecologically sustainable), but changed in response not only to monetary factors, but also to cultural traditions, the politics of the day, market demand and more recently, to national agriculture and social policy.

This once strong and positive bond between agricultural activity and the maintenance of landscape and cultural diversity is increasingly being broken by the intensification and specialisation of agricultural production systems. But despite this there are still many positive links between farming and nature conservation, and the challenge is to identify these positive aspects, find ways to sustain them and ensure that farmers are duly rewarded for their continued maintenance.

There are many ways in which farming activity contributes positively to nature conservation. Livestock farming such as the various hill sheep farming systems or the extensive suckler cow systems, if based on appropriate stocking levels and management practices, maintain the links between commercial utilisation of the land and high nature conservation value. Where these types of farms operate, it is the farming system itself that maintains much of the wildlife interest of the land. Grazing by livestock on land that has not been drained and has received only minimal application of inorganic fertiliser maintains rush pastures and herb rich grasslands, both of which have an important, if often unrecognised, wildlife interest. If the grazing of livestock is withdrawn from these areas their nature conservation value will change and generally it will be reduced; yet at the same time radical alteration of the farming practice (usually in the direction of intensification and usually in response to economic need) will also lead to a reduction in heritage value. In these types of farming systems attempting to identify parts of the farm for designation as a 'habitat', and simply restricting or severely limiting grazing by livestock fails to recognise the dynamic interactions between agriculture and nature conservation. If the nature conservation value of these areas is to be maintained, measures must be put in place that recognise these interactions and, through appropriate measures, ensure the positive elements of the farming system are promoted and rewarded financially.

In the more intensive arable farming systems a more targeted and prescriptive approach can produce important benefits; for example, the continuation of spring-sown rather than autumn-sown cereals, and the maintenance of uncultivated headlands are both practices of immense value to wildlife. In addition, on almost all farms there are areas that are outside of the main thrust of farming operations. These might be used for occasional grazing either because the

land is for most of the year too wet, or has other physical limitations - bogs, woodland and scrub. Looking after these areas as well as hedgerows, watercourses and other structural parts of the farm are also very important actions that can make an important contribution to the biological variety found on the farm.

Despite these beneficial contributions that farming makes to the heritage value of the countryside, there are many factors that are operating to reduce or remove this positive role. In general terms, it can be stated that the increased productivity and specialisation of agriculture in Ireland since 1973 has impacted negatively on Ireland's wildlife (Hickie ***et al*** 1999, Good 2002). This trend is not just unique to Ireland, as there has been a massive reduction in biological diversity across Europe in the second half of the 20th century (Tubbs 1997). Baseline information on the distribution and abundance of much of Ireland's wildlife prior to 1970s does not exist, nevertheless, certain trends in agriculture can indirectly indicate the impact on wildlife.

Ireland is grassland dominated, with 11 of its 17 million acres covered by grassland (Dwyer 1997). The variety in grassland types reflects the differences in local and regional variation in landform and farmland management. As a general rule, the grasslands with the highest number of species and species with most restricted distribution are those which have received little inputs of artificial fertiliser. When artificial fertiliser is applied to species rich grasslands, the nutrients help the growth of the more vigorous grasses and plant species diversity drops. These intensively managed grasslands show little variability throughout the country, consequently they have little nature conservation value.

An indication of the scale of change in this aspect of farming since the 1970s is that the use of fertiliser nitrogen per hectare of agricultural area increased more than fourfold from 22.9 kg/ha in 1973 to 96.8 kg/ha in 1995. Likewise the change from hay making to silage production with the production of silage having increased from 0.3 million tonnes in 1960 to over 20 million tonnes in 1990 (Hickie ***et a***l 1999). The latter has had profound impacts on the diversity of plant and animal life in Ireland's meadows, because fields managed for silage hold little of the richness of hay meadows. Other large-scale changes to the countryside have been brought about by, for example, the arterial drainage programmes and widespread field drainage undertaken throughout most of the latter half of the twentieth century. Under these schemes and programmes, at least 30% of the land area of the country have been drained, resulting in profound impacts on Ireland's wildlife.

These changes have made the countryside less attractive to wildlife, with the result that more and more species are being confined to the margins of intensive human activity. Perhaps the best known victim of these changes is the Corncrake. Once a common and widespread species of farmland in Ireland, its population is now only hanging on in a handful of sites. But there are other important declines in bird species that are significant. The Corn Bunting has become extinct as a breeding species in Ireland since the early 1990s (Taylor & O'Halloran 1999) and both the once widespread Cuckoo and the Yellowhammer are becoming increasingly localised. At least eight of the species included in the Red List of species concern (those species that are of highest conservation concern) are species that depend on certain kinds of farming activity. Influencing agricultural practices will be essential if their populations are to be maintained or improved (Newton ***et al***. 1999).

5.2 Overlap between nature conservation policy and agriculture

[a] Special Areas of Conservation (SAC) and Special Protection Areas (SPA)

The most significant policy link between agriculture and nature conservation is the designation of Special Protection Areas for birds under the terms of the EU Birds Directive and the subsequent designation of Special Areas of Conservation (SACs), in accordance with the EU Habitats Directive. Under the terms of these Directives, Ireland (like all other Member States

of the European Union) is obliged to identify, designate and protect the best examples of wildlife habitats which are scarce or threatened at a European level. The purpose of the Directives is to establish a network of sites (the Natura 2000 network) across the European Union to ensure that a representative sample of the habitats which exist in Europe, and their associated wildlife, are maintained for future generations. The designation of sites is determined by objective criteria outlined in Annexes to the Directives, and these must be applied by each Member State. Thus, Ireland is particularly important in European terms for blanket bogs, raised bogs, limestone grasslands, dune vegetation and wet species-rich grassland, which explains why large areas of the west of Ireland, in particular, have been designated as SACs. These habitats are also important farming areas, so that the designation impacts directly on the farming community.

However, while the designation of Natura sites is mandatory, the implications of the designation and the manner in which the nature conservation objectives are met within the sites is an issue which can be determined by the national government, provided that the sites are maintained at a favourable conservation status. This means that although designation is obligatory if sites meet the Directive's criteria, how this impacts on the landowner, and what advantages and/or disadvantages accrue to the landowner are things that are very much within the remit of the national government to determine. Thus, while the designation of terrestrial SACs or SPAs will almost inevitably impact on the farming activities, there is no reason why the designation cannot provide a mechanism to encourage the positive elements of farming in the area. Rather than being implemented through a negative approach that implies farming is purely a damaging activity needing to be controlled.

[b] Natural Heritage Areas (NHAs)

The Natural Heritage Areas identify the parts of the countryside which are also of prime importance for nature conservation from a national or regional perspective, but which would not be considered of importance at the European level. NHAs comprise a range of habitat types, including bogs, heaths and grasslands, all of which are important for farming.

The passing of the Wildlife (Amendment) Act, 2000 provided the statutory basis for the designation of NHAs, but the legislation remains to be implemented by Ministerial Order, therefore as yet NHAs do not have any legal protection. Despite this, farmers whose land is identified for designation as a NHA are eligible to apply for Measure A under the Rural Environmental Protection Scheme, so many farmers potentially benefit directly from the nature conservation value of their land.

[c] Problems associated with the designation process

Designation of the proposed Natura sites and NHAs has come late in Ireland and until recently has had little statutory backing. As a result there has been little statutory support for protected areas on farmland. This is now being introduced and there are now clear targets, not least because of pressure from the European Commission to meet deadlines set for Natura 2000. In some ways the timing of this could not have been worse because the result has been a confusing series of changes for farmers coinciding with the introduction of the RDP. If some of these issues had been tackled sooner they might be easier to handle within the RDP now. Delays and problems with the implementation of the Commonage Framework Plans are also possibly related in part to the late implementation of the Habitats Directive in Ireland.

5.3 The Wider Countryside

While the designation of the most special parts of Ireland as "sites" for nature conservation is an integral and important element of any nature conservation policy, focusing policy measures only on designated sites will never ensure that that rich variety of Ireland's natural heritage is maintained. It is the mixture of rough grazing areas, wetlands, ponds, wet patches in fields,

patches of scrub and woodland, hedgerows, uncultivated headlands etc, all linked and distributed apparently randomly around the countryside that provides the basis of Ireland's variety of wildlife and biological diversity. From both an agricultural and social perspective it makes sense to identify policies specifically designed to promote the positive elements of agricultural activities in these areas. With the Government's recent demonstration of its commitment to the maintenance of biological diversity by signing the Convention on Biological Diversity, and the publication of the National Biodiversity Plan, there are strong biological reasons why effective agricultural policies which address heritage and nature conservation issues should be developed.

The future for maintaining wildlife and biodiversity in the wider agricultural landscape (in Europe as well as Ireland) requires firstly the raising of awareness of the biological value of the farmland that currently receives little attention. The herb rich rush pastures and wet acid grasslands on the shale soils in county Clare have a value in their own right – but most biologists heading for the Burren drive past without a second glance. Do we know enough about the permanent grasslands and wet meadows and marshes of the drumlin country in county Mayo or the rushy grasslands in Roscommon? And for both of these examples do we have any idea of what the acceptable limits of change might be? These limits have been very wide in the past and conservation should be about managing processes, not just patterns and states.

Even in systems that are not currently changing greatly, there is a flux of processes that we need to understand. Dunsford et. al. (2001) referring to REPS farmers in the Burren, but making a point of huge relevance elsewhere, wrote " The challenge now is to encourage and empower these farmers to become active leaders in the conservation process, so that their fascinating story and the wealth of their management experience may be used for both the benefit if the landscape and the people who depend on it for a living."

Agriculturalists must understand better the ecological processes and the nature conservation value of farmland, while conservationists need to learn more about the agricultural function of "habitats" and how they relate to each other in a management context.

6. THE STUDY

6.1 The general approach

In evaluating the heritage impacts of the RDP it is important to consider the different stages in the process from the conceptualisation of the plan, through the design of individual measures and interactions between them, to implementation on the ground and the subsequent phases of monitoring and evaluation. At this stage the RDP has been in operation for a limited period and there is little evidence available from independent monitoring studies therefore it is particularly important to focus on the way in which the leading measures in the RDP are being implemented in practice. This includes the details of scheme design, the extent to which they can be modified or interpreted to meet local conditions, the supporting advice and information available to farmers, the face to face guidance and instructions provided by advisers, the nature and frequency of farm visits, enforcement and the overall management of the relationship with the farming community. These aspects of RDP design and delivery are the principal focus of this study.

It is also important to recognise the relatively limited formal environmental/heritage objectives in the RDP because these are the starting point for any evaluation. The introduction to the RDP points out the very great impact that agriculture and forestry have, occupying as they do over 70% of the land area of the country. Interestingly, it is clearly stated that much of this impact is positive. However, whilst there is a recognition in the objectives, strategies and priorities of the plan to foster environmentally sustainable systems of production, most of the actual measures address the negative effects of farming on the environment. This makes focusing on biodiversity aspects difficult because few of the measures in the plan address these concerns directly. The situation is compounded by the lack of good baseline biological data in Ireland, making evaluation difficult and increasing dependency on unpublished information.

In the project proposal it was made clear that the approach would be a practical one. Although the resources limited how much could be achieved, the aim was to obtain as much information from the ground as possible; rather than to simply carry out a desk study of the plan and published information. All too often this kind of study simply regurgitates existing information and adds little that is new. So from the outset it was our intention to meet the people that have devised the measures in the plan, talk to some of those who have been involved with the implementation and, more importantly, to go into the field to speak to some farmers directly affected by the measures'. The information gathered could not hope to be comprehensive but the areas and people visited were selected carefully to reflect a good range of farm types and natural heritage interest (see below). The workshop in Kilkenny helped considerably to develop our initial ideas and to gain a more rounded appreciation of the importance of the main issues raised.

There was another reason why this practical approach was important. The Heritage Council appreciate that if the heritage implications of the RDP are to be fully understood, and if the best policies are to be proposed to benefit heritage and the farmer, it is important to ensure that the views and realities of farmers in these areas are recognised and understood. Also, as the link between agriculture and nature conservation is a relatively recent policy development, and there is a pressing need for genuine discussion so that the agricultural sector and heritage professionals might come to a greater understanding of the issues involved. It is only through genuine dialogue that more meaningful policies can be identified and implemented.

The review reports on three complementary elements - a desk study of the plan, information collected from case study areas and key organisations (this contract) and the workshop in Kilkenny, organised by the Heritage Council.

6.2 The case study areas, interest groups visited and the questions asked.

6.2.1 The areas

The aim was to visit three case study areas that could be used as 'touchstones' for our ideas and eventual conclusions. These are to be regarded more as 'reference areas' than necessarily the 'average' or 'typical' (or indeed the 'best' or the 'worst'). They were selected to reflect the marked north west – south east gradient in agricultural intensity in Ireland – reflected in gross margins, farm size, pasture versus arable and even size of tractor! (Lafferty et. al. 1999).

The same principles applied within the areas to the farmers and advisers targeted for interview. We were not looking for individuals to support any particular position but to collect some information from reference points selected using some rational stratification.

The 3 areas selected were: -

a) Leinster (Co. Kilkenny): a relatively intensively farmed area of cereal, mixed or stock farming with both non LFA and less-severely disadvantaged LFA. This is the kind of farmland that would generally be regarded as having low biodiveristy in the fields (although possibly still contributing to a high landscape diversity) and with a high probability of having problems of diffuse and point-source pollution, hedge removal or neglect.

b) Connacht (NW Co. Mayo): an area of lower intensity farming, in the severely disadvantaged LFA, where there are many Special Areas of Conservation (SACs), Special Protection Areas (SPAs) and Natural Heritage Areas (NHAs), as well as extensive commonages. This is a region with some of the highest biodiversity in Ireland, including some of the best examples of blanket bog, machair and coastal grassland in Europe, with a high proportion of designated areas and other RDP 'target areas'.

c) Connacht (Co. Roscommon): an area on the gley soils with some of the poorest land in Ireland relative to farm size (one of the former Congested Districts), also in the severely disadvantaged LFA. This kind of farmland would generally not be regarded as having any special nature conservation value, at least in terms of formal nature conservation designations. Yet farming in these areas creates and maintains an extremely varied landscape, and an associated rich area for wildlife. Where targeted measures exist they form part of the broad thrust of the RDP, rather than specific provisions within it.

6.2.2 The interest groups and questions asked

Holding public meetings was not regarded as an appropriate approach; nor was relying too much on group sessions. The preferred approach was individual meetings with farmers, Dept of Agriculture, Food, and Rural Development (DAFRD) staff, Teagasc advisors, Dúchas HQ staff and some farming and conservation NGOs (Irish Farmers' Association (IFA), Irish Cattle and Sheep Association (ICSA) and BirdWatch Ireland). It was not possible in the time available to meet ICMSA nor Macra na Feirme. Teagasc and the local DAFRD staff stand out as being central players in the implementation of the plan measures and their views must be understood.

The aim of the initial discussions with these people was to revolve around four general topics (a-d below) although it should be said that virtually everybody we met regarded the RDP measures as unrelated rather than as components of a coherent (integrated) policy.

a) What appears to stand out as the priorities for the areas concerned using only the text of the RDP as a guide?

b) What do locals on the ground consider to be the priorities of the plan's measures? How do these compare with (a)?

c) Is the RDP likely to achieve the priorities in the plan in the area concerned? If not why not?

d) Is the RDP likely to achieve the objectives of the various groups involved?

Few of the players had ever read the full RDP text. As a result in most cases the discussions rapidly moved on to implementation issues.

(a) For the natural heritage value of farmland, to what extent, and how, do the RDP measures contribute to:

- Preventing damage (in the sense of nature conservation value)?
- Maintenance?
- Enhancement?
- The introduction of damaging activities?

(b) For any problems identified, how could these be rectified and to what extent are they attributable to the points below?

- Weaknesses in the Regulation?
- Weaknesses in the RDP schemes *per se*?
- Weaknesses in the implementation/administration of the schemes?
- Non-scheme factors (e.g. other Government priorities)?

(c) Does any pattern emerge of the effect of the RDP measures on:

- Designated areas on 'marginal' land - raised bogs etc.?
- Commonages (and how does this relate to the Dúchas scheme)?
- Designated areas on land with good agricultural potential – e.g. the green land and the machair?

6.3 The Workshop

A workshop to complement this study, organised and hosted by the Heritage Council, was held in Kilkenny on the 12 March 2002 at which several of the main groups involved with, and affected by, the RDP attended - Government Departments, NGOs and individuals, including a number of farmers.

For the most part, the debate focused on the types of views encountered during the preparation of the report, both as regards attitudes and as regards the practical difficulties associated with the RDP programme.

The workshop program and list of attendees is given in Appendix 2. Some of the issues raised are discussed in sections 13 and 14.

6.4 Summary of the stages of the Review

The start-up meeting for the contract was held on the 24 October 2001.

The stages carried out were: -

- Studying the contents of the Plan (October / November)
- Initial meetings with DAFRD in Wexford and Dublin (October)

- Visiting areas and people including ICSA (10 – 15 December)
- Analysis and reflections (December – January)
- Discussing outcomes with HC, DAFRD, IFA, Dúchas, BWI (10 / 11 January)
- Refining ideas and issues and further telephone contacts (January /February)
- Producing interim report (8 February)
- Pre-workshop briefing in Dublin (1 March)
- Attending Heritage Council workshop in Kilkenny (12 March, 2002)
- Incorporating outcomes of the seminar and comments on the Interim Report from the Heritage Council.
- Producing draft final report (3 May 2002)

7. RURAL ENVIRONMENT PROTECTION SCHEME (REPS) GENERAL PROGRAMME

The aims of REPS, outlined in the Specifications (DAFRD, 2000), are threefold:

1) to establish farming practices and production methods which reflect the increasing concern for conservation, landscape protection and wider environmental problems

2) to protect wildlife habitats and endangered species of flora and fauna

3) to produce quality food in an extensive and environmentally friendly manner

As such REPS is wholly consistent with the needs of Irish Agriculture as set out in the RDP, and with the aims of the RDP itself. REPS does ***not*** explicitly aim to maintain existing beneficial interactions between agriculture and 'heritage' in the wider sense. Its stress is rather on protection from the damaging effects of farming.

DAFRD staff recognised this emphasis and seemed open during discussions to a second phase of REPS which tried to grapple with the equally difficult issue of positive management and how best to achieve it in the Irish situation. One problem will undoubtedly be the wording of the Regulation, with its insistence on 'income foregone' and 'additional costs' as the main basis of the payments. However, it is known that the Commission looks with favour on payments aimed at maintenance of practices which are in danger of being abandoned. This would leave only the important question of domestic policy – how far can support for 'heritage' stand in the way of the 'restructuring' of the industry that the RDP implies.

REPS contains 11 basic measures, all of which are obligatory to all participants:

1) nutrient management plan (avoidance of pollution)

2) grassland management plan (avoidance of poaching, soil erosion and by overgrazing)

3) protection and maintenance of wells & watercourses (avoidance of pollution, enhancement of habitat)

4) retention of wildlife habitats (protection from destruction, with possibility of management change to achieve this)

5) maintain farm & field boundaries (maintain landscape (walls) and habitat (hedges) features)

6) use of herbicides, pesticides & fertiliser near hedgerows, ponds, streams & wells (prevention of pollution and damage to field margin habitats)

7) protect features of historical & archaeological interest

8) maintain & improve visual appearance of farm and farmyard (landscape features)

9) tillage crops rules - no straw burning, creation of field margin habitat

10) undergo training in environmentally friendly farming practices

11) keep appropriate records

Measure A dealing with protective measures for Natural Heritage Areas, Natura 2000 sites (public attention has focussed mainly on SACs, particularly blanket bog sites) and commonages

is also obligatory for all applicants whose units include such 'target' areas.

There is also a suite of Supplementary Measures (SM):

1) rearing animals of specified local breeds (protection of genetic resources)

2) long-term set-aside in catchments of significance for designated rivers (protection of riparian areas from erosion and pollution)

3) organic farming (reduction in pollution & enhancement of the environment according to the Regulation, encouraging producers to respond to the market demand for organic produce, according to DAFRD)

Farmers covered by Measure A will only receive an additional payment if they participate in the SM for local breeds. No farmer will recieve a payment for participation in more than one SM.

The pattern of participation in REPS reflects both the relative difficulty of complying with the prescriptions and the variability in attractiveness of the payments relative to the rest of the farm's output. Uptake is poorest amongst the more 'commercial', some of whom will be the real targets of many of the REPS measures and the Code of Good Agricultural Practice. This calls into question the basis of the payment calculations, and particularly the use of national averages (for stocking density, fertiliser use, or whatever) for working out the level of compensation when the target producers will almost by definition be above the average.

7.1 Measure 1: Nutrient Management Plan

This measure is aimed at surface and groundwater quality, along with the biodiversity of streams and rivers.

Our comments on this measure have to be seen in context – we looked essentially at the terrestrial environment in our field work. We accept that nutrient management is an appropriate, even essential, measure in a country of relatively intensive but land-based livestock systems. This is particularly so given the area of the country underlain by limestone and other groundwater-bearing geologies.

We accept also that practices which have been common in the past have often been environmentally damaging and that the aims of the prescription and many of its apparent impacts on practice are positive. However much needs to be done to ensure that the rules at farm level are sensitive to agronomic and other concerns. Our slight worry is that there seems to be at least some damage to the natural heritage resulting from the ***application*** of the rules as much as from the actual prescription itself.

We certainly have concerns about the (seemingly) universal encouragement to apply lime and manure to all non-'habitat' areas, which seems to us to be quite inappropriate from a biodiversity perspective. We recognise that there are sound agronomic reasons for raising the base-status of soils to encourage optimum utilisation of fertiliser (and to minimise consequential losses). However, we also recognise that this is a problem that reflects in great part the under-recording of habitats. There are few better examples of how meagre an ecological basis there is behind the clear dichotomy in REPS between 'habitat' (no fertiliser) and the rest (very high thresholds).

For example, in our small sample, we found farmers who, as a result of REPS, now lime areas of rough grassland that have not received such treatment in living memory. Another producer now spreads slurry on areas of rough grassland and rush pastures to comply with the maximum N load per hectare rules - even though his previous management (spreading the same amount of slurry on his good grass fields) was not, as we understood it, associated with any known pollution problems.

Although not really a biodiversity concern, we note in passing that Teagasc advisers shared the concern expressed in the consultants report (AFCon Management Consultants 1999) that it is more than likely that the rigid enforcement of the ban on winter manure spreading could lead to greater damage in a wet spring than would have been caused by judicious applications during dry spells in the winter months.

7.2 Measure 2: Grassland Management Plan

While the description of this prescription in the Specifications covers most, if not all, aspects of good grassland management, in practice this measure appears to be widely seen as a poaching avoidance measure, and as such we had the impression that it is considered a total success. We were told that the first signs of REPS participation were the cleaning up of the farmyard area and the erection of a shed to in-winter the cattle.

Our observations are twofold. Firstly, we are not convinced that in-wintering is necessary in all cases where it has occurred. We feel that the housing of cattle fits in well with the trend to part-time farming and the more efficient use of labour. Significantly, many farmers seem willing to spend ***all*** their REPS payments for perhaps 2 or 3 years to put up the matching funding for the shed. In our experience this kind of investment decision only happens when something available in the schemes really suits their own plans for the unit. In other words, if the farmer had planned to do this he would readily take advantage of the payments available; but otherwise the payment on its own would not be sufficient incentive. Certainly Teagasc advisers felt that on occasions there were few ***natural heritage*** reasons for such an extended exclusion period.

Secondly, and more significantly, we feel that there is much more to setting limits to grazing levels than merely the avoidance of poaching. This measure should tie in much more closely with Measure 4. It should reflect (in the planner) and engender (in the farmer) a broader appreciation of the inter-relationship of management practice and systems and biodiversity on ***all*** habitats on the farm.

7.3 Measure 3: Protect and maintain watercourses and wells

This measure again has more than one target. The pollution of watercourses by manure and eroded particulate matter can both cause chemical enrichment, while the latter also has physical impacts, such as the silting of spawning beds. We acknowledge the desirability of targeted measures of this type (the supplementary set-aside measure complements Measure 3 in river catchments with significant salmonid populations). But again a combination of our terrestrial focus and the absence of any quantitative monitoring information makes it difficult for us to comment on the effectiveness of the measure in combating these issues.

We do however share the concern of Dúchas, as reported in DAFRD (1999), that the blanket application of the measure is at times unnecessary, at other times very unsightly and at other times probably damaging. An adviser quoted us an example of a tiny field criss-crossed by drains, all of which were individually fenced. We would certainly be perturbed by a vision of a future Ireland in which all watercourses were free of stock.

Yet while some permanent watercourses are needlessly fenced, at the same time seasonal watercourses are given no protection, so that even where a ditch is eroding, there are no mitigation measures required. We saw examples of both on the one farm, and the farmer didn't understand the reason for either.

7.4 Measure 4: Retain wildlife habitats

There is a very strong link between agriculture and wildlife, a link that is becoming increasingly broken through the intensification and specialisation of agricultural production systems, and

the introduction of broad-brush policy instruments. Yet, the irony is, that agriculture probably remains the key activity and opportunity for the maintenance and enhancement of Ireland's rich and varied landscape and wildlife interest. And while designated areas such as Special Areas of Conservation (SACs) are of course significant instruments for the protection of habitats and species, most of Ireland's nature conservation interest still lies outside these sites, on farmland. This is why agriculture is so important for nature conservation - not because agricultural land should be designated in some way, but because by maintaining certain styles of farming nature conservation objectives can be achieved over large areas. For many species of plants, animals and invertebrates this will be the only effective way to protect their populations in the long term.

This applies not only to a range of widespread, but declining, species, such as the cuckoo, yellowhammer or hare, but also to rarities, such as the marsh fritillary butterfly. It is not a coincidence that its habitat, marshy grassland, remains mostly outside of designated areas – a fact that will probably not be greatly affected by Ireland's designation of SACs for this species.

Perhaps the main weakness of both the ***aims*** and the design of REPS at present is the lack of a positive message for these habitats. On the contrary, its stress is solely on avoiding damaging operations through a series of 'thou shalt nots' (see Measure 2 above), clearly giving the signal to farmers that agriculture is a damaging activity ***per se***, rather than having many elements which are positive. To use the marsh fritillary example, it is certainly true that overgrazing, land improvement and other intensifying operations would seriously threaten its habitat, but so would the development of rank vegetation or the disappearance of its larvae's food plant, devil's bit scabious, as a result of undergrazing. Indeed, our observations suggest that the type of poor wet grassland favoured by this rare butterfly would not necessarily even be recognised as a 'habitat' by many REPS planners.

This has potentially serious consequences. It represents a missed opportunity for raising farmers' awareness of the importance of their own farm for wildlife. It engenders the attitude that "more wildlife means more restrictions", not more reasons for feeling proud of their farming nor making it explicit that the payments they receive reflect both their positive management in the past and currently. This is linked to the comment made above (in 7.1) where we draw attention to the inherent problem of having payment rates which are calculated on notional benefits on farms with very different characteristics to those on which they are applied.

The main weakness of REPS ***in practice*** is that it fails to recognise the true contribution which agricultural activity plays in maintaining the heritage/wildlife interest of the land that is farmed. We came across a number of examples caused by failure to recognise areas of natural heritage value on the farm. In some cases we feel that this is not necessarily due to a lack of awareness that the area has ***some*** value, just the fact that the scheme forces the planner into a black and white habitat-or-not choice. This might reflect that the prescriptions (and rules) have forced the planners, or that the planners make that choice because they are not confident or qualified enough to make a judgement on the conservation value of, for example, wet grassland. Advisors are encouraged to a minimalist position. Ireland has a poor set of independent baseline data against which to measure compliance with the prescription. In fact, the REPS plan will, for most farms, be the first such map of the wildlife interest of their farm although one that is produced in a highly subjective way. REPS planners exercise a duty of care to their clients, a fact of life which cannot be ignored by environmentalists. They will not produce an 'objective' map, but rather one directed to the needs of the farmer in the context of the Scheme. Training of planners will not alter this basic truth.

While not wanting to be over-critical of REPS planners, their appreciation of the ecology of farmland (its wildlife and the plant communities that combine to form habitats) is coloured by their own, often agricultural, training. In many cases, there is simply an over-familiarity with

what is to them a mundane and uninteresting piece of 'unproductive' agricultural land, which may nevertheless be biologically very productive. To a large extent they reflect what are also common perceptions amongst farmers themselves.

The enforcement of the detailed standards of REPS falls to local DAFRD staff. They all too often have the same difficulties as the REPS planners. Some of the most interesting elements of Ireland's heritage do not conform to a simple pattern of clearly compartmentalised blocks, making for understandable administrative difficulties. However, this should not be seen as an excuse. Simplicity in a scheme can be introduced at a particular administrative level, but if the scheme is target driven, flexibility at the ground level is entirely possible.

The implications of these weaknesses obviously vary from plan to plan. In most cases intensification of purely agricultural management was not a threat – except where farm ownership had recently shifted a generation, this would have long since happened. Abandonment of good practice was in such cases a more significant issue. In urban fringe areas there are no doubt threats from housing pressure. But the irony is that the most immediate concerns, in the areas we visited at least, arose as a direct consequence of the RDP measures themselves. We saw examples where farmers were encouraged to fertilise or lime areas of value. But most commonly the threat comes from the forestry measure. This is so significant that we return to it in more detail below.

7.5 Integration of REPS and Forestry

Lack of integration of REPS and Forestry measures were a cause for concern under REPS I (DAFRD, pers comm.). In order to avoid double funding, land on which REPS payments were being claimed could not subsequently be entered into the forestry scheme. As a result, and to better enable Ireland to meet its planting targets, REPS II contains a new requirement to identify land suitable for forestry, so that double funding can be avoided if a forestry application is subsequently submitted.

Our impression is that this clause and its purpose are very poorly understood indeed. We ourselves at first understood it to be primarily a cross-compliance instrument, identifying not only land ***fit*** for afforestation, but by implication, other land where afforestation is inappropriate. While we would find considerable merit in this interpretation, this was not the way it was operated on the ground. Indeed, a Teagasc adviser who had pointed out in a meeting that the logic of the clause was to identify all the best land on the farm (since good growing ground for grass is also good growing ground for trees) told us he was laughed out of court by his colleagues.

Despite having a firm view on what the clause ***isn't*** about, advisers and local DAFRD seem unclear on the real purpose, and we found it difficult to clarify this. One Teagasc office had met with months of silence from the Department after seeking clarification. However, now all on the ground seemed to agree that the measure was a simple data gathering exercise, which could subsequently be used as a basis for delimiting agricultural ground suitable for forestry. Such land would not then be eligible for REPS paymentsif a decision was made to afforest that land.

The combined result of farmers' antipathy to forestry and the poor appreciation of the natural heritage value of non-intensively managed land by advisers, the Department and REPS itself is that, far from acting as a neutral or protective measure, the identification of forestry land in practice means the delineation of wet or acid grasslands and rush pastures. The identification of land in this way, gives advisers a reason to go to ***new*** clients to point out the financial attractiveness of planting ground 'superfluous' to their needs for LFA, extensification payments or REPS claims, thus potentially speeding up the afforestation of these habitats.

To summarise, there are two separate but complementary points. First, the forestry measure is not sufficiently sensitive to conservation concerns. If adequate control procedures were in

place, there would be no nature conservation issues. Secondly, the payment rates are not at all equivalent, which in the absence of controls leads to competition between the measures for the same ground – a competition which forestry is favoured to win. The point needs to be made of course that *were* there to be adequate controls, it would be a very regrettable situation if the fact that farmers have maintained valuable habitat should mean that they are penalised financially.

7.6 Measure 5: Maintain farm and field boundaries

The effects of this measure are similar to those of Measure 3 (watercourse management), with over prescription being a problem in some areas where there are mature hedges. Hedges have been inappropriately managed in the name of applying the scheme rules. These concerns were highlighted by Dúchas (DAFRD 1999) namely that the blanket application of the measure is at times unnecessary, at other times very unsightly and at other times probably damaging. It is not difficult to appreciate that mature and over-mature hedges and hedgerow scrub have considerable potential wildlife value and this is another case where much greater flexibility in the application of management prescriptions is needed. We would add that on this issue advisers on the ground shared the concerns of specialists in this regard. These concerns are amongst those which have apparently been addressed in the latest guidance for REPS II, and some felt that our impressions were more relevant to REPS I than to the likely situation from now on.

7.7 Measures 6-9, 10 and 11

During the interviews we did not discuss these measures in any detail and it is therefore difficult for us to comment other than to say that in principle measures 6-9, which may by their nature not apply to all farms, should potentially have a positive visual or biological effect.

Measures 10 and 11 are very important, and in the longer term will be central to the issues that this report addresses. We found little evidence of any research looking into wildlife friendly farming methods in Ireland to inform the process and without this it is difficult to see how farmers can become familiar with them. Whilst the obligatory training (for farmers and planners) is welcome it is extremely difficult to assess just how successful this is in raising awareness, understanding and interest - partly because of inherent attitudes but also because the training will only be as good as the trainers. We think it is fair comment to say that since many of these trainers do not have a biological or nature conservation background, they too may not fully appreciate the biological aspects nor (as mentioned above) have very much published research to draw from.

Concerning measure 11, one of the vital ingredients of any plan is the establishment of baselines and data that can be used for evaluation purposes. For instance, as currently implemented, a farm with plenty of acid grassland could be limed as part of agricultural improvement works, and it would be within the rules of REPS – and based on the farm plans drawn up, this kind of change would never be recorded. In addition, the monitoring of the plans revolves more around whether the prescriptions have been adhered to than whether they have had the desired effect. We had the impression that the environmental records needed reflected things such as stocking density rather than biological value and were thus more rule driven than objective-led.

8. REPS SPECIAL MEASURE A: DESIGNATED TARGET AREAS

Although REPS includes all target land under one measure, the issues seem to us to be approached in quite different ways in commonages as compared to other, designated, areas.

8.1 COMMONAGES

The approach taken to commonages is in complete contrast to all other measures under the RDP. In most of REPS and in the LFA scheme, everything starts from the status quo, and advisers do their best to keep it that way where they can. On commonages the implementation of the various severe cuts in sheep numbers over the last few years has led to a completely new starting point.

We accept fully that de-stocking was and remains both necessary and desirable. No measures to promote appropriate management could succeed without this preliminary step. It is too early as yet to predict whether the commonage framework plans will be successful. However, we feel that whereas the Irish approach thus far seems strong on the avoidance of negative effects, it is weak on the encouragement of the positive.

As an example, take a commonage extending down to the sea, with a strip of maritime grassland along the shore or cliff top. The surveyors find considerable overgrazing over the whole commonage and recommend continuing with or increasing the 30% de-stocking. However, the reality of such a stand-alone measure is that the coastal zone will still be overgrazed, even when the rest of the pasture is under-grazed. The only way to avoid this outcome is to encourage ***positive*** practices, notably various forms of shepherding or shepherding in combination with hefted stock.

Secondly, the REPS scheme is tied to the Integrated Administration and Control Systems (IACS) which was established by Council Regulation (EEC) No 3508/92 (as amended) and Commission Regulation (EEC) no 2419/2001. The purpose of IACS is to establish a system of control and to combat fraud in the CAP arable and livestock schemes. The implication is that each producer's forage area is defined in a way that avoids overlap with that of any other producer. In the case of commonages, each producer is allocated his share of the grazings in IACS, irrespective of the actual pattern of use. REPS is ***area***-based, therefore it cannot recognise any land use pattern not set out in the annual IACS form. This link places Measure A at a potential disadvantage relative to the Dúchas state aid, which pays compensation on a per ***ewe*** basis. REPS will only pay per hectare, and that irrespective of the reductions required. This means that the 'compensation' goes disproportionately to those with fewest sheep. A REPS participant using _ of the grazing in terms of animals will get no more or less area payments than someone owning only 1/20 of the grazing livestock if they both have an equal share of the land area declared in the IACS. The result is that the former gets under-compensated and the latter overcompensated.

The enforcement of framework plans seems to be the first time that the use of the commonage is limited by number. However, there is still no mechanism by which the ***actual*** distribution of grazing between shareholders can be recognised, so that even consensual use of another's share at a level below the mandatory maximum total for the whole grazing will not be possible. Thus commonages requiring a certain percentage reduction in grazing will have that same percentage imposed on both heavy and light users of the commonage. We understand that transfer of shares between shareholders for the purpose of IACS is in fact possible, but the impression we gained was that it was a very unusual practice. In the absence of share transfers becoming commonplace, area based schemes could effectively fossilises the use of the grazing by the community, even where there is no ecological reason for so doing. We are not convinced that this is in the interests of sustainable community development.

8.2 Natural Heritage Areas and Natura 2000 sites

Our impression was that designated areas (other than commonages) fall into two distinct categories. The first, and probably the commonest, class is made up of sites where the land is marginal to the farm operation – mostly bogs and other wetlands of some description. We found a number of factors that prevent REPS from fulfilling its potential to promote favourable management of Ireland's heritage.

Firstly, the farmer was not always aware of the existence of the site on the farm. While not in itself a bar to progress, this does suggest that Dúchas has not in all cases made the most of the opportunity presented by the designation process to raise the farmer's awareness of the biodiversity interest of their farm.

Secondly, the description of the sites in the designation documents provided to Teagasc and some farmers makes no reference to the existing agricultural management of the site, how it relates to the natural heritage interest of the site and what, if any, changes might be necessary. On the contrary it is couched in botanical and zoological terminology which tends to mask rather than highlight the interest to the non-specialist.

Thirdly, a tendency was observed amongst advisers to promote total stock exclusion on 'habitat' areas, whether or not the present management was known to be inappropriate. This does not seem to be problematic for local Dúchas staff to accept. We saw a raised bog which had on occasion had light grazing by dry stock, but was now subject to total exclusion and was slowly scrubbing over. In this case the planner felt that the effect of grazing might be interpreted as accidental damage by poaching, would be easily detected and would result in a penalty of 100% reduction of the next REPS payment. The same adviser was genuinely unaware of the damage which exclusion was causing.

The second class of site is rarer, namely those areas where the NHA, SPA or SAC is much more central to the farming operations. Examples of these include the Shannon Callows hay meadows, the machairs of the west coasts and the limestone pavements of the Burren and the Aran Islands. Here there is no choice but to integrate 'nature conservation' and agriculture, but the issue is more about how REPS prescriptions can do this.

It seems to us that there is a fine line to tread between an inappropriately high degree of prescription, especially where this forces a farmer to return to a supposed traditional system which never actually existed (Dunford & Feehan, 2001), and a ***laissez-faire*** approach that fails to recognise the real problems which can exist. The fact that this happy medium seems so rarely to be achieved is due perhaps to an unwillingness to consider the farmer's agricultural system as a whole, but to concentrate rather on a number of individual operations. Looked at from the other side, it might also reflect the failure of the farmer/agricultural sector to appreciate the actual contribution that farming makes to wildlife/nature conservation.

In one of our study areas, the local REPS planner seemed to have a good relationship with his Dúchas counterpart. This seems to result in a lot of consultation, and in turn to prescriptions that differ markedly from the Dúchas standard for that habitat. We found this very refreshing and unusual. This is potentially a positive approach as long as the compromises are documented and used to feed back to inform the prescriptions – this could lead to improvements to the scheme over the years – the critical thing is documentation of the changes. However, we were not sure to what extent this sometimes reflected a spirit of compromise at the expense of the habitat in question. We noted the plant species poverty recorded in some of the plans (in habitats which ought to be intrinsically species-rich), and wondered whether there was in this case an opportunity for some enhancement rather than maintaining the status quo.

We feel that an approach that provides the farmer with a description of the desired ***output*** is the

only one that truly integrates agriculture and environment, and where possible the farmer needs to be allowed flexibility in how he achieves this. There would also have to be much greater flexibility and understanding in the assessment of the success of management aimed at specified outputs. Nature is not always co-operative and plant and animal distribution and abundance relates only in part to habitat management; other factors such as weather, disturbance and intra-specific competition are influential. Not only that, but the desired output itself cannot in these areas be through a ***single*** management regime, but rather an 'envelope' within which the farmer can do much as he pleases. The alternative of strict prescription leads to uniformity and a simplification of areas where habitat complexity is often central to the natural heritage interest.

8.3 Supplementary Measures

We did not meet anybody who had been involved with the measures covering rare local breeds, long term set-aside (riparian zones) or organic farming. The latter is not surprising given the very limited take-up of these measures (DAFRD 2000).

9. FORESTRY SCHEME

Of all the RDP measures, REPS included, forestry is arguably the one which is having the greatest impact on the natural heritage interest. This impact is almost completely negative in our view, the exception being the Native Woodland Scheme, and represents the greatest challenge facing the development of a sustainable rural development policy in Ireland. This arises, we feel from a combination of a number of factors.

- Much of the potential for good was neutered by the limiting of the species that could be planted to 'timber' trees – birch, rowan and willow were among the non-grant-eligible species. We saw one farm where the farmer had grubbed up an area of willow in order to plant Sitka spruce. This problem may be mitigated by the advent of the new Native Woodland Scheme, although the integration of this with the main afforestation programme would be desirable in the future.

- We also feel that some way should be sought of making the truly environmentally appropriate combination of management of existing woodland and planting of native species which the native woodland programme potentially represents available to commonages if appropriate. In some areas small-scale planting could be beneficial for nature conservation and the landscape.

- The finite number of years over which annual payments are available represent a much higher proportion of the life of a coniferous than a deciduous plantation, creating in itself an incentive to planting the former.

While the premia seem not to be high enough to encourage broadleaf planting of truly good land, they represent a massive income per hectare compared to agriculture on the poorer land. In the absence of adequate controls, it is to be expected that planting will be concentrated on this 'forestry land', as estate agents are wont to call it.

- Despite the recent requirement for an Indicative Forestry Strategy to be prepared for all Local Authority areas, there seemed little reflection on the ground of a national strategy for the 17% afforestation target (as stated in ***Growing for the Future: A strategic plan for the development of the forestry sector in Ireland)***. The problems raised were that the afforestation policy is strongly driven by this quantitative target with site assessment of the biological diversity value of the land identified for planting virtually non-existent. And even if habitats of high nature conservation value are found (by definition many are not designated) there does not appear to be a mechanism to not grant aid the forestry. The failure of the Code of Best Forest Practice to address the local consequence for biological diversity on land use change associated with farm afforestation is a major weakness.

- Advisers seem to regard the threshold area above which an EIA is triggered as a ***de facto*** glass ceiling to planting. However below this limit, there are ineffective controls on planting from the point of view of impacts on the natural heritage.

- The lack of a ceiling to afforestation payments, their tax free status and the actual or perceived lack of paperwork and sheer bureaucracy compared to both REPS and the Early Retirement Scheme makes them more attractive than even their large payments would suggest.

The fact that they are not limited to farmers compounds this further by providing a mechanism for escaping from the conservatism of the agricultural community, which is itself one of the major, if unrecognised, protective factors for the natural heritage. It may also open the door for the amalgamation of parcels of land into large plantations that would be unlikely to happen if the scheme was only open to farmers. Although many farmers would not contemplate forestry

themselves the scheme introduces a very large economic incentive for farmers to sell off (agriculturally unproductive) parts of their farms to rural entrepreneurs.

- In many areas (notably the west) farmers essentially dislike commercial forestry and will endeavour to only plant trees on the most worthless piece of land they have. This is reflected in a survey of farmers in the west of Ireland in 1992 (in Kearney 2001). Only 12% of farmers had planted and most had done so on bog land or rough grazing. Of the 82% who had not planted most gave the reason that their land was "not bad enough"; of those that would consider planting in the future (10%) the most popular reason was to use up poor ground which was "good for nothing else. This is usually the land with highest natural heritage value, but there is currently no administrative or budgetary mechanism by which farmers can be rewarded financially for this value.

- We regard the 'increase in biodiversity' argument in favour of planting as specious in more or less all circumstances, particularly so when there is no consideration of the existing natural heritage value of the planted ground. Interestingly, in his review of farm forestry trends and farmers attitudes to forestry, Kearney (2001) reported that more than 4 in 5 Irish public adults believe that forests are good for the environment and more than half those surveyed believed more farmland should be made available for forests. This represents a challenge for those interested in promoting the maintenance and enhancement of ***existing*** high biodiversity areas on farms. The main opportunity for the enhancement of the biological diversity of farmland is for the more intensively managed land to be converted to forestry, based on high quality broadleaf trees.

- We completely agree with the farmers' opinion that a prohibition on planting areas of natural heritage interest is a great financial burden, but we feel also that any meaningful cross-compliance has to include this provision. A truly integrated RDP would offer for these areas a nature conservation payment of at least equal value to the forestry payment since it often costs more to farm than to do nothing.

10. LESS FAVOURED AREAS SCHEME

One of the problems which will arise with ever increasing frequency if agricultural support moves from production to the Rural Development 'second pillar', is the difficulty in getting low-intensity farmers, who are conservative, often aged and often having had no formal education, to make the shift. Whereas previously schemes may have changed, they nevertheless had the same basic ethos and were couched in the same agricultural terminology. Some years ago if things got a bit complicated, Department officials were always there to fill in the forms for farmers when difficulties arose.

Now several things have changed. Firstly, Government is much more aware of conflicts of interest and because of this farmers have to fall back on agricultural advisers or their farmers association. Even in Ireland, their reach into the farming community is much less than that of the Agricultural Department.

Secondly, the new schemes are written in a completely new language – one that seems not to relate much to farming, using words like habitats, environment, landscape, heritage, sustainability etcetera. And thirdly, farmers actually have to take the initiative and find out about and apply to these new schemes rather than being contacted by the DAFRD as an existing recipient of agricultural support (e.g. for sheep annual premium, suckler cow premium, extensification premium).

Put together, these are a formidable set of obstacles to participation in Rural Development Measures. Programmes designed to maintain low input farms often end up being taken up by the more educated, younger, but also more intensive sector of the industry.

Against this background, the almost universal penetration of the LFA scheme potentially makes it of immense importance (see section 13.4 below and figure 4).

But there are also ecological reasons why it is a potentially useful vehicle for promoting the natural heritage. At its best, Ireland's countryside is a complex and dynamic mosaic of various habitats where the individuality of each farm and each farmer acts as a filter for policy, creating a true ***cultural*** landscape.

While intensive farming causes changes which are too large, or too sudden, for most wildlife, at the lower intensity end of the scale the patterns and perturbations of agriculture have continued in some form for thousands of years creating an intimate link between humans and their environment.

This does not however mean that all farming activities are beneficial, but that within the system there is a degree of environmental tolerance to changes in management practices. For low-intensity farms (only) then, a policy that aims to integrate agricultural and environmental objectives must first and foremost create the framework within which variation in 'normal' farming activities can continue. The LFA scheme offers a mechanism for delivering this environmental framework because by definition the Less Favoured Areas include a very high proportion of the farms of environmental value (and of course many that are not). In addition the measure is not new and is relatively straightforward for the farmer to understand and, unlike all the other measures, its reach into the farming community is great. Whilst in the past the headage system might have give the signal for farmers to intensify management the new area-based payments do offer the opportunity for different signals to be sent. The area-based approach also gives the possibility of long-term stability, since the payments are less likely to be challenged in WTO negotiations.

Unfortunately the present LFA programme in fact contains few, if any, positive environmental signals. The severe, albeit justified, commonage cross-compliance measures only serve to highlight this omission.

What kind of signals might the measure contain? The initial ones would probably relate to incentives to maintain or encourage environmentally appropriate stocking levels and the optimum mix of livestock types. In the longer term the grazing period might also be included if desirable; but ideally the simpler the framework the better.

The new area-based payments which replace the old "headage" payments open the door for linking payment rates much more closely to the type of pasture vegetation and to give a financial incentive for management practices which perpetuate these types through grazing management practices. This approach, using grazing animals to maintain the biological interest, is increasingly being seen as the optimum management for nature reserves (GAP reference). LFA payments made in this way would be an elegant approach to the management of the wider countryside using the expertise and knowledge of the farmer rather than by the imposition of rigid (often untested) prescriptions.

Of course at present the LFA contains only one minimum stocking level, below which no payments are to be made except where there are over-riding provisions in a commonage framework plan or similar. Nevertheless we believe that there is considerable potential in the measure.

During the interviews we gathered no clear picture of attitudes to the scheme other than from the farmers and their associations. Because the scheme is so new (at the time of writing the proposed revised payment rates for mountain farmers has yet to be formally agreed by the European Commission) their preoccupation was on how the new payment rates related to the old ones and where the winners and losers were located. We were struck by the lack of attention paid to this measure by the environmental NGOs, Dúchas and the DAFRD in relation to its potential environmental contribution. We found little evidence of any serious discussions about using article 16 to target specially tailored support to areas with specific environmental constraints. DAFRD regard Special Measure A as being more than adequate for this purpose.

11. EARLY RETIREMENT SCHEME

We did not obtain any clear picture of the effect that this scheme was having on the environment. We expected to find the situation where, as the older generation retired from farming they would be replaced (through the scheme) by a generation that would want to "improve" the agricultural potential of the land whether or not there were incentives to do so. We expected therefore to find that, for instance, scrub clearance and drainage increased on holdings taken over by a transferee. In fact this was not highlighted to us at any of the interviews. Some indirect information did perhaps suggest this - for example in Kilkenny 70% of the recipients of the installation aids were transferees - but it remains conjecture. It was clear that in all areas the complicated paperwork associated with the measure was something of a disincentive (see comments at the start of section 9 above). In the west and on the poorer ground (potentially of highest nature conservation value) the measure is regarded by farmers as irrelevant. It is only as you move on to the better land that farmers can avail themselves of the scheme because at least 20 income units must be generated by the young people coming in.

12. THE RURAL DEVELOPMENT PLAN – A SUMMARY

For convenience we look at the plan under four main headings:

12.1 Mitigation

- ***To what extent does the RDP prevent the continuation of existing damaging agricultural management?***

The plan has strong provisions for the prevention of damage by over-intensive agriculture both under REPS and under the commonage provisions of the LFA scheme. It should also prevent damage by poaching to any habitats, to aquatic habitats by erosion and pollution by livestock manure, and to hedges by neglect or certain forms of mismanagement. It is certain that these measures have had a positive effect although even the draft Evaluation Report (AFCon Management Consultants 1999) finds it difficult to quantify these at this stage and makes recommendations for future monitoring.

The plan is however poor at recognising damage to habitats by under-use and it fails to appreciate the dynamic nature of livestock and vegetation interactions as well as the dynamic relationship between farming, wildlife and their habitats.

12.2 Maintenance

- ***To what extent does the plan maintain existing beneficial management of the natural heritage by farmers?***

The plan's support for existing good practice is mainly indirect, in that farmers who follow a system, or carry out individual operations which are of value to the natural heritage, are able to avail themselves of LFA and REPS payments and can continue with these beneficial practices. The difficulty is that almost no farmers are barred by cross-compliance from these schemes, and farms on which habitats had been destroyed, unintentionally or otherwise, are equally able to benefit. Indeed, these farmers have few constraints, while those who retain habitats are under a heavier burden, yet receive the same payments. As above, there is the lack of any real positive dimension.

As it operates at present, we see little indication that any aspect of the plan assists farmers towards a true appreciation of the natural heritage value of their holding. On the contrary, the economic signals and the general message is that outside a very narrowly drawn range of sites (mostly, but not exclusively, designated) the most valuable thing a farmer can do is to plant Sitka spruce.

The plan offers few indications of what might be desirable management to farmers outside of commonages and REPS target areas. In the LFA scheme, all farmers who fall below the notional 'damaging' limits are given the same payments within a certain area, whatever their actual impact on habitats and species. The plan offers even fewer incentives to carry out this beneficial management – having a 'habitat' on the farm is a burden, and certainly not the accolade it might be.

12.3 Enhancement

- ***To what extent does the plan encourage the improvement of <u>the farming system</u> from the point of view of the natural heritage, giving detailed guidance where appropriate?***

The main opportunity for enhancement would arise under the forestry measure and REPS. Under the former this would occur mostly through the planting of broad-leaved species on areas of

otherwise low biodiversity value. This has not happened to a significant degree. It remains to be seen what the non-RDP native woodland scheme will achieve, but we anticipate benefits if it is sensitively applied.

On the REPS side, the main vehicles for the promotion of enhancement are Measures 2, 3 and 5 and Special Measure A. Measure 4 seems to have little relevance in this regard mainly because it views "habitats" as areas of ground that are not farmed, so by definition the management of these can not contribute to improving the heritage value or potential of the farming system. Even the basis of the REPS costings reflects this, assuming that habitats are not used for commercial farming purposes. However, properly implemented, measure 4 - the retention of wildlife habitats - would at least leave something there for possible future enhancement.

We feel that the opportunities for enhancement actions is limited in most of these cases by a non-objective-led approach, but that they are nevertheless bound to hit the target on at least some occasions. Under Measure A for designated sites, the often poor relationship between Dúchas and the other players is a significant hurdle to the development of a positive approach to developing the farming systems with heritage objectives.

12.4 Damage

- ***To what extent do RDP measures directly cause increased damage to the natural heritage?***

Three of the RDP measures – LFA, REPS and forestry – aim, in at least some circumstances, to change current management. With LFA, this is limited to the special case of commonages, where change is supposedly targeted at the individual needs of each commonage.

In the case of REPS, damage is caused in many instances by lack of information and guidance on an appropriate conservation plan. This may be in the scheme's rules – through the blanket application of prescriptions, whether appropriate or not. It may be in the scheme's signals – get it wrong and you lose everything, risk getting it right and you get no reward. It could also be in the lack of awareness and understanding of the advisers of the value of habitats, or their potential, or the possible positive role of farming. In all cases, these problems can be solved, but sometimes this will require a change to the scheme itself.

However, with forestry we feel that ***as currently taken up*** the measure is almost wholly damaging, that there seems to be little concern about this (a notable exception is the Heritage Council), and that there are few if any measures in place which might, if better used, counteract this. We feel that the measure is a cuckoo in the nest of sustainable rural development, and not just from an environmental point of view.

13. THE MAIN FINDINGS

13.1 THE NATURE CONSERVATION VALUE OF FARMED LAND

An essential precondition to effectively targeted policies for maintaining the natural heritage on farmed areas and promoting those agricultural systems and practices which are beneficial to species and habitats of interest is an appreciation of the value of what is there. This we felt had to be our starting point in evaluating the plan and its implementation in our various sample areas. It is also the unspoken starting point for creating the policy in the first place.

Figure 1 summarises our interpretation of the differences between our assessment, the perception of the agricultural community and the message from REPS.

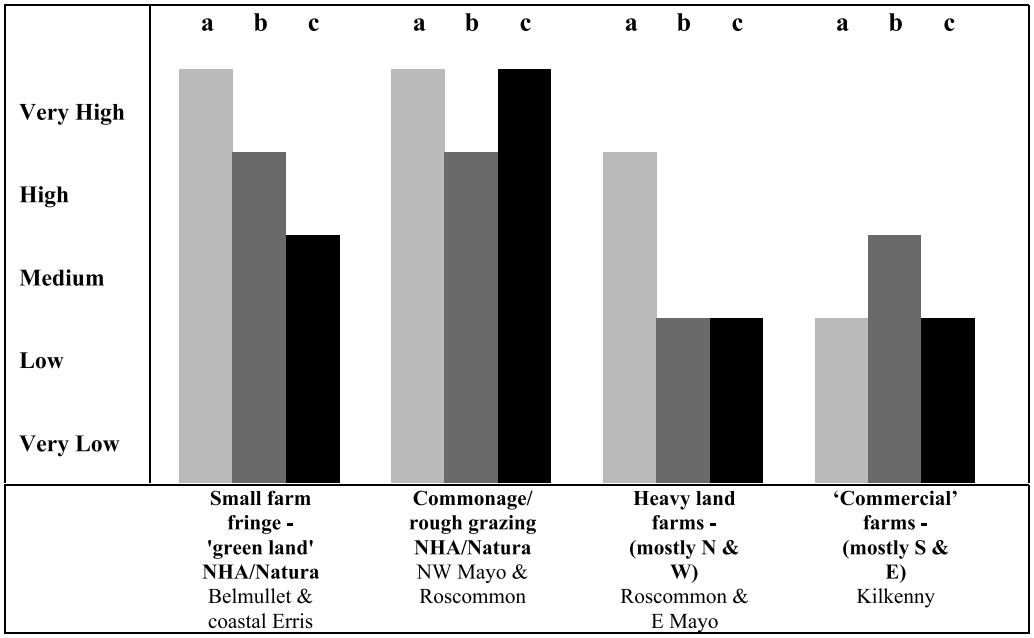

FIGURE 1: Nature conservation value of farmed land: a) our assessment; b) perception of agricultural community; c) message from REPS

Our own assessment was of course that of outsiders. This brings some benefits - we have a chance of seeing with fresh eyes what may be everyday, dull or tedious to the local perception. We might also have a greater cynicism towards views whose veracity might be taken as read within Irish farming circles. We also come to the question with the eyes of people working not in environments where habitats have been destroyed by farming, but from an area of Europe - the Northwest Highlands and Islands of Scotland - where the relationship between farming and the environment is in many cases benign or positive. This is true from a biodiversity point of view as much as from a landscape perspective.

Unsurprisingly we found most to interest us in the less intensive areas. In general, the level of interest varied pretty much with the quality of the land - poor where the land is most productive and best where the land is wet or exposed or in some other way less suited to farming. (This is precisely why the LFA measure deserves to be recognised as a potentially pivotal deliverer of environmental benefits.) The only real exception to this overall pattern was that of the machair on Belmullet, which due to its soil conditions and location is both productive and of high nature value.

In general we felt that farmers had a fairly good assessment of the environmental goods produced on their land. However, there were some interesting patterns. In general we felt that the lower the heritage interest, the more inflated was the farmers' and advisers' view of a farm's environmental value - farmers like to believe that *all* farming is environmentally friendly. In contrast, farmers of

areas of high nature value tended to underplay the heritage interest. This was both because of their sheer familiarity with the features in question - rushy fields, moorlands, bogs and the like - and because their judgement often conflates heritage interest with agricultural value (bogs are 'good for nothing', rushy fields are 'waste ground' etc.).

The difference between our perception and that of the local agricultural community was greatest in areas like Roscommon and Castlebar where high profile sites or habitat types are unusual and where poor land has led to historic congestion and present-day low farming incomes.

REPS also implicitly makes a statement about the value of farmers' land but its suite of rules on the one hand and payments on the other. If REPS does not reward positive management or punish damage of a natural heritage feature, then this puts a lower value on that habitat or species than if it does. Our feeling was that while REPS was clear about the value of commonages and those SACs and SPAs which are only able to support low densities of livestock, it is less clear about the value of more intensively stocked habitats such as machair and not at all appreciative of habitats on gley land farms in the Midlands or of those few remaining pockets of habitat on the intensive farms. In fact in the case of the last two classes, the scheme actually penalises farmers whose plan recognises these habitats. The interplay between this combination of carrot and stick and the potential extra income available from carrying on without REPS participation is of course crucial to the success or otherwise of REPS in the various areas.

13.2 The actual effectiveness of REPS

REPS addresses the maintenance and enhancement of *existing* natural heritage interest on farms in 2 ways. Firstly, and this is REPS's strength and the logical outcome of the policy goals of the RDP, it attempts to limit those practices which are damaging to nature conservation. How well does it do this and does its effectiveness in this regard vary across the country? The question is not simple, since it is related both to what is actually there and, crucially, whether REPS as a scheme or REPS planners recognise its value. We can therefore see a link with 13.1 above.

Figure 2 below is a representation of how we assessed the actual effectiveness of REPS in limiting practices which are damaging to nature conservation and specifically promoting practices which are beneficial to nature conservation.

In general we felt that REPS would have most effect on damage prevention on commonages and on designated areas of rough grazings. Here there are specific and hard-hitting measures which are combined with cross-compliance in the main support payment schemes. On the more intensive areas (such as machairs) we were left with some doubts - there seemed to be positive co-operation with Dúchas (although we were unable to get Dúchas to confirm this or to comment in any way on the situation), yet acceptable stocking densities seemed high as judged against the norms on similar areas in Scotland.

On the intensive farms and in the wet Midland farms, we felt that whether or not there were large or small areas of 'habitat', REPS as delivered was poor at identifying them and therefore protection could not be adequate.

REPS also specifically promotes the positive management of some areas of natural heritage interest. The key word here is 'some'. REPS offers no payments to manage any non-designated habitat, so that in most of the country it has to achieve all its objectives by protection alone. On some Target areas - machairs and similar sites, for example - there is no choice but to engage positively with farming, yet we were not able to ascertain the level of success obtained, or whether (as with the protection elements of REPS) the situation moved on from merely formalising existing management. Experience in the Burren suggests that reaching the desired outcome is not always simple and may even require amendment of the requirements for some habitats.

On the other hand, on the commonages and other poor quality land, we get the impression that REPS II is satisfied with strong protective action - we get no impression that farming systems could be positive management tools on ***any*** of these areas.

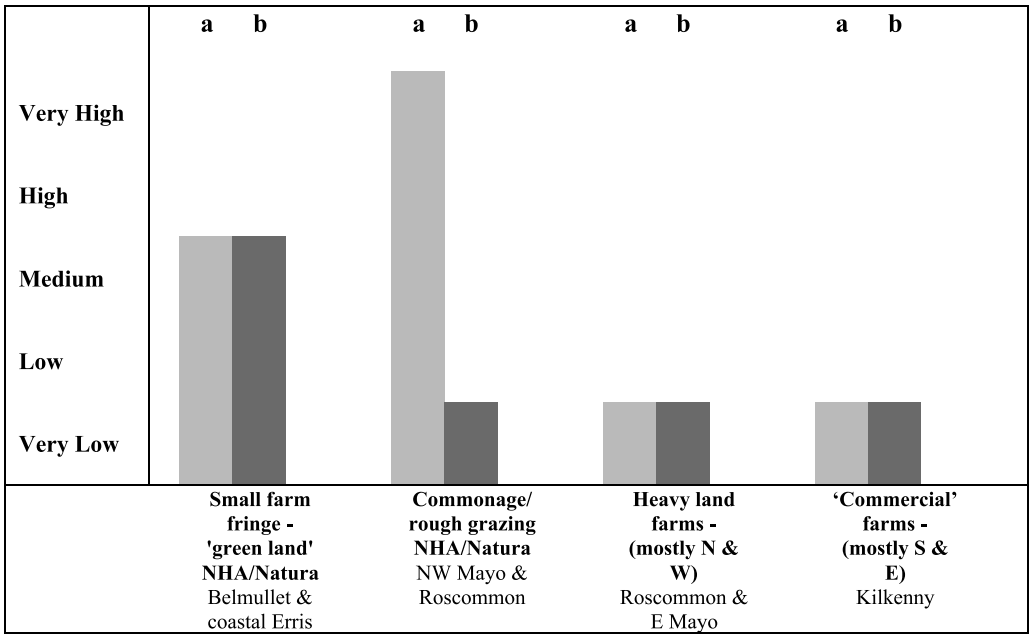

FIGURE 2: Actual effectiveness of REPS in a) limiting practices which are damaging to nature conservation; b) specifically promoting practices which are beneficial to nature conservation

13.3 Forestry

Overall we were very concerned at the potential threat of forestry to Ireland's remaining farmed high nature value areas. However, the picture is one of subtle variation, with many factors at work. We have attempted to summarise these visually in figure 3.

We tried first of all to illustrate the ***actual*** imminent threat from forestry to semi-natural habitats and the reasons why this is the case ("a" in the figure). In the extreme west, climate, soils and the difficulties of planting on commonages all contribute to a low impact. In some areas designation itself acts as an effective barrier to afforestation. However in the rest of the country the picture is quite different. In the more intensive areas, afforestation is common - the blocks are small for the most part, but this only reflects the patchiness of the remaining semi-natural habitats, which are still by far the commonest areas planted. Here farmers take a more-or-less economically rational view of forestry schemes.

Secondly we considered what the benefits might be of ***appropriate*** planting, in other words, to what extent might planting in the right places increase the natural heritage interest ("b" in the figure). Not surprisingly we found that this was proportional to land quality - almost the reverse pattern to the present pattern. Therefore, far from being anti-forestry, we see a strong case for yet better incentives for some types of planting, but with much stronger control on the selection of site and much greater countervailing incentives for appropriate non-forestry management, particularly as support for farming systems would go with rather than against the social grain.

Most interesting is the situation in the small farms on poor land, reflected by "c" in Figure 3.. Here afforestation is surprisingly infrequent, considering the attractiveness of the payment relative to both REPS and the Compensatory Payments, the tax breaks and the availability of the premium to non-farmers. The reasons for this discrepancy are purely social - farmers are extremely reluctant to engage in forestry - as reluctant as they are to sell their land (see Kearney 2001 for a review). This fact has very important implications both for considering the 'effectiveness' of the forestry measure and in modelling the reactions of future generations of landholders in these areas. Current patterns are ***not*** economically rational and the future is therefore highly unpredictable.

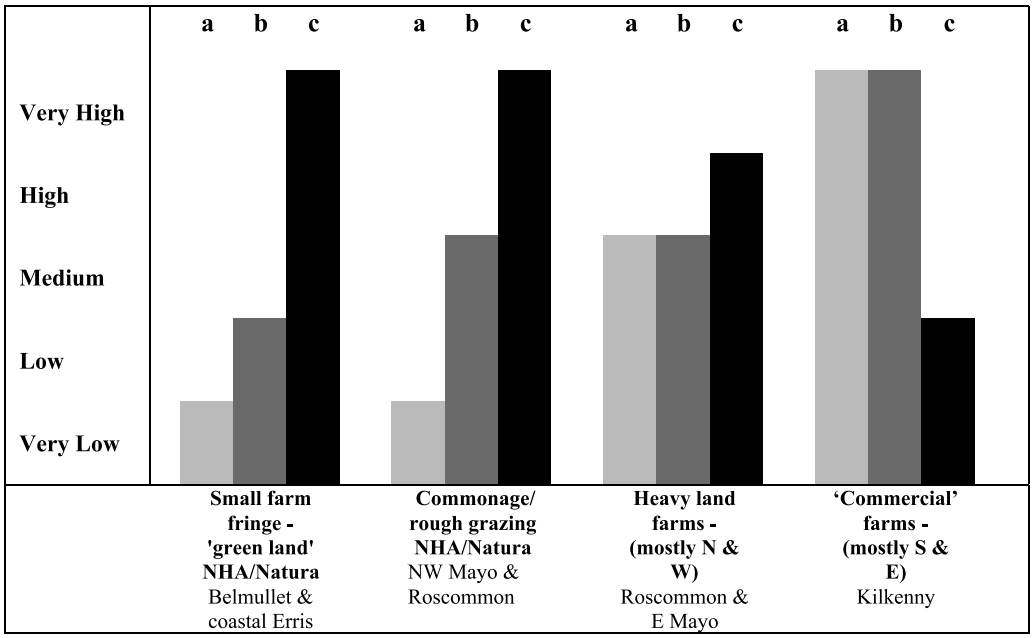

FIGURE 3: Forestry/ farm woodland: a)degree of actual threat to remaining nature conservation from current Forestry Scheme; b) degree of potential benefit to nature conservation from appropriately targeted scheme; c) importance of non-scheme reasons for not planting

13.4 The penetration of RDP schemes

Finally, in considering how best to support those systems which are valuable from a natural heritage viewpoint, we looked at the penetration of the various RDP schemes, in other words, how many farmers participate in each of them in the various areas (Figure 4).

The pattern of forestry has been discussed above. For REPS, the pattern has up to now been roughly in inverse proportion to the commercial attractiveness of farming. This is not surprising, as the payments are uniform across the country and therefore have a different relationship to income foregone and additional costs in the various areas. It is also the case that many of the rules have more impact on the more intensive farms. The exception is on the commonages in the west, but here the link with headage payments makes for a special case. It will be interesting to see how intensive farmers react to a raising of the basic standards of farming as Ireland begins to comply with the Nitrates Directive.

One other exception to the rule, and one of significance in some areas, is that there exists a number of farmers for whom REPS is *effectively* inaccessible. This is due to their level of literacy, their age, conservatism and lack of dealings with Teagasc, let alone any independent planner. These are the same individuals who through ignorance and pride fail to claim all their much-needed social security benefits. These farmers do however in many cases provide considerable public goods in the form of extremely appropriate forms of land management and their future is therefore a 'heritage' concern.

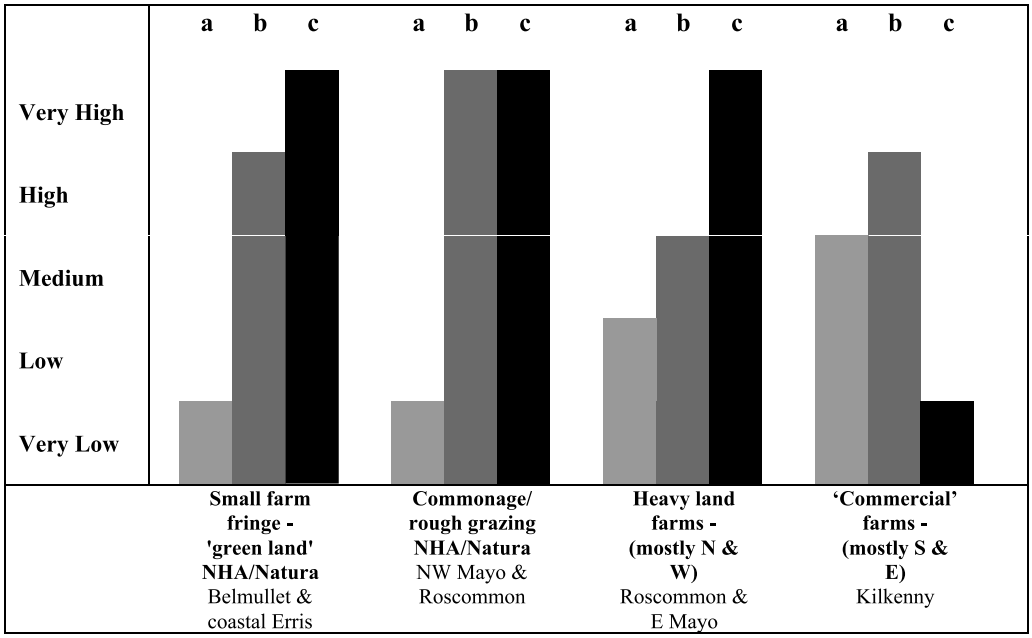

FIGURE 4: Degree of penetration of: a) Forestry; b) REPS; c) LFA support ('Headage')

To some degree or other, all the RDP measures have imperfect penetration, with one exception. The LFA measure alone reaches almost all its target audience. Recent press reports have highlighted the degree to which some farmers are ignorant of the possible benefits of REPS; a similar story regarding LFA payments is inconceivable. Thus at present the LFA payments have a huge potential - the highest of all the schemes perhaps - to deliver the RDP objectives. This potential is completely unrealised. There would be political difficulties in such an approach, but much good can be done *without* losing the socio-economic focus of this measure. Environmentally-desirable farming systems can be supported in remote areas *without* the rigid constraints of income foregone rules. The degree to which farmers' bodies and Government can embrace this concept is to a large extent governed by their appreciation of the true environmental benefit of farming in these areas and the degree to which they regard it as one of Ireland's strengths.

13.5 Part time farming - an issue arising from the Heritage Council workshop

One aspect was however new - a very interesting and significant discussion arose as to the merits or otherwise of part-time farming which raised many subsidiary questions as to the effects of a shift to part-time farming (which is undoubtedly occurring in much of the country) on the natural heritage. This goes considerably beyond the RDR and has significance both in the development of an overall vision for Rural Development and of ideas regarding the overall character of sustainable agriculture in Europe.

Many EU governments and even more EU environmental NGOs, along with numerous academics interested in rural development, tend to portray part-time farming as the answer to many of rural society's ills. Farmers would become better integrated into the wider economy (which tends to expand at a faster rate than does agriculture), gaining economic strength and contributing to a more stable industry better able to retain rural populations. Farmers would also lose the economic imperative to produce all their income from the land, allowing the introduction of less damaging and less intensive production methods. Farm amalgamations would not have to proceed at such a rate to maintain the viability of farming families.

The views expressed at the workshop took another line. Part-time farming was seen as a short-time halfway house to the abandonment of farming. As 'secondary' income sources grew with the wider economy, the receipts from the farming business would fall further and further behind, making farming less and less attractive. Part-time farming would expose the management of the land to the

realities of the opportunity costs of farming, which are partially hidden in a world where farmers rely solely on on-farm income. Meanwhile farmers' incomes would appear to be maintained, pulling the sting from calls for continued or increased support for agriculture.

These thoughts were completely new to us. Working as we do in the Crofting Counties of Scotland, we are used to a view of the world in which part-time tenants of small units are the guardians not only of rural population, but of environmental value and of cultural features, not least the Gaelic language. We were aware of the changes in the crofting agricultural economy, but always considered this to be separate from the traditionally part-time nature of the land use pattern. These discussions made us question our preconceptions.

What are the implications for the natural heritage? Perhaps it depends on how stable a transition phase part-time farming really is. Crofting has survived for over 150 years, but for most of that time change was relatively slow, production supplied real market demands and the alternatives, at least in the crofting townships themselves, were few and far between. Crofting's perceived benefits are perhaps the unstable and dying relics of past necessities. Irish part-time farming will not have that tradition behind it and is emerging at a time when travel it cheap and opportunities outside of farming and in many cases outside of the farming area are not so rare.

Certainly there may be little encouragement for part-time farmers to intensify, but one of the core arguments in this report is that the natural heritage issues in Ireland are ***not*** limited to protection ***from*** farming, but in many cases the ***encouragement*** of desirable farming systems. The record of crofting throughout most of the Scottish Highlands and Islands is not good in that regard, despite its long traditions. Cropping is essentially dead in most areas, cattle - keeping is in severe decline, haymaking is down, and so on. Ireland cannot afford just to hope that it's grazed wet grasslands and hay meadows will not go the same way.

Part-time farming is inevitable in many areas. However, mass planting of Sitka spruce dominated forestry plots or the continuing decline in income for positive land management (in other words, farming) compared to off-farm income is not a certainty. The question is whether the issue is recognised and whether policy is able and willing to address the issues. Further debate is required on this issue in Ireland – this would be an appropriate topic for the Mid-Term Evaluation of the RDP. As just one example - agri-environment payments that are based solely on the income foregone ***from agriculture*** become less and less relevant as non-farm income levels grow. Their success depends on farmers being economically irrational - perhaps not a firm foundation for sustainable development that properly addresses land use questions.

13.6 Concerns about the uptake of REPS II

There is some concern that the (very large) number of farmers who entered REPS I will not all choose to transfer into REPS II. A number of reasons have been advanced to explain this. These include:

- uncertainty over the implications of the Commonage Framework Plans and the details of the Dúchas state aid scheme for commonages
- the lack of index-linking of REPS payments
- an unhappiness with the bureaucracy of REPS
- an unhappiness with the scale of REPS penalties

It will be interesting to observe the effects on Ireland's implementation of the Nitrates Directive on both payment levels on the one hand and the relative attractiveness of the payments on the other. A possible consequence could be an increased level of participation by the more intensive sectors, but an overall decrease in the payment levels, which would hit those producers with least income the hardest. We also note below that these units are in fact not properly rewarded/compensated for the management of semi-natural habitat. We therefore feel that in the medium term it would be appropriate from both a legal and practical point of view to reward farmers more directly and

individually for the public goods they actually produce; rather than for notional benefits derived from prescriptions that reflect national averages (e.g. average nitrogen inputs or standardised dates for operations such as slurry spreading). In any event the complex interactions and their effect on high biodiversity farms deserve monitoring by the Heritage Council and others.

13.7 Defining "Good Farming Practice"

During the workshop discussions and to some extent in the interviews there was a lack of understanding about where the boundary lies between good farming practice and environmental actions that go beyond this. This is a situation that is not unique to Ireland but it is one that will become increasingly important in future rural development plans in which agri-environment measures play a significant role but where the budget available will always be a significant limiting factor. Good farming practice in the context of REPS really equates with "minimum standards" designed to reflect both minimum EU and national environmental requirements. However REPS 1 has provided payments for actions which help farmers meet these standards (e.g. nutrient management, grassland management and the protection of watercourses) yet has not included payments for maintaining environmental value beyond this threshold. This should potentially be a topic that is addressed during the mid-term assessment and in the longer term because it could help address some of the broader heritage issues identified in the report.

14. WAYS FORWARD: POSSIBLE CHANGES AND REMEDIES

The fieldwork and the discussions at the workshop have provided information which could form the basis for the development of a number of realistic and achievable recommendations for the future development of this and future plans. Some of those that we regard as potentially the most important listed below; not all those that we as consultants would press for strongly but they do reflect the feelings of the interest groups we met. As such they are a fair reflection of what the views that the study found. For example, index linking of payments to inflation was a recurrent issue raised by farmers, advisers and farmers associations.

- There are big gaps in understanding between the main interest groups involved (this is a situation not unique to Ireland) and this came through clearly during the interviews. There is a need to find some common (positive) ground, or issues of mutual concern, that they can work together on (e.g. developing a new approach to the LFA measures). But even to move to this situation will require some practical changes to the way that the various organisations involved interact. The Heritage Council has called for the establishment of an ecology unit with the DAFRD, so that nature conservation can percolate into the agricultural sector's work. We would also suggest a much stronger agricultural section is needed in Dúchas or at the very least much better liaison and inter-departmental working between Teagasc and Dúchas.

- Introduce a positive management tier into REPS over and above Special Measure A along the lines of the cumulative payments that have been suggested by the Heritage Council. This would, mean that those farmers with the land of highest heritage value can avail of a number of payments based on different positive management actions.

- Consider lifting per hectare limits on all positive management prescriptions

- Introduce index-linking of all schemes

- Introduce an intensive awareness/identification programme of grassland habitats for DAFRD and Teagasc; as a secondary priority, this could be followed up with sessions on water margin and hedge management. From a strategic point of view, consideration should be given to a national inventory of grasslands.

- Increase the awareness in Dúchas of agriculture and improve the way Dúchas interacts with farmers; at the same time improve the awareness of the DAFRD of heritage issues. With an imaginative approach these twin objectives might be achieved through a single action. In particular, ensure that ***all*** farmers with designated sites, particularly those not in commonages, get a visit from the local officer during which the interest of their land can be explained and the interaction with agriculture is discussed (ensuring that the objective is a two way process).

- Clarification is needed about the legality of REPS plans for Special Areas of Conservation (SACs). For these sites, where the REPS plan is really the only management plan for the SAC, Dúchas do not have access to the individual farm plans. We suspect that under the terms of Article 6 of the Habitats Directive, these farm plans (and REPS) cannot constitute a plan under the meaning of that article. It brings into question who is the competent authority and ultimately responsible for maintaining the conservation interest of the site.

- Allow an objective-led flexibility in all Measures in REPS

- Develop a clear strategy, compatible with other rural development priorities (including European, national and local biodiversity goals), for directing the national forestry planting target of 17%

- Make the identification of forestry land within REPS a true cross-compliance measure

- Increase the premium for planting of broadleaves on improved land, but ONLY along with the following:

    - Introduction of much stronger cross-compliance restrictions on planting unimproved or reverted improved land.

    - Abolishing the eligibility of non-farmers to the annual forestry payments, except for the Native Woodline Scheme.

    - Treating the annual forestry payments for tax purposes in the same way as REPS, LFA or production subsidies.

This review, despite its limitations, provides some indication of the extent to which measures under the Rural Development Plan could contribute to the natural heritage and suggests that a number of opportunities are being missed. These are not confined to the operation of REPS. They also arise from the implementation of certain other measures in the plan and the overall level of integration between them. A more formal review of the plan against biodiversity objectives would now be timely as preparations are being made for the Mid-Term Evaluation of the Rural Development Plan. Such an evaluation would be greatly facilitated by further investment in baseline data on the natural heritage. This would help to strengthen the integration of biodiversity concerns and objectives into the different components of the current and future plans.

Appendix 1: Heritage Council Workshop programme and list of attendees.

Organisation	Name
	Brendan Dunford
BirdWatch Ireland	Catherine Casey
Consultant	Eric Bignal
Consultant	Jim Phelan
Consultant	Gwyn Jones
Consultant	David Baldock
Dept. of Agriculture & Rural Development Nth. Ire.	Rosemary Daly
Dept. of Agriculture, Food & Rural Development	John Roughneen
Dept. of Agriculture, Food & Rural Development	Eoin MacGuill
Dept. of Agriculture, Food & Rural Development	Oliver Cronin
Dept. of Agriculture, Food & Rural Development	Dan Gahan
Dept. of Environmental Science, NUI Galway	Mike Gormally
Developing the West together	Patrick Gohery
Developing the West together	Martin Collins
Dúchas - The Heritage Service	Ciaran O'Keeffe
Dúchas - The Heritage Service	Alan Craig
Forest Service	Bill Murren
IFA	Barbara McGuire
IFA	Michael Bergin
IFA	Sean Malone
Mulinavat	Sean Keneally
Teagasc	Eugene Ryan
Teagasc	Catherine Keena
The Heritage Council	Michael McMahon
The Heritage Council	Liam Lysaght
The Heritage Council	Beatrice Kelly
The Heritage Council	Michael McNamara
The Heritage Council	Seamus Kelly
The Heritage Council	John Murphy
The Heritage Council	Michael Starrett

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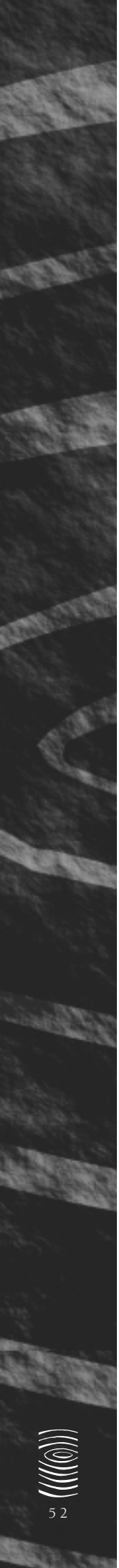

COMMENTS ON THE MID-TERM REVIEW PROPOSALS

ADDENDUM TO THE FINAL REPORT, AUGUST 2002

for

Heritage Council of Ireland
An Chomhairle Oidhreachta

Prepared for the Heritage Council by

European Forum on Nature Conservation and Pastoralism

ADDENDUM: THE MID-TERM REVIEW OF THE COMMON AGRICULTURAL POLICY.

The Mid-term Review (MTR) paper was published by Agriculture Commissioner Franz Fischler on Wednesday 10th July, although for two or three weeks before the announcement much of the content had been widely leaked by DG Agriculture and had been widely reported and commented upon in the farming press. The announcement represents a highly ambitious package of proposals for changes to the CAP with a complex mix of objectives. Taken together they are more a fundamental reform of the CAP than merely a review of the Agenda 2000 measures.

According to the published timetable for the review, the Commission aims to publish detailed legislation in October 2002. If this is possible then it will then seek the agreement of the Agriculture Council by March 2003, with the aim of full implementation by 1st January 2004. This is a very ambitious timetable and to promote the package and to persuade Governments and farm organisations to support his proposals Commissioner Fischler is undertaking a tour of European capitals.

This addendum summarises the main elements of the package, comments on the proposals and how they might change farming operations on the ground and attempts to point to the issues that might have implications for the heritage interest of farmed land in Ireland. The comments in this addendum are very much a snapshot of some aspects of opinion at the time of writing.

Since this is an addendum to a report dealing with the RDP and the environment, we deal with the measures in an unusual order compared to most commentators, looking first at the possible *direct* effects of the proposed changes on Rural Development measures, then at other indirect effects, then at reaction to the proposals. Finally we suggest some of the possible consequences for the environment were the Fischler package to be adopted in full.

1 RURAL DEVELOPMENT MEASURES (PILLAR TWO)

The MTR proposes significant expansion in the budget for Rural Development, some changes to the funding regime, and the setting up of completely new measures to sit alongside the existing suite.

The main elements are: -

1.1 New second pillar measures

These are all proposed as new accompanying measures, that is, funded everywhere in the EU by EAGGF Guarantee funds and thus potentially also recipients of modulation funding.

- There would be a new Compulsory farm quality assurance scheme ñ an obligatory 5 year payment to all farms who voluntarily join farm assurance schemes recognised by the Member State (which can include geographic denominations as well as more generic measures). On first reading this would seem to allow ongoing payments to organic farmers, for example.
- A new transition aid for 5 years to enable farmers to meet newly implemented, higher mandatory EU environmental, welfare or health and safety standards (NB not to help them meet standards that are already transposed into or are part of national law).
- New animal welfare options to be added to the agri-environment chapter.
- Promotion aid is introduced to complement marketing of high quality products under Article 33, a scheme for promotion of these kinds of product. As a consequence, the remaining separate

promotion aids administered centrally by DG Agri will be targeted exclusively at promotion in third countries.

1.2 Increased funding through modulation

'Dynamic modulation' from Pillar One: made by across the board cuts in the total direct aids of each producer over and above the first E5000 of 3% in 2004, rising to 20% over 6 years. The money saved would be redistributed *at EU level* 'objectively' in relation to the agricultural area, farm workforce, and rural prosperity in each Member State, by the Commission. This would increase the RDR budget at EU level by 10% in the first year (2005), rising such that RDR spend would represent just under one-third of total CAP spend by the end of the 6 year period, and would then total around EUR 12-13 billion per year (twice as much as the current RDR budget). Small farms, receiving less than the ëfranchiseí of E5000 in the reference year, are not subject to any modulation.

1.3 Modifications to funding regulations

The current constraints on modulation money would be relaxed so that:

- Modulation money would be available to all RDR measures funded by the Guarantee budget (i.e. all except non-accompanying ones in Objective 1 areas, and as opposed to the 4 current measures ñ those in the Irish RDP) ;
- There will be no requirement for Member State co-financing of modulation receipts (removing disincentives for poorer Member States)

However,

- The additionality requirement remains (money must be used for new schemes or new beneficiaries).

Also there will be:

- Higher co-financing rates for agri-environment / welfare (increased from 50% to 65% outside Objective 1 and from 75% to 85% inside).

2 HORIZONTAL AND MARKET MEASURES (PILLAR ONE)

2.1 Decoupling of direct aids

The paper proposes a radical change in direct payments to farmers through a new "de-coupled" income payment to replace all direct payments for sheep, beef, and the main arable regimes, plus legumes and starch potatoes. This would be paid on the basis of farms' previous historic receipts under these heads but would be a single payment with no links to current production choices or output levels. The payment would thus be a lump sum each year and would be based on payments claimed and received in a reference year (or years).

When land or farms change hands, the entitlement to income payment would be divided up in proportion to holding area. Payments will be calculated on a per hectare basis by dividing the single income payment by the agricultural area of the farm. Because of the variation between farms in historic support payments the notional rate per hectare would thus vary between individual farms. The Commission thus proposes allowing Member States the choice to take steps to reduce disparities between these notional rates per hectare and actual land use on the parcels in question, by allowing them to set regional rates. Thus, in time, the payments could begin to resemble area payments paid on a regional basis, but only if the Member States wish them to do so. It seems inconceivable that Member States would not wish to avail themselves of this opportunity, as not to do so would grotesquely distort the market in land. However, this would necessitate a system of comparing land quality that may not be available in all Member States.

A similar de-coupled model would be applied gradually to other regimes as they come due for reform - dairy and sugar are specifically mentioned in this context. The Commission argues that the scope of the payment should seek to be as wide as possible so as to achieve the greatest benefits in terms of simplification. However, the decision on what form any future reform of the dairy regime might take has not yet been made, and the MTR document contents itself with listing the possibilities.

The key point about the new payments is that they would qualify as ëgreen box' aid under current WTO rules, a category that has so far been entirely exempt from cuts under the Agreement on Agriculture.

2.2 Cross compliance

This would apply to all income payments. It would include a requirement to meet environmental standards (namely, observing EU environmental regulations), plus a requirement to keep all land on the holding in good agricultural condition, and similar requirements in relation to upholding mandatory EU animal welfare and health and safety standards.

On top of this, there would be a new requirement for compulsory farm audits for all those farms receiving more than EUR 5,000 per year from the decoupled income payment. The Commission notes that further work is needed on this and will begin very soon. In outline, it clarifies that these audits should cover *material flows and on-farm processes* relating to environment, food safety and animal health and welfare as well as occupational safety, and should provide 'the knowledge that producers are *actively managing* these processes as a means of ensuring consumer confidence. In other words, the prime purpose of the audits is to monitor cross-compliance and outline areas for improvement. Member States would be explicitly enabled to support the costs of producing farm audits under their RDPs (see above).

It is clear that the new audits are meant to replace IACS (since detailed annual monitoring of forage area, stocking rates etc. will not be necessary for the new payments). This does however raise some interesting questions. Firstly, how are RDP measures which *do* relate to specific areas and/or stocking rates to be monitored and controlled. Secondly, what mechanism is there to enforce cross-compliance on farmers too small to need an audit (or will cross-compliance not apply to them, in which case, how is *any* link to the land to be ensured?).

2.3 Capping of payments

The Commission proposes an absolute cap on income support receipts, of EUR 300,000 per claimant per year. Any money saved from capping would be retained within the Member State concerned, to spend on rural development

2.4 Market measures

- A 5% cut in cereal prices, with special measures for the dried fodder regime.
- The current 10% set-aside for arable crops to be replaced with a requirement to have 10% all non-rotational set-aside, explicitly as environmental set-aside. This requirement would be built into the broader cross-compliance proposals detailed above.
- Because this set-aside change would remove the current option to grow industrial crops on set-aside land, there would be a new scheme to support energy cropping, based upon 'carbon credit'. This would be a non-crop specific area payment of 45 Euro/ha up to an EU maximum area of 1.5M hectares and paid only to producers who enter into specific supply contracts with processors. The reference area for individual Member States would be based on a combination of their historic levels of energy cropping plus a measure of their CO_2 commitment burden sharing arrangements.

3 OTHER CHANGES

3.1 State Aids

A simplified procedure is proposed, with more blanket derogations in line with those which already apply in other industrial sectors (e.g. for small amounts per beneficiary, or for certain purposes). For these derogations, ex-ante notification would be no longer needed but ex-post reporting would still be required. This would simplify the situation for Member States and make it much less likely that these kinds of aid would be held up for months by the need to seek prior approval from the Commission. Some of these payments *could* be for heritage management purposes.

4 REACTIONS TO THE PROPOSALS

At the European government level, the Netherlands, Germany, Britain and Sweden are broadly in favour. British farmers' organisations are backing the proposals except for the modulation element and the capping; the latter is also opposed by Austrian farmers and also the German government because of the many large farms inherited from the former East Germany. Virtually all others have considerable concern and opposition to a variety of the proposed changes, but Ireland and France (together with Austria and Spain) stand out as being vehemently opposed to the changes both politically and organisationally.

Virtually without exception environmental NGOs have welcomed the proposals. This reception is based primarily on the strong environmental, animal welfare and food safety motivations (for example, compulsory cross-compliance, preferential co-financing for agri-environment), a wider menu of accompanying measures and the proposed farm audits.

The decoupled payment is welcomed by them because this something that these groups have been lobbying for although of itself it is not an environmental achievement per se and there has been little if any analysis to predict exactly what the effects will be (but see the comments below). Whilst area-based payments (that reflect and reward environmental quality) have been called for by environmental NGOs for many years, the payment proposed is rather different. The primary objective of the new payment is to make the CAP more trade-friendly and more acceptable to tax-payers (not subsidising over-production).

Although there is a condition on receiving this payment that the farm must be maintained in a state suitable for agriculture it is very difficult to predict how individual farmers will react and what the implications will be. What is clear is that the market will become a much stronger influence on farmer's decisions and this could result in some fundamental changes to the scale and distribution of agricultural production (see also below).

5 GENERAL COMMENTS ON THE PROPOSALS IN RELATION TO THE IRISH SITUATION

- The overall signals in the decoupling proposals are to reduce intensity at the margin in fundamentally profitable systems and to promote abandonment of fundamentally unprofitable systems
- The meaning of the phrase 'good agricultural condition' is not clear, but it is certainly *not* equivalent to the 'good agricultural practice' of the current Rural Development Regulation and *may* not require any actual agricultural activity by the claimant of the decoupled payments
- The situation with regard to small farmers, of which Ireland has a considerable number, particularly amongst those whose intensity of land use is low, is even more unclear (see above)
- Land values will be affected by the decoupled payment whether this is calculated on a farm basis or using regional or national averages. Farmland with a high rate of payment entitlement

will be worth more than land with little or no entitlement. So farmers with low stocking densities (e.g. organic producers) will be penalised in relation to high output producers on similar land. These potentially large and significant differences in payment entitlements between farms will affect the value of land for sale, rent or lease even where quality and location are similar.

- The *relative* changes in land value could be least for the most profitable farms (where subsidy is a smaller fraction of net income), since the increase in value would reflect the increase in net income of those for whom abandonment is most attractive. However, depending very much on the method of cross-compliance employed, this opportunity to abandon might not exist for those who were close to any 'minimal farming' requirement at the other end of the spectrum. These would effectively remain at least as trapped into their system by the subsidy regime as they are at present and land values for them would probably not rise.

- Since a large proportion of land in Ireland is in conacre (seasonally rented land), there will be a significant administrative burden when the first transfers take place and an immediate manifestation of the effects on land prices which would otherwise take years to impact on individual businesses.

- Modulation payments will be redistributed to the Member States by the Commission on the basis of the various criteria measured at *state* level. This poses difficulties for states where the average values hide large disparities (as might be the case in Ireland). A regional basis for redistribution would be more equitable, but, seen from the Commission's point of view, is likely to be administratively much more cumbersome.

- Enhanced cross-compliance will put even more into question the basis of calculation of REPS payments because the baseline for normal good farming practice will be raised and broadened (e.g. to include animal welfare, health and safety etc.). This will exacerbate the problems already being caused by, for example, the Nitrates, Environmental Impact Assessment and Habitats and Species Directives.

- REPS at present primarily addresses the problems of intensive production (it is a *protection* scheme) but the decoupled payments will of themselves now potentially reduce this problem so it could be argued that there is now more opportunity to use REPS in future to send more positive signals to farmers.

- It was pointed out in the main report that REPS payments for positive management of existing habitats outwith Natura sites are desperately needed. At present the work of maintaining these under low-intensity livestock production is carried out, for better or worse, by the mainstream support payments. Decoupling of these payments means that any positive REPS incentives after the MTR would need to be higher to compensate for the costs of keeping the now apparently redundant livestock.

- There could be less of an incentive to afforest because it would now be easier to get the agricultural support payments, and they have a more significant effect on net income, yet to get them requires land to be 'fit for agriculture' (i.e., not forested, for example). These factors should combine to make the forestry payments less attractive. This would mean that forestry incentives would need to be increased. The strain this would put on the RDP budget could provide an opportunity to re-evaluate the policy and even to pay for different things.

- The possibility for new incentives for organic production will mean that REPS participants already in a "special" measure will have the opportunity of combining this with organic production; something which has up to now been impossible. This gives a clear additional incentive for organic production, particularly in areas covered by Special Measure A.

- If the decoupled payments have the desired effect of reducing output there could be a major contraction of agricultural activity leading to a decline in rural economic activity and further reduce its role in the national economy. Even if a minimum stocking rate is introduced there could, for example, be a significant reduction in suckler cows which would have knock-on

effects on meat plants, service industries and livestock marts. This is proving to be a major political incentive for Ireland's opposition to the MTR.

- Producers receiving less than Euro 5000 in payments will not be subject to modulation or farm audits and IACS. In effect there would be little control or information on these producers. It would be interesting to know what proportion of farms this involves and where they are. In the UK it is 20% (27% in Scotland and 60% in the Highlands and Islands). Although it is not always the case, these smaller farms are often those with highest heritage interest.

6 LIKELY REGIONAL RESPONSES IN IRELAND

6.1 The North and West

Where culture has a stronger influence on farmers' decisions than rational economics it *could* be that nothing will happen and farmers will continue as before. However two things could affect this cultural attitude - the considerably lower prices that producers will be receiving from the market for their produce and the removal of any obligation to keep a certain number of stock or cultivate a certain area of land (yet still be paid subsidy).

However the economic irrationality, or dominant culture, of producers in these areas makes it extremely difficult to predict what changes will occur and to what degree they would be adopted. For instance, one reaction could be to put all the land into forestry because the little incentive that there was to continue farming has been removed. Another reaction might be to go down to the very minimum activity acceptable and become a part-time farmer. If rental values rise it might be more worthwhile to rent out ground and seek off-farm employment - this might contribute to farm amalgamation. Since LFA payments are not included in the decoupled payments, LFA farmers might find themselves with little option but to continue farming if they want to maximise their direct payments, albeit at a lower stocking density, now determined by market demand.

In these more remote areas and where farming conditions are marginal the options for changing enterprise are very limited - sheep and suckler cows will continue to be the main option. However removing the necessity for farmers on the better land (in the south and east of the country) to continue present farming practices could mean that they move into new products (beef or sheep). This would undoubtedly have knock-on effects in the LFA where production per hectare and quality would be lower. Perhaps there would be a better market for store sheep or ewe lambs or perhaps the market would dry up as lowland producers become dominant.

6.2 The South and East

In the more intensively farmed parts of the country there will undoubtedly be a big incentive to reduce livestock numbers and to tailor production much more directly to the market, probably concentrating on "finishing" fewer animals of better quality. It is an interesting question whether the increase in net income caused by the decoupling would overcome the loss of economies of scale on the traditional Irish small farms in these productive areas. Farms might become more mixed, or there could be less cereal production and greater concentration on the grass production to which the Irish climate is so well suited. The supply response of commercial producers to this kind of decoupling is difficult to assess or anticipate given the lack of precedents available but the impact on production should be less where the market returns are a more important component of total revenue. This small reduction may however produce a disproportionate environmental gain, while REPS would become ever more attractive.

7 CONCLUSIONS

Although there appears much in the proposals of potential environmental benefit, considerable uncertainty exists. It is far from clear to what extent the environmental conditions on Pillar One aids could be effectively applied, nor how much of the new Pillar Two expenditure will go on the environment, given the range of new options proposed. We have already outlined our concern that opportunities for the environment in the current RDR are under-utilised in Ireland. Increased RDP funds, even for the 'environmental' measures in the RDR under MTR, do not therefore necessarily imply better environmental outcomes.

Where heritage interest is positively associated with farming activities it is virtually impossible to predict the implication - other than to say that there is likely to be a decline in farming activity. If that activity is required to maintain the heritage interest then it is going to cost much more to obtain this in the future. In other words heritage value that was maintained as a result of production activities will now have to be explicitly paid for and this could have big implications for REPS.

An increased RDP budget for the North and West at very least might be signalled by the Commission's criteria for redistribution of modulated funds, but this is much more likely if the basis of measurement is meaningfully regionalised.

Where heritage interest is damaged or threatened by farming activities it seems likely that the removal of the incentives to produce, together with the enhanced levels of environmental cross-compliance, will have a positive effect. This might not always be the case however because the market would determine the cost effectiveness of the type and intensity of production. On the best land close to markets high output is likely to continue.

Taken together it might be argued that the proposals will lead to a polarisation of agricultural production requiring increased expenditure to prevent negative effect on heritage interest through abandonment of farming and change of land use from farming to other uses, but potentially needing less expenditure to mitigate the effects of intensive agriculture.

Lastly, it is an underlying concern of many Member States and farming unions that decoupling is a sure way of making farm support politically unsustainable, as farmers could apparently literally get paid for doing nothing. This would make the MTR less long-lasting even than Agenda 2000. The States point out that already the Commission, by putting forward these reforms, has in effect broken its word that Agenda 2000 would be effectively unchanged until 2006 and ask, quite reasonably, why they should now be believed regarding the persistence of the MTR reforms. The similarity of the proposals to the US's Freedom to Farm - payments that were meant to reduce to zero over time - has not been evaded commentators. This scenario would be highly unlikely to be of benefit to Ireland's heritage.