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**Northern Ireland Strategy Plan**  
**For Implementation Of The EU Rural Development Regulation**  
**In 2007 - 2013**

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## Introduction

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This annex to the UK National Strategy Plan covers the region of Northern Ireland.

Implementation of the Rural Development Regulation is a devolved matter in Northern Ireland and is currently the responsibility of the Northern Ireland Office Minister for the Department for Agriculture and Rural Development. Should the suspension of the Northern Ireland Assembly be lifted, responsibility for the implementation would revert to the Northern Ireland Executive.

The main text of this strategy focuses on a baseline analysis of the current situation in Northern Ireland. It then goes on to describe the balance of objectives between the three axes of the Rural Development Regulation and the intervention logic upon which the Rural Development Programme is based.

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## CHAPTER 1

### Baseline Analysis Of The Economic, Social And Environmental Situation In The Northern Ireland And Setting Of The Baseline Indicators

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#### Definition of Rural

In acknowledging the absence of any generally accepted definition of 'rural' in Northern Ireland, a Urban/Rural Definition Group was established to identify and delineate settlements. They found that settlements with a population of less than 4,500 should be regarded as 'rural'. However, the report detailed rationale for maintaining a flexible approach in terms of how this definition should be applied in relation to the individual circumstances of each policy. This flexibility is applied, where appropriate, to some measures in the Northern Ireland Rural Development Programme, but in general, the 4,500 threshold is used within this strategy and the NI Rural Development Programme.

The tables below shows the "settlement definition" (as defined above) and the OECD definition of rural and how this is demonstrated in Northern Ireland.

#### OECD Definition

% Population in rural areas <sup>1</sup>		
% Predominantly Rural Regions	% Intermediate Regions	% Predominantly Urban Regions
21.9	40.0	38.0

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<sup>1</sup> Source: Eurostat 2003

## Urban/Rural Definition Group Definition

% of Northern Ireland Population in rural areas <sup>2</sup>	34.9%
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### 1a Competitiveness of the agri-food sector in Northern Ireland

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The relative importance to the economy of Northern Ireland's 27,000 farms and numerous food-processing businesses compared with the UK and former EU-15 is clear. The performance of the agri-food sector is closely linked to the performance of the rural economy in general and therefore the effects of its performance are felt beyond the boundaries of the sector itself.

Agriculture plays an important role in the local economy directly contributing 1.3%<sup>3</sup> of Gross Value Added (GVA) in 2005. This compares to 0.5% (2005) of GVA in United Kingdom (UK) as a whole<sup>4</sup> and 1.6% (2002) of GVA in EU-15.

Agriculture in Northern Ireland accounts for 4.1% (2005) of total civil employment compared with 4.0% (2003) of total employment within the former EU-15 and 1.3% (2005) in the UK.

The food and drinks processing sector<sup>5</sup> also plays an important role, directly contributing 2.1% of GVA in 2004. This compares with 1.7% of GVA in the UK (2004 figure). It accounts for 2.5% of total employment<sup>6</sup> in 2005 compared with 1.5% in the UK as a whole (2004) and had a gross turnover of £2.5 billion in 2004<sup>7</sup>, accounting for 18.9% of the total for the Northern Ireland manufacturing sector. The largest 10 companies generated 44% of the industry's total sales (2004).

In order to sustain, develop and adapt the agri-food industry to meet the many challenges that lie ahead, it is imperative that there is ongoing modernisation and development of the sector and a steady supply of competent people entering the industry each year and that those working in the industry are re-skilled/up-skilled in line with their businesses needs.

### Current Trends in Northern Ireland Agriculture

Of the total Northern Ireland land area of 1.4 million hectares, approximately 80% is in agricultural use. The number of farms in Northern Ireland has fallen by a third since 1980, from 42,000 to just under 28,000 in 2004. This reflects the on-going re-structuring of the industry in response to rising labour productivity and the decline in the relative price of agricultural commodities.

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<sup>2</sup> Source: NI Census 2001

<sup>3</sup> Due to National Accounting Principles, 2005 figures do not include Single Farm Payment

<sup>4</sup> Northern Ireland Agri-Food Sector Key Statistics, June 2006

<sup>5</sup> Data excludes tobacco, animal feeding stuff manufacture and hide/skin processing

<sup>6</sup> Provisional 2003 food processing industry employment figures as % against total of DETI Labour Force Survey 'In employment' data for winter 2003/04)

<sup>7</sup> Provisional estimate for 2003 from Size and Performance of the NI Food and Drinks Processing Sector 2002 (DARD)

The average farm size in Northern Ireland is 38.5 hectares - smaller than the UK average of 56.6 hectares, but about double the EU15 average of 18.7 hectares. In Northern Ireland, 87% of farms are categorised as small or very small. Agriculture in Northern Ireland is predominantly grass-based<sup>8</sup>, with dairy, beef and sheep production accounting for 81% of Northern Ireland aggregate gross margin.

Agriculture employs 33,000 people across Northern Ireland. Farmers represent 4.4% of the Northern Ireland workforce. Poor returns have impacted negatively in farmers' ability to pay for labour and as such many need to adapt their on-farm facilities to compensate for the lack of available manual assistance. Investment to reduce labour input is also needed to support the expected continued restructuring associated with part-time farming and should also make farming more attractive to young farmers.

The social survey of farmers and farm families in NI carried out in 2001/02 indicated that there are 26,490 active family farms that support 107,100 persons. The average number of dependents per farm is 4.04 persons. This increases as the farm size increases.

The total income from farming (TIFF) in Northern Ireland increased between 2002 and 2003, by 41% to £177 million, a rise of 37% after allowing for inflation. However, this increase followed a 33% fall in real terms between 2001 and 2002 and, despite the latest increase, income in 2003 remained almost 27% below the average of the last 33 years, after allowing for inflation.

**Trends in Average Net Farm Income**

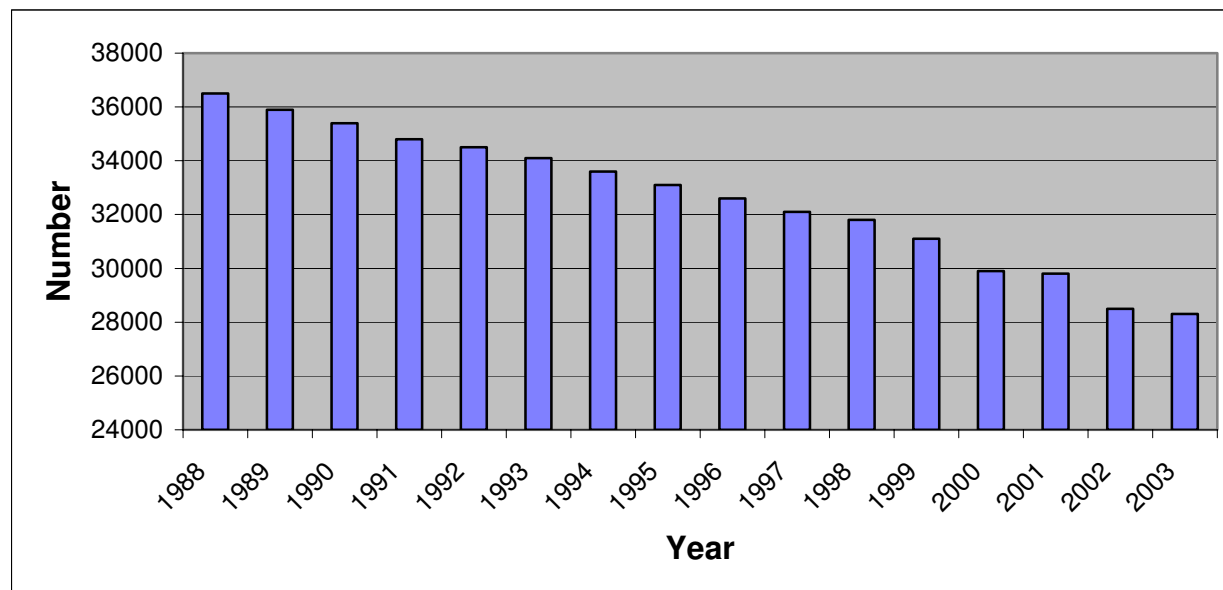
Year	Income (£)
2002/2003	4,499
2001/2002	9,751
2000/2001	6,209
1999/2000	1,954
1998/1999	1,614

Source: *Farm Incomes in Northern Ireland (DARD)*

Coupled with the downward trend in net farm income there has been a corresponding decrease in the numbers of farm businesses. The chart below shows the pattern from 1988 to 2004 when numbers have decreased from 36,500 farms to 28,300 farms.

<sup>8</sup> 78% of agricultural land. 93% of land overall

## Numbers of Farm Businesses



Source: *Statistical Review of Northern Ireland Agriculture 2003*

Agriculture plays an important role in the Northern Ireland economy; accounting for 30% and 44% of VAT registered businesses in accessible and less accessible rural areas respectively, compared to the UK average of 8.8%. The total number of persons recorded as working on Northern Ireland farms has been falling while an increase in part-time farmers has been evident.

### Productivity

The percentage of UK beef supplies produced in Northern Ireland increased from 15.6% in 1994 to 19.7% in 2004. Good grass growing conditions in Northern Ireland and lower total labour costs could explain much of this increased competitiveness despite the constraints placed on the industry through the beef export ban following the onset of the BSE crisis.

Average stocking rates per grassland hectare in Northern Ireland have not altered significantly between 1989 and 2004. However, the productivity of dairy cows has grown steadily over the past 20 years, increasing by 35% in terms of average milk yield per cow. This has been achieved through improved cow genetics and livestock management practices. Similarly, there has been a steady increase in the cereal yields. These productivity improvements have enabled these agricultural sub-sectors to improve their competitiveness<sup>9</sup>.

### Human capital

There is a need to invest in human capital within the Northern Ireland agri-food sector. Historically agricultural education and training have been undervalued by farmers and growers leaving them insufficiently equipped, and therefore slow to respond to changes affecting the industry. Current education / training levels amongst people working in the agri-food sector in Northern Ireland lag well behind national targets. (18% of those actively managing farms in Northern Ireland have Level 3 / 4 qualifications against the Northern

<sup>9</sup> Policy and Economics Division, DARD

Ireland target of 48% of working age people qualified at level 3 or above<sup>10</sup>). There is also a strong correlation between education and training levels and business competitiveness<sup>11</sup>.

**Summary of strengths, weaknesses, opportunities and threats for axis 1**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Labour productivity increased significantly between 2001 and 2005 making Northern Ireland attractive for investment</li> <li>• Land highly suitable for food production combined with good traceability in the food chain</li> <li>• Increased competence / capacity within the agri-food sector / rural community</li> <li>• Success of focus farms to date under Peace I programme.</li> <li>• Tried and tested infrastructure of CAFRE to meet educational /training needs of sector</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Increasing imbalances in the age structure of the industry leading to poor engagement / participation</li> <li>• Constricting scale of sector can result in repetitive/ineffective marketing of development opportunities for farmers.</li> <li>• Low level of formal qualifications within the agri-food industry / rural community</li> <li>• Low incomes within sector compared to areas of economy.</li> <li>• Poor integration of supply chain</li> <li>• High dependence on commodity type products and export markets, consequently vulnerable to both competition and exchange rate changes</li> <li>• Peripheral position within EU and remote from third world markets</li> <li>• Farm income in real terms lower than in 2001</li> <li>• Decreasing capability of individuals within farming sector to finance future investment</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Better enable farmers and growers to maximise returns from their assets and skill</li> <li>• Need to enhance sustainability of the agri-food sector / rural community</li> <li>• Willingness of industry to embrace competence development opportunities through innovative delivery methods</li> <li>• To build on demand for innovative education/training opportunities</li> <li>• To improve overall competitiveness of agri-food industry to meet increasing demand for added value products</li> <li>• To increase innovation in products and processes to underpin development of the industry</li> <li>• To reduce dependency on multiple retailers and diversify beyond current market base</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Uncertainty over SFP / agri-environment legislation implementation / Nitrates Directive / Water Framework Directive</li> <li>• Low product prices threatening sustainability of many farm businesses. Animal health and welfare controls requiring increasing resources.</li> <li>• Epizootic disease outbreak</li> <li>• Competition from new EU Member States and non-EU countries with low-cost economies</li> <li>• Outcome of WTO negotiations and reduced EU export subsidies</li> <li>• Increasing energy costs</li> </ul>

**Axis 1: Development potential**

The baseline indicator and SWOT analysis suggests that the following key challenges need to be met in order to achieve the objectives of axis 1 in Northern Ireland:

- A more competitive agricultural industry achieved through:
  - Increased business and technical competence
  - Improved market focus
  - A dynamic approach to innovation and uptake of new technologies

<sup>10</sup> Draft Northern Ireland Regional Economic Strategy target

<sup>11</sup> NI Survey of Business 2005

- A more competitive food processing industry achieved through:
  - Increased value-added processing
  - Better product development
  - More effective marketing

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## 1b General Environmental Situation in Northern Ireland

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### Background

Issues relating to Northern Ireland's environment are gaining an increasing political profile at both local, UK and EU level. The recent publication of a new Northern Ireland Sustainable Development Strategy (see Chapter Two) clearly puts sustainable development at the forefront of all current and future government policy. This Strategy acknowledges that Northern Ireland has to meet challenging environmental targets that require a cross-government approach. DARD has played (and will continue to play) a significant role in delivering environmental improvements to Northern Ireland through the Rural Development Programme 2007-13.

The agri-environment schemes delivered under the Northern Ireland Rural Development Plan 2000-06 have supported almost 13,000 farmers and land managers who maintained and enhanced the environmental condition of their farmland. Monitoring of habitat quality and extent, as well as invertebrate biodiversity, has shown that participation in agri-environment schemes has successfully protected the biodiversity and quality of habitats under agreement<sup>12</sup>. Nevertheless, with some 40,000 farmers and land managers in Northern Ireland, there is a need to encourage greater uptake.

Northern Ireland habitat and species action plans recognise a continuing long-term decline in a number of key species and their habitats, including peatland and species-rich or semi-natural grassland habitats.<sup>13</sup> This is especially noted in farms outside the agri-environment measures. It is therefore crucial that the new Northern Ireland Rural Development Programme encourages an increased uptake of agri-environment agreements.

### Biodiversity : HNV Definition for Northern Ireland

The protection of High Nature Value (HNV) farmland systems is one of the Commission's strategic guidelines for the period 2007 – 2013. HNV farmland comprises 3 land categories, all of which deliver important biodiversity benefits. Type 1 is farmland with a high proportion of semi-natural vegetation; type 2 is dominated by low input, labour intensive 'extensive' farming or a mosaic of semi-natural and cultivated land and small scale features; and finally type 3 supports rare species or a high proportion of the European or world population of a particular species. Translated into Northern Ireland's topology this means that potential HNV farm systems will be drawn from the following categories:

- The existing agri-environment programme's 'higher tier' options, especially those supporting moorland and heathland (the main Northern Ireland priority semi natural habitat) can be considered HNV

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<sup>12</sup> See <http://www.dardni.gov.uk/index/publications/pubs-dard-environmental/publications-nirdp-presentation-jh.htm>

<sup>13</sup> See [http://www.ehsni.gov.uk/natural/biodiversity/hap\\_ni.shtml](http://www.ehsni.gov.uk/natural/biodiversity/hap_ni.shtml)

- All agricultural areas under organic management are by definition a low input system supporting biodiversity, and therefore should be considered HNV
- Land designations under the Habitats and the Birds Directives (the Natura 2000 network). meet EU conservation priorities and thus can be considered HNV

Currently some 100,000 hectares of Northern Ireland farmland is managed under the 'higher-tier' options in agri-environment schemes, approximately 7,000 hectares is under conversion to organic management or is fully organic, and some 40,000 hectares of agricultural land falls within the Natura 2000 network. Allowing for some overlap between agri-environment participation on land within the Natura 2000 network, we can conservatively estimate the HNV farmland in Northern Ireland at 120,000 hectares. This represents approximately 11% of the Utilised Agricultural area of Northern Ireland.

During the programme it is anticipated that the region's definition of HNV will be refined in conjunction with stakeholders and a more robust estimation of the area derived.

### **Biodiversity: Natura 2000**

Within Northern Ireland there are 53 Special Areas of Conservation (SACs) designated under the Habitats Directive which cover approximately 65,000 hectares of the most seriously threatened habitats and species in Europe. These cover all habitat types, for example significant areas of bogland have been designated throughout the region. 11 Special Protection Areas (SPAs) designated to protect internationally important areas for breeding, over-wintering and migrating birds also exist. They cover an area of 71,000 hectares of bog, lough, estuary and coastline. However not all designated sites can be considered agricultural land, so this figure falls to approximately 40,000 hectares if only Natura 2000 grassland, heathland, upland, peatland and wetland habitats are included.

Fundamental to the ongoing management of the Natura network is an accurate picture of its environmental status. In recognition of this there is a 6 year condition assessment programme for Natura 2000 sites, which will be 75% complete by 31 March 2007. Interim results show that the environmental condition of many designated sites requires continuing work. For example, only 30% of moorland sites, 38% of wetland sites, and 35% of species-rich wet grassland sites were in 'favourable condition' in 2005. Farmers and land managers with land in designated areas will therefore be encouraged to enter appropriate agri-environment agreements.

A designation programme is still ongoing and it is anticipated that by 31 March 2007 a further 8 SPAs and SACs will have been included in the Network.

### **Biodiversity: Quantitative Assessment**

A high percentage of Northern Ireland's landmass (80%) is in agricultural use, and consequently agriculture has a profound influence on the flora and fauna of the rural environment, with much of the rural landscape reflecting centuries of agricultural activity. A quantitative assessment of the impact of agriculture on habitats (and by association biodiversity) within in the region is provided by the Northern Ireland Countryside Survey 2000. This shows that between 1990 and 1998 a substantial percentage of existing semi-natural habitats were lost to agricultural intensification , for example through grassland reseeding or peat extraction. Neutral grassland (i.e. less intensively managed areas such as high conservation value hay meadows) decreased by 32% (12% in the UK) and bogland



by 8% (1% in the UK). Linear landscape features such as hedges, walls or dykes and grass strips, which are important habitats for wildlife in intensively farmed areas, were also impacted. For example stone walls decreased by 8% in the same period.

### **Biodiversity: Forestry**

Woodlands and forestry can make a significant contribution to biodiversity and the amenity value of rural areas. In 2004, almost 12% of the UK as a whole was covered by woodland, with 17% of Scotland, 14% of Wales, 9% of England and only 6% of Northern Ireland.

In Northern Ireland, the area of state forestry has remained relatively constant since 1995 at around 62,000 ha. However, the area of privately owned forest has increased by 26% over the same time period to 24,000 ha. This expansion has mostly been supported by the Woodland Grant Scheme and Farm Woodland Premium Scheme. In 2004-2005, 93% of new plantings in Northern Ireland were of broadleaved tree species.<sup>14</sup>

### **Water Quality**

The Water Framework Directive, builds on earlier EU Directives and seeks to deliver an integrated approach to water management. All activity is catchment based (one River Basin District (RBD) and three International RBDs were designated in 2004) and appropriate River Basin Management Plans (RBMPs) are currently being formulated. Their environmental objective is to deliver “good status”, which is assessed in a variety of qualitative and quantitative ways, which include a water body’s chemical and biological status. Currently in Northern Ireland, the percentage of river length classified as being of good chemical quality has increased steadily from 44.2% to 57.6% in the period 1990-2003 while that classed as only fair has decreased from 50.8% to 35.4%. Conversely, the river length of good biological quality has fallen from 40.8% to 23.5% while that classed as being of fair quality has increased from 56.6% to 76.1%<sup>15</sup>.

It is envisaged that the robust measures being implemented from 2007 through the Nitrates Directive Action Programme will help to ensure agriculture’s contribution to meeting the future requirements of the Water Framework Directive, namely ‘good’ ecological and chemical water quality status by 2015.

Under the Nitrates Directive, Northern Ireland designated seven small Nitrate Vulnerable Zones (NVZs) in 1999 and 2003, due to elevated nitrate levels in groundwater, and introduced an Action Programme. To address eutrophication (nutrient enrichment) of surface waters a ‘total territory’ approach to implementation was adopted on 29 October 2004 and an Action Programme to apply throughout Northern Ireland has been developed.

This revised Action Programme will be implemented from 01 January 2007 and key requirements include closed periods for spreading manure and other fertiliser during the winter months; a minimum manure storage requirement and a stocking rate restriction.

Northern Ireland is not included in the infringement proceedings in relation to the Nitrates Directive which apply to the UK, due to the adoption of a ‘total territory approach’, the development of a revised Action Programme and active engagement with the Commission. To assist farmers invest in manure storage facilities to comply with the Action Programme,

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<sup>14</sup> Forest Service, DARD

<sup>15</sup> Environment Agency, SEPA, EHS

aid is being provided through the Farm Nutrient Management Scheme (FNMS) which is outside the Rural Development Programme.

However, the agri-environment measure will support actions to enhance water quality which will be additional and complementary to the requirements of the Nitrates Directive Action Programme.

### **Mitigating Climate Change**

Climate change is a recurrent natural phenomenon; however, recent sudden changes are felt to be directly attributable to human activity. Projected impacts range from an increase in temperature between 2 and 4 degrees to an increase in the length of the growing season. Many gases derived from a wide range of sources contribute to overall global warming. For example the Northern Ireland agriculture sector is current thought to be responsible for 24% of the total greenhouse gas emissions within the region. More specifically in 2003 91% of the total Methane and 88% of the total Nitrous Oxide emissions were attributable to agricultural activity.

### **Meeting The Challenges**

Although economic forces have driven the intensification of agriculture and led to a net loss of habitats, biodiversity and landscape character, these effects can be halted and reversed through appropriately targeted Government interventions.

In Northern Ireland at the end of 2005, 331,014 ha (27%) of farmland was under agri-environment scheme management. As a proportion of total farmland, this closely mirrors the UK average<sup>16</sup>.

### **Meeting The Challenges – Biodiversity**

Existing agri-environment schemes were re-configured in 2005 to be more closely aligned to the achievement of the Northern Ireland Biodiversity Strategy (2010) Habitat and Species Action Plan targets. The challenge for 2007-2013 will be to ensure substantial uptake of such options by existing and new scheme participants. Indicator 17 (Biodiversity: Population of Farmland Birds) will be used to chart the success of the schemes. Additional locally derived indicators, including surveillance of Irish hare, European otter and indigenous bat populations, are also proposed.

If Northern Ireland is to deliver HNV farming systems and the associated biodiversity and landscape character benefits it will be essential to continue to recruit Natura 2000 farmers into the agri-environment programme. Growth in Organic Farming Scheme membership will also be a requirement. The area of HNV farmland under agri-environment agreement, and the area under organic management, will be used as a measure of success.

### **Meeting The Challenges - Water Quality**

Agriculture is seen as the major source of diffuse pollution within the region and consequently the RBMP's programme of measures contains not only basic obligatory measures (Nitrates Directive related activities) but also optional supplementary measures to address this problem. The proposed agri-environment programme is seen as an important RBMP supplementary measure, which delivers in excess of the statutory minima.

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<sup>16</sup> DEFRA and Scottish Executive website

Northern Ireland's challenge will be to ensure that the measures delivering improvement are adopted across catchments to ensure a measurable, positive outcome. Indicator 20 (Water Quality: Gross Nutrient Balances) will be used as a measure of the success of this approach.

### **Meeting The Challenges – Mitigating Climate Change**

Mitigating climate change is an area of policy that is largely driven on a UK basis and is currently one of the top priorities on the Government's policy agenda. The UK's Climate Change Programme, published in March 2006, sets out the Government's approach to tackling this challenge.

The UK is committed to a target of reducing greenhouse gases by 12.5 percent below base year levels by 2008-12 and has set itself a domestic goal to reduce emissions of carbon dioxide by 20 per cent by 2010 and 60 per cent by 2050 below 1990 levels. In order to try and meet these targets, the proposed agri-environment programme contains measures that will have an impact on greenhouse gases, for example, grass margins planted with trees.

In 1990, conifer forests contained 3–4 MtC<sup>17</sup> and broadleaved woodlands contained about 0.8 MtC (trees + litter + new forest soil). In 1990, conifer forests were sequestering 0.15–0.20 MtC a<sup>-1</sup> and broadleaved woodlands about 0.025 MtC a<sup>-1</sup>. To maintain these sink sizes, new conifer forests need to be planted at 1500–2000 ha a<sup>-1</sup>, and new broadleaved woodland at 100–150 ha a<sup>-1</sup> in addition to full restocking. Current carbon sequestration by Northern Ireland forests represents around 6.5–8.2 per cent of the total for UK forests and is greater per hectare than in Britain because the average forest age is younger in Northern Ireland.

The support offered for afforestation under the NIRDPA will contribute significantly to the stated carbon sequestration targets. Evidence suggests that organic farming also reduces agricultural emissions. It will be important however, that such measures are proactively promoted to ensure adequate uptake and the associated delivery of the programme targets.

DARD does not yet have a full set of clearly defined policy objectives for Northern Ireland on renewable energy and it was considered necessary to establish a coherent policy on which DARD can base future strategies for the use of agri-food and forestry resources across Northern Ireland.

Work on the policy development process has been taken forward and a Renewable Energy Strategy and Action Plan is nearing completion. The Strategy should be finalised by January 2007 and published thereafter.

The Renewable Energy Strategy is likely to focus on the opportunities for alternative land uses (biomass and biofuels) to broaden the economic base of agriculture; the integration of sustainable waste management with renewable energy production; and the opportunities to deploy renewable energy technologies within the rural economy.

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<sup>17</sup> trees and litter

### Summary of strengths, weaknesses, opportunities and threats for axis 2

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Stakeholder &amp; NGO commitment high</li> <li>• Current Agri-environment schemes making a strong contribution to local biodiversity targets</li> <li>• Increasing public confidence in forestry providing a credible option for land use</li> <li>• Environmental condition of land is improving across NI due to rigorous State/EU land management requirements.</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Lower uptake of programme options delivering greatest environmental impact</li> <li>• Delivery of Water Framework Directive and climate change mitigation not yet well developed.</li> <li>• Poor client servicing and an associated VFM reduction</li> <li>• Need for update of statutory basis for forestry in Northern Ireland with powers to develop more diverse opportunities.</li> <li>• Existing commitments under previous programme reducing availability for new measures.</li> <li>• Natura 2000 sites are not supported</li> <li>• 70% of NI farms are in areas of disadvantaged land suffering problems such as difficult topography, poor climatic conditions and unproductive soil conditions</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Refocus delivery mechanisms to provide: <ul style="list-style-type: none"> <li>(a) improved client servicing</li> <li>(b) tailoring of agreements</li> <li>(c) reduction in administrative tasks</li> <li>(d) marketing of options with greater environmental impact</li> </ul> </li> <li>• Northern Ireland based review of Less Favoured Areas in advance of European Commission review in 2008/09</li> <li>• Meeting current needs for wood production, public access and environmental protection for forests in a sustainable way.</li> <li>• Opportunity to continue successful efforts to avoid land abandonment.</li> <li>• Natura 2000 sites brought into or maintained in favourable status</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Insufficient funding to deliver effective support.</li> <li>• Time lags associated with the implementation of new policies.</li> <li>• Loss of industry skills</li> <li>• Increase in part-time farming due to demographic change</li> <li>• Increasing environmental demands reducing farmer numbers.</li> <li>• Threat of de-population and abandonment of disadvantaged land, exacerbated by increased intensification of lowland farming.</li> </ul>

### Axis 2: Development potential

The baseline and SWOT analysis suggests that the following key challenges need to be met in order to achieve the objectives of axis 2 in Northern Ireland:

- Delivering environmentally sustainable land management through:
  - Appropriate management of Natura 2000 areas
  - Increasing biodiversity by farmland habitat preservation and creation including investing in the creation of High Nature Value farming systems
  - Appropriate management of the environment to ensure an improvement in water quality and a reduction in the emission of greenhouse gases
- Conserving and enhancing the farmed landscape character through appropriate land management practices, particularly in more marginal areas.
- Promoting alternative land use options through:

- Increased conversion of farmland to woodland
- Increased exploitation of renewable energy opportunities

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## 1c General Socio-Economic situation in Rural Northern Ireland

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### Population

The population of Northern Ireland is currently estimated at just over 1.7 million. Based on the 2001 Census the rural population is estimated at 588,651 or 35% of the population. It is estimated that over the period 2002 – 2017 the population of rural Northern Ireland will grow by 9.8% compared to 1.3% for urban Northern Ireland.

Northern Ireland has a more youthful population relative to the UK. In 2004, 20.9% of Northern Ireland's population were aged less than 15 years compared to 18.6% of the UK population.

### Rural Economy

Rural economies in Northern Ireland have an above average dependence on the relatively low-value added sectors of agriculture and manufacturing. Forecasts show a continued decline in manufacturing in Northern Ireland. Analysis suggests that the most productive regions of the UK have moved away from manufacturing sectors and into services sectors.

The total value of investment by externally owned companies in Northern Ireland has been in relative decline since 1997/98. The majority of recent investment has been concentrated in the service sector which prefers city centre locations to rural sites.

Northern Ireland is a small business economy with micro businesses accounting for 88% of the total number of firms (90% in rural areas). Over a third of Northern Ireland's VAT registered businesses are found in the agricultural sector as opposed to the UK average of 8.8%. This is demonstrative of the strong links between a successful rural economy and a successful agricultural industry. However, the relative contribution of agriculture to the economy in Northern Ireland has halved in the last 15 years.

### Tourism

Over the period 1995 to 2001 employment in tourism grew by 41.2%. Comparing growth in the rural economy (20.6%) with that of the urban economy (68.6%) highlights the uneven distribution of recent improvements in tourism. In relation to tourism spend in 2002, again the urban economy outperformed the rural. The challenge for the rural economy is now to build on existing tourist facilities and attractions and to develop new areas of growth.

The natural environment provides a valuable contribution to Northern Ireland's economy and is a key tourist attraction. It is estimated that over 64,000 jobs are directly supported by the environment in Northern Ireland in the public, private, voluntary / community and agricultural sectors. However, while the environment can make an important contribution to Northern Ireland's economy, changes in agriculture and wider land use management have also placed increasing pressures on the rural environment most notably in relation to biodiversity, natural landscapes and built heritage. A Rural Development Programme that supports both environmental improvements and rural tourism should help the rural economy to continue to grow.

**Unemployment**

Northern Ireland's unemployment rate has over the years been persistently higher than the UK average. However, over the period 1999 – 2003 the rate of unemployment in Northern Ireland has fallen more sharply than in the UK as a whole and is much more in line with the UK rate. The most recent data available indicates that Northern Ireland's unemployment rate is 4% which is currently lower than the UK average of 4.9%.

Northern Ireland's unemployment rate is below the EU25 average of 8.5% and the EU15 average of 7.7% and is currently in line with the Lisbon target set for unemployment to reduce, by 2010, the average level of unemployment in the EU to the levels already achieved by the best performing countries to around 4%. Northern Ireland's employment rate is currently above the Lisbon target of an employment rate of 65% by 2005 but below the Lisbon target of 70% employment rate by 2010.

Nevertheless, unemployment and in particular long term unemployment remains a problem for Northern Ireland. Northern Ireland has higher long term unemployment rates relative to the ROI, Scotland, Wales and the UK over the period 2000-2003.

**Income**

There is more income from self employment in rural areas than other areas. However, when the earnings of individuals are compared rather than household incomes, it shows that during 2000 – 2003 the average gross weekly earnings of people living in rural areas were consistently below those of people living in urban areas, due to the percentage of people in full time employment being lower in rural areas.

Income per head is substantially lower than the UK average. This reflects Northern Ireland's lower rates of economic activity and employment relative to the UK and higher dependency rates. Gross household disposable income in Northern Ireland is the lowest of all the UK regions.

The most recent data from the Annual Survey of Hours and Earnings 2005 indicates that average gross weekly earnings in Northern Ireland were around 90% of the UK average for all employees. Average gross weekly earnings of people in rural areas are consistently below those of people living in urban areas from 2000 to 2003. There is no evidence to indicate that the gap in earnings between urban and rural areas is narrowing.

**Services**

Under the Noble Deprivation Index the top most deprived wards based on the "access to services" domain are rural. Rural dwellers have to travel further to access key services. There is a need to ensure adequate access to key public services (e.g health, education) and community level services which assist the maintenance and enhancement of social capital.

While 35% of Northern Ireland's population lives in rural areas only 23% of food shops and 14% of banks are located in these areas.

**Technology**

In terms of technological infrastructure, Northern Ireland has achieved 100% broadband availability. This is unique within Europe. With the infrastructure in place broadband take up

has now achieved greater importance, with the demand for broadband increasing dramatically. Comparative broadband penetrations rates show that Northern Ireland broadband penetration rate is significantly below the rate for the UK and the EU15 average. It is currently only slightly below the rate for the EU25 average. An opportunity exists to increase the usage of broadband.

**Summary of strengths, weaknesses, opportunities and threats for axis 3**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Established local infrastructure accustomed to using a LEADER-type approach.</li> <li>• High rates of self employment</li> <li>• High population of young people.</li> <li>• Rich and diverse environment that creates a clean, green image of Northern Ireland.</li> <li>• Ability and willingness of rural dwellers to participate in rural development activities.</li> <li>• Strong community / voluntary sector</li> <li>• Low levels of unemployment</li> <li>• 100% broadband availability</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Over dependence on traditional industries such as agriculture and manufacturing.</li> <li>• Farms generating lower levels of income for farm families.</li> <li>• Higher costs of transport and communication.</li> <li>• Historic disparity of funding for regeneration between rural and urban areas.</li> <li>• High degree of religious polarisation within communities.</li> <li>• Long-term lack of basic community services</li> <li>• Shortage of accessible and affordable care for children and the elderly.</li> <li>• Income per head is below the UK average</li> <li>• Access to key services</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• To build upon the efficient management of measures/projects through a LEADER style approach which caters for local needs and priorities</li> <li>• Diversify land use away from food production towards sustainable energy production.</li> <li>• To further utilise the natural environment to increase the contribution of tourism to the rural economy.</li> <li>• Development of activity tourism and eco tourism initiatives.</li> <li>• To build cross-community relations</li> <li>• High population of young people</li> <li>• Increasing number of farmers moving from full time to part time employment means additional part-time labour is available.</li> <li>• Maximise potential of the strong and vibrant community / voluntary sector in social and economic regeneration.</li> <li>• Improve access to services.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Introducing and accepting the changes required to successfully implement The Review of Public Administration within Northern Ireland.</li> <li>• Farm families face unprecedented challenges with pressure from world markets on end prices.</li> <li>• Declining farm incomes.</li> </ul>

**Axis 3: Development potential**

The baseline and SWOT analysis suggests that the following key challenges need to be met in order to achieve the objectives of axis 3 in Northern Ireland:

- Greater economic opportunities in rural areas through:
  - Supporting the creation and development of micro businesses
  - Development of innovative products and services.

- Encouraging farm households to diversify into non agricultural activities to increase their income.
- Encouraging the development of activity tourism.
- Sustainable development of the natural and built environment.
- Encouraging greater usage of ICT and broadband.
- Strong and vibrant communities and community infrastructure through:
  - Engaging with rural communities to identify and address problems and opportunities
  - Building community capacity and leadership
  - Social and economic regeneration of rural villages and their surrounding areas.
  - Improving access to basic services by rural dwellers.

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### **Leader Axis**

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Axis 3 will be delivered using the LEADER approach, through which the following benefits will arise:

- It will maximize and transfer the expertise and experience gained from LEADER II, LEADER+, NRRTI etc to the new RDP 2007 - 2013.
- Area based initiatives based on clearly defined local needs will be developed and delivered.
- Local people will be involved in the decision making process.
- The partnership ethos which is central to the success of rural regeneration will continue to be developed. This approach also ensure cross community participation.
- Innovative projects will be sought.
- The private sector will benefit which will lead to economic growth and job creation.



## CHAPTER 2

### Overall Strategy, Translation Of Community Priorities & Setting Of National Priorities

In September 2001, the Northern Ireland Assembly published its framework for the physical development of Northern Ireland until 2025. Within this *Regional Development Strategy*, the government outlined five strategic planning guidelines for rural development over the lifetime of the strategy together with a number of sub-objectives.

Strategic Planning Guidelines	Sub Objectives
1. To maintain a working countryside with a strong mixed use rural economy	1.1 Sustain the continuing development of a strong agricultural and agri-food sector
	1.2 Facilitate the development of rural industries, business and enterprises in appropriate locations, and ensure they are satisfactorily integrated with the settlement or rural landscape
	1.3 Sustain and extend the forestry resources of Northern Ireland
	1.4 Maintain a viable fishing industry in Northern Ireland
	1.5 Further develop the potential for countryside recreation in an environmentally sensitive way
	1.6 Expand rural tourism in a sustainable manner.
2. To create and sustain a living countryside with a high quality of life for all its residents	2.1 To help maintain a vibrant and self-generating rural community
3. To support the network of service centres based in main towns, small towns and villages in Rural Northern Ireland	3.1 Develop a network of strong main towns as the major locations providing employment, services and a range of cultural and leisure amenities for both townspeople and rural communities
	3.2 Promote the vitality and viability of town centres
	3.3 Sustain and consolidate the role of small towns and villages as local rural service centres
4. To create an accessible countryside with a responsive transport network that meets the needs of the rural community	4.1 Enhance the accessibility of Rural Northern Ireland by upgrading the Regional Strategic Transport Network
	4.2 Improve accessibility in rural areas, particularly to the key and link transport corridors and centres of employment and services
5. To continue to create and sustain an attractive and unique rural environment in the interests of the rural community and the region as a whole.	5.1 Manage the use of rural resources to achieve a more sustainable pattern of development

There are clear links between objectives 1 and 2 contained in the table above through to the measures contained within NI Rural Development Programme 2007-13 showing clarity of purpose and consistency of approach at both Northern Ireland and European level.

Although the *Regional Development Strategy* addresses areas such as competitiveness of the agri-food industry and the improvement of the socio-economic infrastructure of rural areas, this Strategy does not closely examine the environmental perspective. To address this, and in keeping with other devolved administrations across the UK, it was agreed to develop a strategic approach to the issue of Northern Ireland's environmental future. As a

result the Secretary of State for Northern Ireland launching a Sustainable Development Strategy on 9 May 2006. It identifies and seeks to address six priority areas:

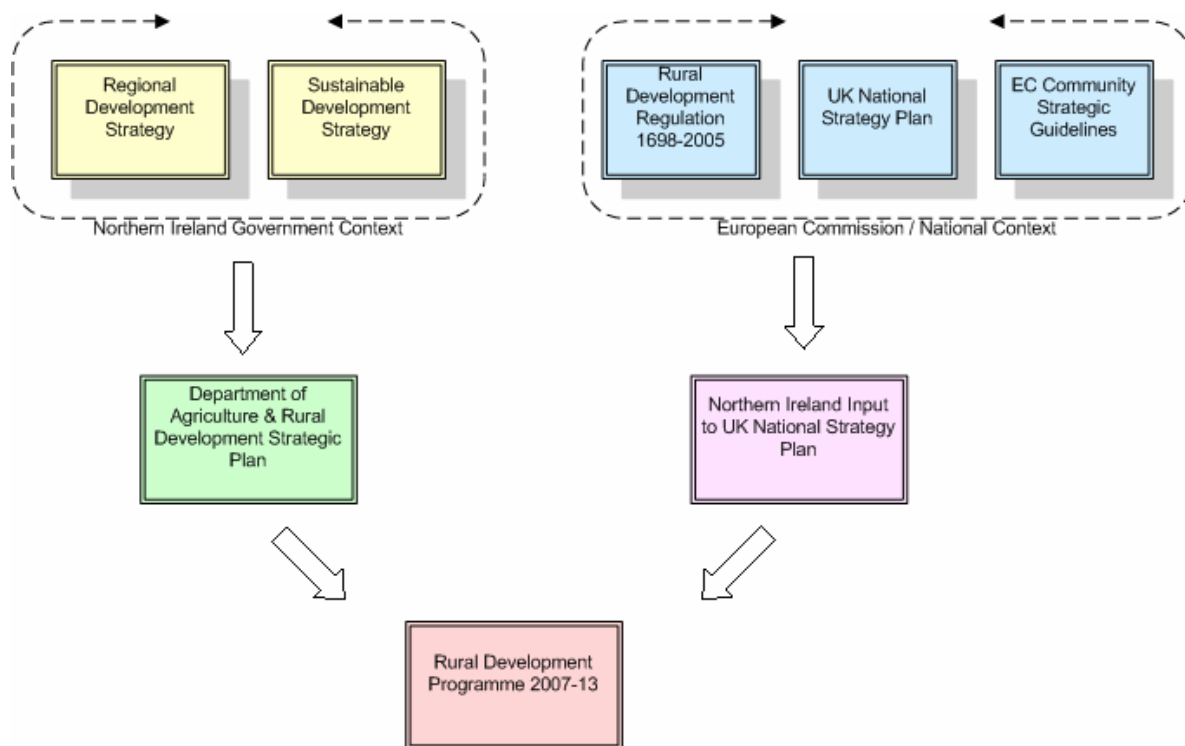
- Climate change and energy;
- Sustainable consumption and production;
- Natural resource protection and environmental enhancement;
- Sustainable communities;
- Governance for sustainable development;
- Communication and learning.

In this context the Department of Agriculture and Rural Development released a new strategic plan (2006-2011) that sets out an overarching framework for all aspects of the Department’s responsibilities that is aligned closely with the two cross-government strategies outlined above. It demonstrates the Department’s commitment to achieve the following four goals:

- To improve performance in the market place;
- To develop a more sustainable environment;
- To strengthen the social and economic infrastructure of rural areas;
- To enhance animal, fish and plant health and welfare.

When these goals are considered alongside the three axes of the Rural Development Regulation 2007-13, there are clear parallels between the European Commission’s requirements and the Department of Agriculture and Rural Development’s plans for the next five years.

**Cascade of Strategic Drivers for Northern Ireland Strategy**



**Balance between objectives**

Following the recent publication of a Sustainable Development Strategy for Northern Ireland, the Secretary of State has reinforced his commitment to pursue the economic and social ambitions of our people and our communities, while protecting and enhancing our physical environment.

When this ambition is vertically integrated alongside the national priorities of the UK Government and also the local priorities within the Department of Agriculture and Rural Development, it gives a clear direction towards a focus on sustainable environmental protection and enhancement. A high number of ongoing contracts carried forward from the 2000-06 programme and the continuing popularity of the agri-environment and less favoured areas schemes would also necessitate a significant skew of resources towards axis 2.

With a draft Rural Development Programme currently out for public consultation and the level of available resources for the 2007-13 programme still to be finalised, an estimate of spend by axis is subject to change. At this stage, the spend may be approximately split as axis 1 – 5%, axis 2 – 85% and axis 3 – 10%.

**The UK National Reform Programme**

The UK National Reform Programme set out the framework for how the four UK regions would respond to the Lisbon agenda. The two priorities within the UK NRP that are closely linked to the objectives of the Rural Development Programme are:

- Building an enterprising and flexible business sector that is the best in the world, where firms can succeed and exploit the opportunities presented by a more open and competitive global economy
- Promoting innovation to ensure the UK is a world leader in turning scientific research into business innovation, at a time of increasing rewards to innovation and given the growing importance of knowledge driven industries in the world economy.

The Northern Ireland Rural Development Strategy contributes to the priorities through planned measures in both axes 1 and 3. As outlined in chapter 1, a dynamic agri-food sector is vital to the success of the rural Northern Ireland economy in the 21<sup>st</sup> century. Increasing competition from low price imports has placed greater pressure on the industry within Northern Ireland to improve efficiency. Significant progress has been made in this area; however further improvement is still required. Use of innovative technology and techniques, particularly in the farming industry, will go alongside targeted training programmes in improving competitiveness.

As diversification becomes even more prevalent in the agriculture sector, the increasing flexibility developed partly through axis 1 measures will benefit the development of a more competitive and entrepreneurial culture within rural Northern Ireland.

Four of the planned measures within axis 3 are focussed on the creation of sustainable jobs within rural areas. These measures are aimed at areas such as tourism and new

business start-ups. It is intended that these planned measures will work towards the third Lisbon objective in terms of building an enterprising and flexible business sector.

Support across both axes 1 and 3 for the exploitation of information technology across a range of sectors within the rural community will contribute to the maintenance and improvement of Northern Ireland's competitiveness in the context of a more integrated global economy.

## **Areas of Maximum Added Value**

### **Axis 2: land management**

The current environmental situation within Northern Ireland is such that there continues to be a rationale for Government intervention in the form of agri-environment schemes based upon market failures that do not take account of the environmental consequences of policies that have encouraged more intensive farming.

The market failures that need to be addressed are the provision of a public good, externalities and information failures. Examples of a public good in the rural arena include attractive landscapes and biodiversity. These are features that are consumed by society as a whole rather than by individuals, but cannot be charged for. The market failure arises in that the value that society puts on a particular landscape or biodiversity does not usually influence the decisions of farmers in the area.

A second area of market failure surrounds externalities, both negative and positive. An example of a negative externality is eutrophication caused by nutrient overload due to intensification of agriculture. The excess nutrients, for example in the form of nitrates or phosphates from the application of fertiliser, makes its way into a surrounding river causing pollution and fish death. This river could be used and valued by fishermen, who are affected by the impact. Alternatively a positive externality could be when a farmer maintains a particular wildlife habitat, for example a wetland area which could be used by breeding waders, for which the farmer would not normally receive the full social value.

The third market failure surrounds information breakdowns in that farmers are not fully informed, and therefore do not fully understand, the full environmental and biodiversity effects of their decisions regarding particular farming practices. This is a fundamental issue that to an extent underlies the other market failures.

To ensure the continued provision of these environmental goods across all of Northern Ireland, the NI RDP proposes a range of agri-environment schemes will make direct payments to farmers in exchange for focused environmental improvements to their land.

### **Axes 1 & 3**

A policy appraisal is currently being conducted to ascertain the relative importance of measures and areas of maximum value under axes 1 & 3 within the NI RDP. This will help to inform funding priorities for Axis 1 and will help identify priority measures for Axis 3 which will be considered when examining forthcoming area based strategies.

### Proposed Total Funding Breakdown by Axis (EAFRD & National Funding)

Axis	Split of EAFRD Funding
1	11
2	61
3	28
Technical Assistance	To be decided <sup>18</sup>

It is intended that all Axis 3 measures (28% of EAFRD funds) will be delivered through a LEADER-type approach (axis 4).

The table below outlines the level of complementarity between Community Strategic Guidelines and the regional objectives for Northern Ireland at both axis and measure level.

#### Axis 1

<b>European Commission guidelines for Axis 1</b>	To contribute to a strong and dynamic European agri-food sector by focusing on the priorities of knowledge transfer, modernisation, innovation and quality in the food chain and priority sectors for investments in physical and human capital			
<b>Northern Ireland objectives for Axis 1</b>	A more competitive agricultural industry achieved through: (a) Increased business and technical competence (b) Improved market focus (c) A dynamic approach to innovation and uptake of new technologies		A more competitive food processing industry achieved through: (a) Increased value-added processing (b) Better product development (c) More effective marketing	
<b>Northern Ireland RDP Measure Objectives (Axis 1)</b>	To improve the competitiveness of farm and horticulture businesses in Northern Ireland through the provision of a range of innovative and focused training and information actions.	To improve the competitiveness and economic performance of agricultural holdings through improving the physical capital	To improve the economic performance and international competitiveness of the agri-food processing sector	To increase the number of producer groups coming forward with successful new marketing initiatives To speed up the formation process leading to producer groups more quickly establishing effective collaborative supply chains
<b>Proposed Measures</b>	1.1 Vocational Training and Information Actions	1.3 Farm Modernisation	1.2 Adding Value to Agricultural Products	1.4 Supply Chain Development Programme

<sup>18</sup> Levels of Technical Assistance will be subject to the outcome of the tender process for the operational of the National Rural Network (see Chapter 6)

## Axis 2

<b>European Commission guidelines for Axis 2</b>	To protect and enhance the EUs natural resources and landscapes in rural areas, contributing to three EU-level priority areas: (a) biodiversity and the preservation and development of high nature value farming and forestry systems and traditional agricultural landscapes (b) water (c) climate change				
<b>Northern Ireland objectives for Axis 2</b>	The Measures are designed to meet the Axis 2 objective of improving the environment and the countryside through: (a) Promoting environmental services and animal-friendly farming practices (b) Preserving the farmed landscape (c) Encouraging the development of new and existing forests and woodlands (d) Supporting the growth of organic farming				
<b>Northern Ireland RDP Measure Objectives (Axis 2)</b>	To support and maintain traditional agriculture in disadvantaged areas that, because of their location, climate and topography, would otherwise be vulnerable to economic decline and depopulation	To contribute to the implementation of the agricultural Natura 2000 network and to the Göteborg commitment to reverse biodiversity decline by 2010	To support the sustainable development of rural areas by encouraging farmers and other land managers to apply agricultural production methods compatible with the protection and improvement of the environment, the landscape and its features, natural resources, the soil and genetic diversity.	To support afforestation and encourage an increase rate of new planting.	To secure significant environmental benefits through the enhancement of biodiversity. To improve the public amenity of woodlands while preserving high value forest ecosystems, by reinforcing the protective value of forests in respect of soil, water and natural hazards. To assist in achieving the expansion, maintenance, enhancement restoration targets set out in the native woodland Habitat Action Plans, or benefit to the habitat of those woodland species covered by the Species Action Plan
<b>Proposed Measures</b>	2.1 Less Favoured Areas Compensatory Allowances Scheme	2.2 Management of Agricultural Land within Natura 2000 Areas	2.3 Agri-Environment Programme	2.4 First Afforestation	2.5 Forest Environments

## Axis 3

<b>EC guidelines for Axis 3</b>	To contribute to the overarching priority of the creation of employment opportunities and conditions for growth					
<b>Northern Ireland objectives for Axis 3</b>	The Axis 3 objective of improving the quality of life in rural areas and diversification of the rural economy is to be met through: (a) Increasing economic activity and employment rates in the wider rural economy through encouraging on-farm diversification into non-agricultural activities (b) Increasing economic activity and employment rates in the wider rural economy through encouraging on-farm diversification into non-agricultural activities (c) Supporting the creation and development of mirco enterprises in the broader rural economy (d) Encouraging the entry of women into the labour market through addressing inadequate childcare and eldercare facilities (e) Regenerating villages and their surrounding areas by improving their economic prospects and the quality of life (f) Encouraging rural tourism built on the sustainable development of natural resources, cultural and natural heritage (g) Maintaining, restoring and upgrading the natural and built heritage					
<b>Northern Ireland RDP Measure Objectives (Axis 3)</b>	To maintain or increase the income of the farm households through the creation of employment opportunities in non-agricultural activities and services.	To create employment opportunities through promoting entrepreneurship and developing the economic infrastructure in rural areas.	To use the natural resources in Northern Ireland's rural areas to create new employment opportunities and develop the rural economy.	To improve or maintain the living conditions and welfare of those living in rural areas and to increase the attractiveness of such areas through the provision of more and better basic services for the economy and the rural population.	To support integrated village initiatives which promote community development and regeneration.	To use the natural resources in Northern Ireland's rural areas to create new employment opportunities and develop the rural economy through supporting local village initiatives to preserve and upgrade their rural heritage.
<b>Proposed Measures</b>	3.1 Diversification into non-agricultural activities	3.2 Support for Business Creation and Development	3.3 Encouragement of Tourism Activities	3.4 Basic Services for the Economy and Rural Population	3.5 Village renewal and development	3.6 Conservation and Upgrading the Rural Heritage

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## CHAPTER 3

### Strategy Per Axis

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As part of the Department of Agriculture & Rural Development for Northern Ireland's new strategic plan, a Rural Strategy (available at <http://www.dardni.gov.uk/index/strategies-reports-accounts/strat-reports-accounts-dard-rural-strategy-2007-2013.htm>) was developed to articulate the Department's vision for rural areas over the 2007-13 period. The key (but not sole) deliver mechanism for this Strategy is the NI RDP. It is for this reason that this Rural Strategy was closely aligned with the axes contained within the EU Rural Development Regulation. Each of the key aims from the Rural Strategy detailed below closely corresponds with axes 1-3 respectively.

#### **Key Aim 1: Improving Performance in the Marketplace**

Northern Ireland's agriculture, food processing and forestry sectors have significant potential to further develop high quality and value added products that meet the diverse and changing demands of consumers.

Resources devoted to this over the period 2007-2013 must contribute to a strong and dynamic Northern Ireland agri-food sector by focusing on the priorities of knowledge transfer, modernisation and innovation through investment in physical and human capital.

The major challenges will be (i) to equip Northern Ireland farmers to meet the challenges emerging from the decoupling of support so that they can produce profitably in line with market requirements, and (ii) to help realise the potential of the food production and processing sectors by encouraging innovation, supply chain development and the exploitation of market opportunities, thereby making the most of quality local farm produce.

The following key actions are designed to achieve the above aim:

#### **Modernisation of the agricultural sector**

Agriculture continues to play an important role in the economic base of many rural areas. The development of international competitiveness in a more open global trading environment will require managers and workers throughout the industry to have the skills, attitudes and values to improve their businesses. Promoting the anticipation and acceptance of change within the agricultural sector in the context of planned restructuring and modernisation and developing a targeted approach to investment, training and re-skilling will be key to improving long-term competitiveness, environmental sustainability and animal welfare.

#### **Improving integration and market focus in the food chain**

Northern Ireland's agri-food industry is facing increasing global competition within a rapidly evolving market. In this context, the ability of the food chain to innovate and to move quickly to seize market opportunities when they arise is vital. A food chain that is to any degree fragmented, disjointed or suffering from poor lines of communication will be poorly equipped to make the most of these opportunities. Moreover, such characteristics would

impose unnecessary costs that would impact negatively on the competitiveness of the agri-food industry as a whole. Improving communication, trust and integration within the chain must be a key action and proceed in tandem with an improving focus on servicing market demands.

**Facilitating innovation, technology transfer and access to research and development**

Innovation is increasingly important for the survival of Northern Ireland's agri-food and forestry sectors. The introduction of innovative technologies, new products and processes on a regular basis would significantly contribute to the competitive performance of both processors and farm businesses. The recent reforms of the CAP have created a market-oriented environment for farming. This brings new opportunities for farm and food businesses. But the realisation of this economic potential depends on the development of appropriate strategic and organisational skills and a dynamic approach to investment in innovation and the exploitation of R&D. Lifelong learning flowing from all levels and types of education and training opportunities offers the possibility of fostering greater entrepreneurship and capitalising on development opportunities.

**Encouraging the take-up and diffusion of ICT**

The agri-food sector as a whole has been identified as lagging in the take-up of ICT technologies. This is particularly the case for smaller businesses. Adoption of e-business applications is still on a low level outside of large multinationals and their larger suppliers, yet it has the potential to cut costs, improve customer service and underpin competitiveness if adopted and applied in an appropriate manner. Failure to exploit these technologies to the full can only impair the long term competitive position of the Northern Ireland agri-food sector.

**Supporting increased value added activities and market development for agricultural, food and forestry products**

New markets, in particular for quality products, can offer significant potential for value added, employment and growth. Support for innovative investment and training in the field of food and non-food processing under rural development can complement measures taken under the first pillar of the CAP by creating new and higher value outlets for existing production or helping the development of emerging opportunities.

**Key Aim 2: Conserving and Investing in the Rural Environment**

Government has a key role to play in the conservation of Northern Ireland's countryside and natural heritage, particularly by helping to maintain an appropriate balance between the need for sustainable, efficient food production and land use and the need to protect and improve the quality of the rural environment.

The following key actions are designed to achieve the above aim:

**Promoting environmental stewardship (water, air, soil) including Natura 2000 sites**

Consumers and taxpayers expect farmers to respect mandatory environmental standards. But many also agree that farmers should be remunerated for delivering outcomes that the market alone will not provide. In this context, Government intervention in support of higher environmental standards, particularly in respect of water quality, biodiversity and natural



habitats, is justified. While this general principle holds true, particular attention should focus on the more vulnerable or valuable habitats and areas of greatest potential environmental gain. This will require development of positive partnerships with farmers and landowners, particularly in designated sites (eg Natura 2000) if they are to be managed in an environmentally sensitive and sustainable manner. The farming community should be encouraged to view Natura 2000 as an opportunity, and not as a threat, to their livelihoods.

Organic farming represents a holistic approach to sustainable agriculture. Although it accounts for only a small proportion of the agricultural output of Northern Ireland, the market for organic production continues to grow rapidly. Therefore, support for conversion to organic agriculture represents an opportunity both to enhance environmental stewardship and to enable a part of the agri-food industry to capitalise on a growing market opportunity.

### **Conserving and enhancing the farmed landscape character**

In Northern Ireland, much of the valued rural landscape is the product of centuries of agricultural activity. This landscape character is an important part of the rural cultural and natural heritage and is a key factor in determining the overall attractiveness of rural areas as places to live, work and enjoy. Sustainable land management has helped to preserve and encourage recovery of habitats and biodiversity. It can also help reduce risks linked to inappropriate or undesirable practices, including under-utilisation, particularly in Less Favoured Areas, where the economics of commercial farming are more marginal. DARD will wish to consider how best to achieve an appropriate balance between (i) the protection of landscape character, habitats and biodiversity, (ii) the need for farm restructuring and modernisation and (iii) the retention of sustainable farming communities in its future approach to support for Less Favoured Areas.

### **Exploiting opportunities in non-food crop production**

The linked issues of climate change and the impact of fossil fuel-based energy systems are assuming an ever greater strategic significance within the arena of sustainable development. Agriculture and forestry have a central role to play in the development of renewable energy as a practical and economic alternative to fossil fuels. Skills, knowledge and technology transfer, along with supply chain development, will all play a vital part in creating a viable and sustainable renewable energy sector using agricultural and forestry assets. A key issue will be to try and ensure a balanced development of demand and supply. In this context, initiatives such as the Environment and Renewable Energy Fund create significant opportunities for a market-led development of the sector.

In the longer term, other non-food crops may emerge which offer viable alternatives to traditional agricultural production. Again, issues such as sustainable market development will be vital if these are to make a significant contribution to rural development.

### **Expanding forest cover**

Forests have the potential to contribute to the sustainable development of the region in a number of ways. For example, forests and their associated habitats and species are delivering some of the aims of the Northern Ireland Biodiversity Strategy. They also have a role in terms of amenity and recreation, in removing carbon dioxide from the atmosphere (carbon sequestration) and in contributing to renewable energy policies. Following the decoupling of agricultural support, forestry also provides an alternative and viable land use

for farmers and landowners. Appropriately targeted Government support for a private sector-led expansion of forestry in Northern Ireland can, therefore, make an important contribution to the balanced development of rural areas.

### **Key Aim 3: Strengthening the Social and Economic Infrastructure of Rural Areas**

The Department will seek to build on the successes of the 2000-2006 Rural Development Programme through measures designed to diversify the economic base of rural areas and enhance community capacity. This will form the basis of regeneration programmes to be delivered in partnership with local communities.

The range of actions undertaken will seek to promote and expand entrepreneurship and employment, community capacity, skills acquisition and organisation for local strategy development. A key overriding objective will be sustainability - ensuring that rural areas remain attractive places for current and future generations to live and work. In promoting training, skills development and entrepreneurship, particular needs relating to gender and age will be considered.

In addition to measures embedded within the Northern Ireland Rural Development Programme 2007-2013, the Department will deliver on a range of cross-Departmental initiatives (such as 'Shared Future', 'Positive Steps', 'Lifetime Opportunities', 'Renewing Communities' and 'Partners for Change') in pursuit of these development objectives.

The following key actions are designed to achieve the above aim:

#### **Supporting entrepreneurship, job creation and sustainable economic growth**

Small businesses, including social economy enterprises, are a vital component of the rural economy, providing jobs and underpinning social cohesion. There is evidence that, with appropriate help, many of these businesses have significant development potential. This applies equally to existing farm businesses with potential non-agricultural diversification opportunities. The focusing of tailored business support, including skills and training provision, on growth areas and areas of opportunity, such as tourism, recreation, environmental and other services, traditional rural crafts and quality products, can help foster entrepreneurship and deliver sustainable economic growth in rural areas. In this context, it is vital that there is clear and close collaboration between the various support agencies operating at local level to ensure a coherent and effective support network.

In many rural areas, the absence of accessible and affordable childcare and eldercare creates significant barriers to women wishing to enter the workplace. Local initiatives to develop such facilities could facilitate better access by women to the labour market. In this context it is vital that processes are developed and agreed for clear and close collaboration at local level between the various support agencies (including those funded by Government) to ensure coherent and effective support networks.

#### **Encouraging the development of tourism and exploiting the environmental/economic interface**

The countryside of Northern Ireland is rightly regarded as one of its major resources. Rural Northern Ireland contains many attractive landscapes and highly valued environments, with

a mix of coastal and mountain scenery, small hedged or walled fields and a rich variety of vegetation. This is combined with a dispersed settlement pattern of small rural towns, villages, groups of buildings and individual homes dotted across the countryside, and a rich historic and cultural legacy.

Tourism is, or can be, a significant growth sector in many rural areas, building on the region's cultural and natural heritage. It can offer opportunities both for on-farm diversification beyond agricultural production and for the development of micro-businesses within the broader rural economy. However, the tourism industry of Northern Ireland's rural areas has not developed as much as similar areas in the Republic of Ireland, Scotland and Wales.

An important goal for this Rural Strategy is simultaneously to make use of the economic potential of the natural and built environment, while also protecting both it and the economic and social infrastructure that sustains it. Building on the success of existing measures (e.g. the Natural Resource Rural Tourism Initiative), a key objective is to develop the kind of sustainable rural tourism based on natural and cultural resources that has developed in other areas of Europe.

### **Increased exploitation of ICT.**

The availability of broadband technology across Northern Ireland creates a significant and valuable opportunity to be exploited in terms of overcoming problems of physical remoteness, providing low-cost, instant access to information, knowledge and services, giving impetus to the development of business links and networks and the promotion of e-inclusion. Economies of scale can be achieved through village ICT initiatives, combining IT equipment, networking and e-skills training through community structures or "Rural Hubs". Such initiatives can greatly facilitate IT take-up by rural businesses, including farms, and the exploitation of e-business and e-commerce opportunities. In developing the potential of tourism, increased use of ICT for bookings, promotion, marketing, service design and recreational activities can help improve visitor numbers and length of stay, particularly where this provides links to smaller facilities and encourages agri-tourism.

Although there are significant opportunities on offer from e-commerce, uptake of broadband technology across rural areas is currently very low, representing a missed opportunity. The reasons for this need to be identified and addressed.

### **Supporting and strengthening capacity and leadership**

Rural communities play a vital role in the economic, environmental and social life of Northern Ireland. A core principle of the approach to rural development in Northern Ireland has been that the communities that most closely experience problems must be involved in the detailed design and delivery of projects and measures to tackle those problems. Building community capacity and leadership skills through a community development process has proven to be a central pillar in the regeneration of rural areas. Community development is a process of empowerment whereby people in local communities organise themselves to identify their needs and seek resources both internally and externally to address those needs, thereby facilitating social change based on principles of equality, participation and building a better quality of life for all.

This approach has worked best when community groups are strong, diverse and fully representative. A focused programme of support can help communities become successful and self-sustaining and engage a broad range of participants in the rural regeneration process. It can also help build cohesive, tolerant and inclusive rural communities.

### **Village renewal**

Sustaining the economic, social, cultural and environmental health of Northern Ireland's rural villages and their surrounding areas is important if the rural economy is to reach its full potential. Although no rural district is exclusively Roman Catholic or Protestant and all rural areas contain interfaces between different groups there is a high degree of residential segregation in rural areas and up to 87% of rural communities can be classified as 'single identity'. The past conflict has increased polarisation between the two main communities and reduced the opportunities for building cross-community relationships. One of the more visible aspects of the conflict has been the physical disfigurement of property and the sectarian graffiti in towns and villages across Northern Ireland. Village centres are scarred, visitors feel unwelcome and businesses suffer.

Investment in community capacity through a village renewal approach can enhance the sense of shared ownership and community. Integrated village renewal initiatives based on need, combining diversification, business creation, investment in cultural heritage, infrastructure for local services, environmental improvements and renovation, can contribute to improving both the economic prospects and quality of life for all in rural villages and in the surrounding areas.

### **Conserving and upgrading the rural heritage**

Along with its valuable habitat and landscape assets, Northern Ireland possesses a rich archaeological and built heritage which includes archaeological sites, monuments and vernacular buildings. Sustainable development within Northern Ireland requires the proactive and sensitive management of these resources, which can also provide a basis for economic growth in rural areas. Locally based initiatives seeking to combine conservation and economic opportunity will allow rural communities to become actively engaged in the management and improvement of the natural and built environment in their areas and take ownership of local environmental projects. This approach can bring considerable cultural, social and economic, as well as environmental, benefits to rural communities.

### **Measures & Indicators**

In order to deliver upon the objectives discussed above, measures contained within the NI RDP are listed below alongside the relevant impact indicators that will be targeted by the measures within each axis. Targets are currently being completed and will be articulated within the NI Rural Development Programme document.

**Axis 1 Measures:**

Measure Number	Measure Title	Relevant Impact Indicators for Axis 1
1.1	Vocational Training and Information Actions	<ul style="list-style-type: none"> <li>- Labour Productivity</li> <li>- Economic Growth</li> </ul>
1.2	Adding Value to Agricultural Products	
1.3	Farm Modernisation	
1.4	Supply Chain Development	

**Axis 2 Measures:**

Measure Number	Measure Title	Relevant Impact Indicators for Axis 2
2.1	Less Favoured Areas Compensatory Allowances Scheme	<ul style="list-style-type: none"> <li>- Reversing biodiversity decline</li> <li>- Maintenance of high nature value farms and forestry areas</li> <li>- Improvement in water quality</li> <li>- Contribution to combating climatic change</li> </ul>
2.2	Management of Agricultural Land within Natura 2000 Areas	
2.3	Agri-Environment Programme	
2.4	First Afforestation	
2.5	Forest Environments	

**Axis 3 Measures:**

Measure Number	Measure Title	Relevant Impact Indicators for Axis 3
3.1	Diversification into non-agricultural activities	<ul style="list-style-type: none"> <li>- Economic Growth</li> <li>- Employment Creation</li> </ul>
3.2	Support for Business Creation and Development	
3.3	Encouragement of Tourism Activities	
3.4	Basic Services for the Economy and Rural Population	
3.5	Village renewal and development	
3.6	Conservation and Upgrading the Rural Heritage	

**CHAPTER 4****Financial Allocations**

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See UK overall synthesis for detailed of funding allocations (including convergence amounts).

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**CHAPTER 5****Consistency & Complementarity within the Northern Ireland Strategy Plan**

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**Internal consistency**

There are two strategies that overarch the whole Northern Ireland programme for government. Both the Northern Ireland Regional Development Strategy and the Northern Ireland Sustainable Development Strategy provide the framework with which all other aspects of the Northern Ireland Government's work has to align.

To ensure that the NI RDP is compatible with the principles contained within these two strategies, there has been close consultation between the relevant government departments at many levels. Significant efforts have been made in this respect to enable the development of a NI RDP that is integrated both vertically (with high level, long term strategies as detailed above) and horizontally (with other similar Northern Ireland governmental strategies and programmes).

Chapter 2 of this strategy is demonstrative of the links across axes and measures within the NI RDP that facilitate the achievement of the broad strategic objectives outlined within this document.

**Complementarity & Demarcation**

Progress in the development of the various Northern Ireland programmes differs and each is at a different stage in considering what actions it might support., Consequently, it is not yet possible to give definitive high-level demarcation criteria for actions being funded under the various EU co-financed Programmes for the 2007-2013 period.

However, generally speaking, Axes 1, 2 and 3 of the NIRDP will support actions to improve the competitiveness of the agricultural and forestry sectors, improve the environment and the countryside, improve the quality of life in rural areas and increase diversification of the rural economy. Northern Ireland's Competitiveness and Employment Programmes will promote and support economic regeneration throughout the region including in urban, rural and border areas. The EFF policies will focus on the fishing sector, to promote sustainable and profitable development and support strong local fishing communities. The EFF will

also contribute to the effective management of the sector and be integral to wider policies for the aquatic environment.

Detailed demarcation criteria will be set at the level of individual schemes or measures and will be agreed by those officials responsible for the implementation of the specific schemes. Such officials have been working closely with colleagues within the Department or in other Departments when developing the schemes under the NIRD and will continue to liaise as complementary schemes are developed under the other EU co-financed programmes.

Whilst it is not yet possible to finalise the demarcation criteria for the different programmes, there are a number of criteria that might be used to ensure demarcation once the content of each programme is clear. These criteria could include:

- beneficiary
- sector targeted
- size of enterprise
- scale of project
- population of settlement
- geographic area
- objective of measure

It may also be possible to demarcate between programmes by looking in detail at the assistance provided for various themes. For example, actions in support of accessibility, protecting and enhancing the environment including promotion of biodiversity; actions to promote protect and conserve the natural built environment; actions supporting the creation of micro-enterprises in the broader rural economy and encouraging rural tourism, business development and renewable energy are all areas that could benefit from clear guidelines on what support is available under each programme and how this support will be differentiated between programmes and measures.

Building on these criteria, mechanisms can be developed to ensure that potential beneficiaries, delivery bodies and programme Managing Authorities are clear about what assistance is available under each programme. Such mechanisms could involve:

- clear guidance on the objectives and qualifying criteria for each programme or measure
- adequate 'signposting' services for potential beneficiaries (physical, paper-based or web-based)
- clear communication mechanisms between delivery bodies
- appropriate representation on programme Monitoring Committees
- appropriate mechanisms for avoidance of double-funding of projects

In considering links between the NIRD and other Community funding instruments, it is worth noting in particular the high levels of complementarity between the forestry measures included in the Programme and the relevant strategies at both UK and EU level. The Forest Service is a certificated organisation under the UK Woodland Assurance Scheme and all woodlands are subject to certification standards. It has been designed to ensure that it reflects the requirements of both the Government's UK Forestry Standard – and

through this the guidelines adopted by European Forestry Ministers at Helsinki in 1993 - and the Forest Stewardship Council's (FSC's) GB Standard.

The UK Forestry Standard sets out the UK Government's approach to sustainable forestry. All state and grant-aided woodlands in Northern Ireland are established and managed in accordance with the principles laid out in this Standard. Care has been taken to integrate the Standard with European and global protocols for sustainable development. The UK Forestry Standard is compatible with both the Helsinki guidelines and the PEC.

An example of further complementarity is that the key actions referred to in chapter 3 will complement the work being undertaken as part of the NI ERDF Programme. Although an ERDF Programme has yet to be finalised, under the area of *Promoting Enterprise and Entrepreneurship*, examples of actions that may be included are initiatives to increase the level and quality of business starts and promotion of tourism. Adequate demarcation between programmes will ensure that there is no overlap of target areas.



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## CHAPTER 6

### National Rural Network

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As documented in the overall UK National Strategy Plan, a National Rural Network will be set up in line with Commission requirements. This network will be established within a single RD programme.

Within the UK, each region will establish its own regional rural network that will, in turn, liaise and network on a regular basis with other regional rural networks within the UK. In the development of a Rural Network for the UK, Northern Ireland will play its part alongside the other regions of the UK in ensuring a mechanism for financing and successful co-operation amongst the Networks of England, Scotland, Wales and Northern Ireland .

The Northern Ireland Rural Network will operate on behalf of the organisations and administrations involved in rural development.

Once established, the NI Rural Network will draw up an action plan for:

- the identification and analysis of good practices and their dissemination
- network management
- their proposals for sharing of best practice, knowledge and practical experience
- training programmes for local action groups
- their proposals for inter-territorial and transnational co-operation

The Monitoring Committee will approve the NI Rural Network's action plan and will be responsible for monitoring progress.

The Northern Ireland Rural Network will meet regularly with the other UK regional rural networks and the European Network for Rural Development. It is anticipated that there will also be close contact with Ireland's Rural Network.

It is planned that the National Rural Network will be financed through Technical Assistance. As agreed by the NI Consultative Partnership, the operations of the National Rural Network will be carried out through an external body (appointed in line with Northern Ireland Civil Service tendering procedures). The level of funding, within the parameters of the Technical Assistance budget, will depend upon the successful tender.

While Member States have until 31 December 2008 to establish Rural Networks, it is anticipated that the Northern Ireland Rural Network will be in place by mid 2007.

One of the key roles of the Northern Ireland Rural Network will be to provide training programmes for Local Action Groups. As such, it is important that the Network is appointed as soon as possible following approval of the NIRDP. Consequently, the Managing Authority and the Monitoring Committee will commence preparations in early 2007.

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**APPENDIX 1**


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**Importance of Rural Areas (OECD Definition)**

Indicator	Northern Ireland	EU average
Economic development: GDP per capita – average 2000 to 2002 (EU-25 = 100)	91.4	100
Employment rate: % (2004)	66.3 <sup>19</sup>	63.1
Unemployment: % (2004)	3.9 <sup>20</sup>	9.2

**CMEF context related indicators for axis 1<sup>21</sup>**

Indicator	Northern Ireland	UK	EU Average
<b>% UAA (2003) in:</b>			
- Arable areas	18.2	39.2	59.8
- Permanent grass	81.6	60.6	33.1
- Permanent crops	0.2	0.2	6.9
<b>Farm structure (2003)</b>			
- Number of farms	28,280	280,630	-
Utilised agricultural area	1,057,620	16,105,810	-
Average area farm size	37.4	57.4	15.8
Labour force (AWU)	33,280	352,220	-
<b>Forestry Structure (2000):</b>			
- Area of forest available for wood supply (FAWS) – 1000 ha	77	21,236	-
- Ownership (% area of FAWS under “eligible ownership”)	83	54.2	64.8
Average size of private holding (FOWL): ha	5.1	16.4	11.7 <sup>22</sup>
<b>Forest productivity (2000):</b>			
- Average net annual volume increment (FAWS): 1000m <sup>3</sup> overbark/year/ha of FAWS	9.8	6.9	4.9

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<sup>19</sup> Persons between 15-64. Dec 2005

<sup>20</sup> Persons between 15-64. Dec 2005

<sup>21</sup> CMEF – Common Monitoring and Evaluation Framework

<sup>22</sup> EU-22 (excl. AT, CY, EL)

**CMEF objective related indicators for axis 1**

Indicator	Northern Ireland	UK	EU average
Training and education in agriculture: % farmers with basic and full education attained (1999/2000)	13	N/A	16.9 <sup>23</sup>
Labour productivity in agriculture – average 2000 to 2004 (EU-25 = 100)	133 <sup>24</sup>	216	100
Labour productivity in food industry: thousand euros/employed (2003) <sup>25</sup>	35.8 <sup>26</sup>	68.7	50.5
Labour productivity in forestry: thousand euros/employed (2002)	N/A	11.5	38.3 <sup>27</sup>

**CMEF context related indicators for axis 2**

Indicator	Northern Ireland	UK	EU average
<b>Land cover (2000): % area in</b>			
- agriculture	72.7	58.7	46.7
- forest	6	8.1	31.0
- natural	17.6	24.7	16.0
- artificial classes	3.8	7.4	4.0
<b>LFA (2000): % UAA in:</b>			
- Non LFA	29.9	52.9	44.6
- LFA mountain	0	0.0	16.3
- other LFA	70.1	47.1	35.6
- LFA with special handicaps	0	0.0	3.2
<b>Areas of extensive agriculture (2003):</b>			
- % UAA for extensive arable crops	0	0.0	10.1
- % UAA for extensive grazing	0	28.0	21.2
<b>Natura 2000 area:</b>			
- % of territory under Natura 2000 (2005)	2.8	6.2	13.2
- % UAA under Natura 2000 (2004)	1.17	4.0	12.1 <sup>28</sup>
- %V forest under Natura 2000	5.4	3.3	11.8 <sup>29</sup>
<b>Biodiversity: protected forest (2000/02):</b>			
- % FOWL protected to conserve biodiversity, landscapes and specific natural elements	46	28.3	17.7
<b>Development of forest area (2000/05):</b>			

<sup>23</sup> 14 Member States only.

<sup>24</sup> Three year average 2002-2004 (Pre-SFP)

<sup>25</sup> Measured as gross value added per person employed in the food and drink industry, excludes the manufacture of tobacco products, hide and skin processing and animal feeding stuff manufacture

<sup>26</sup> Conversion rate of £1 = €1.4456

<sup>27</sup> 9 Member States only.

<sup>28</sup> EU-15

<sup>29</sup> EU-15

- Average annual increase of forest and other wooded land areas	0.5	10.4	-
<b>Forest ecosystem health:</b>			
- % trees in defoliation classes 2-4 (2004): <sup>30</sup>	n/a	26.5	24.1 <sup>31</sup>
- conifers	44	23.2	22.8
- broadleaves	18	2.1	25.5
<b>Water quality (2005):</b>			
- % territory designated as Nitrate Vulnerable Zone	100	34.2 <sup>32</sup>	40.9 <sup>33</sup>
<b>Water use (2003):</b>			
- % irrigated UAA	0.1	1.41	7.16 <sup>34</sup>
<b>Protective forests concerning primarily soil and water (2000/02):</b>			
- FOWL area managed primarily for soil and water protection: %	0.0	0.0	6.8

### CMEF *objective* related indicators for axis 2

Indicator	Northern Ireland	UK	EU average
Biodiversity: Population of farmland birds: reference year 2000 (2001)	n/a <sup>35</sup>	n/a	97.2 <sup>36</sup>
Biodiversity: High Nature Value farmland areas: million ha of UAA defined as HNV (1999 or 2000)	0.2 <sup>37</sup> (indicative)	4.3 (indicative)	-
Water quality: Gross Nutrient Balances: surplus of nitrogen kg/ha (2000)	117.9 <sup>38</sup>	45	55 <sup>39</sup>
Climate change: Production of renewable energy from agriculture and forestry: ktons (2004)	n/a	9	-

<sup>30</sup> Results from a limited survey.

<sup>31</sup> EU-22 (excl. EL, LU, MT)

<sup>32</sup> Preliminary

<sup>33</sup> Preliminary

<sup>34</sup> EU-22 (excl. DE, EE, LT)

<sup>35</sup> 2006 figures will be available 31 Dec 2006

<sup>36</sup> EU-15

<sup>37</sup> does not include LFA calculation or Natura 2000 only ESA, OFS, CMS higher tier options.

<sup>38</sup> Includes rough grazing land

<sup>39</sup> EU-15

## CMEF context related indicators for axis 3

Indicator	Northern Ireland	UK	EU average
<b>Population density (2003):</b>			
- inhabitants/km <sup>2</sup> of total land area	119.8 <sup>40</sup>	244.3	117.5
<b>Age structure (2001): % people aged:</b>			
- 0-14	22.0	18.9	16.9
- 15-64	64.7	65.2	67.2
- >= 65	13.3	15.9	16.0
<b>Structure of the economy (2002) [% GVA by branch]:</b>			
- Primary	2.3	0.9	2.1
- Secondary	28.1	24.9	26.6
- Tertiary	69.7	74.2	71.2
<b>Structure of employment by branch (2001 or 2002):<sup>41</sup></b>			
- Primary	3.6	1.6	5.0
- Secondary	24.2	20.3	26.2
- Tertiary	72.1	78.1	68.8
<b>Long term unemployment (2003):</b>			
- % of active population <sup>42</sup>	1.3	1.07	4.14
<b>Educational attainment ( 2004):</b>			
- % adults with medium and high educational attainment	73.8	84.5	69.8
<b>Internet infrastructure: DSL coverage (2004): %</b>			
- Rural	100	80	62 <sup>43</sup>
- Suburban	100	93	93
- Urban	100	98	95
- National	100	95	88

## CMEF objective related indicators for axis 3.

Indicator	Northern Ireland	UK	EU average
Farmers with other gainful activity: % (2003)	33.6	60.6	33.1
Employment development of non-agricultural sector: thousand of people employed in secondary and tertiary sectors (2001) <sup>44</sup>	730	29,455	-
Economic development of non-agricultural sector: GVA in secondary and tertiary sectors - M euros (2002)	32,320	1,426,489	-
Self-employment development – thousands of people self-employed (2004) <sup>45</sup>	116	3,581	-

<sup>40</sup> 2002

<sup>41</sup> 15 years old and above. Dec 2005

<sup>42</sup> Persons between 15-74 years old. Dec 2005

<sup>43</sup> EU-15

<sup>44</sup> 15 years old and above. Dec 2005

<sup>45</sup> 16 years old and above. Dec 2005

Internet take-up in rural areas % population subscribed to DSL internet (2004)	tbc		
- Rural		1.1	3.2
- Suburban		4.2	6.6
- Urban		9.6	9.9
- National		7.2	7.946
Development of services sector: share of GVA in services as % of total GVA (2002)	69.7	74.4	70.9
Life-long learning in rural areas: % of 25-64 y.o. participating in education and training (2004)	14.5	21.9	7.7

**CMEF *objective* related baseline indicator for Leader axis**

Indicator	Northern Ireland	UK	EU average
Development of Local Action Groups: Share of population covered by Local Action Groups	34.6	6.7	14.3 <sup>47</sup>

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<sup>46</sup> EU-15

<sup>47</sup> EU-15

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## Appendix 2

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### Background to Rural Northern Ireland

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#### Designation of Rural Areas (see page 2)

- In an attempt to address the issue of how to define a rural area, the Northern Ireland Statistics and Research Agency (NISRA) published a Report by the Inter-Departmental Urban-Rural Definition Group in February 2005 which considered this question in depth. The report recommends that Government Departments and other users should consider defining urban and rural areas in ways that are appropriate for the specific programmes and projects under consideration. In the absence of a programme-specific definition, it proposes that settlements with a population of 4,500 or less should be defined as rural. On the basis of this definition, approximately 65% of the Northern Ireland's 1.7 million inhabitants live in urban areas and 35% in rural areas.
- In the recent 'Study on Rural Policy'<sup>48</sup>, a flexible approach to the definition of rural was also proposed, with local or targeted initiatives adopting the narrower definition (i.e. settlements of less than 4,500 inhabitants). A broader definition, with a population limit of 18,000, was considered more appropriate for measures addressing broad sectoral issues, e.g. the efficient functioning of markets.

#### *Importance of rural areas (OECD definition):*

Indicator	Northern Ireland	UK	EU average
% territory in rural areas (2003)			
• Predominantly rural	46.4	30.1	56.2
• Intermediate regions	46.9	48.9	35.9
• Predominantly urban	6.8	20.9	7.9
% population in rural areas (2003)			
• Predominantly rural	21.9	2.6	18.6
• Intermediate regions	40.0	28.2	37.7
• Predominantly urban	38.0	69.2	43.7
% Gross Value Added in rural areas (2002)			
• Predominantly rural	17.0	1.8	13.1
• Intermediate regions	35.6	24.0	31.7
• Predominantly urban	47.4	74.2	55.3
% employment in rural areas (2002) <sup>49</sup>			
• Predominantly rural	20.4	2.4	16.3
• Intermediate regions	35.8	26.1	34.9
• Predominantly urban	43.8	71.5	48.9

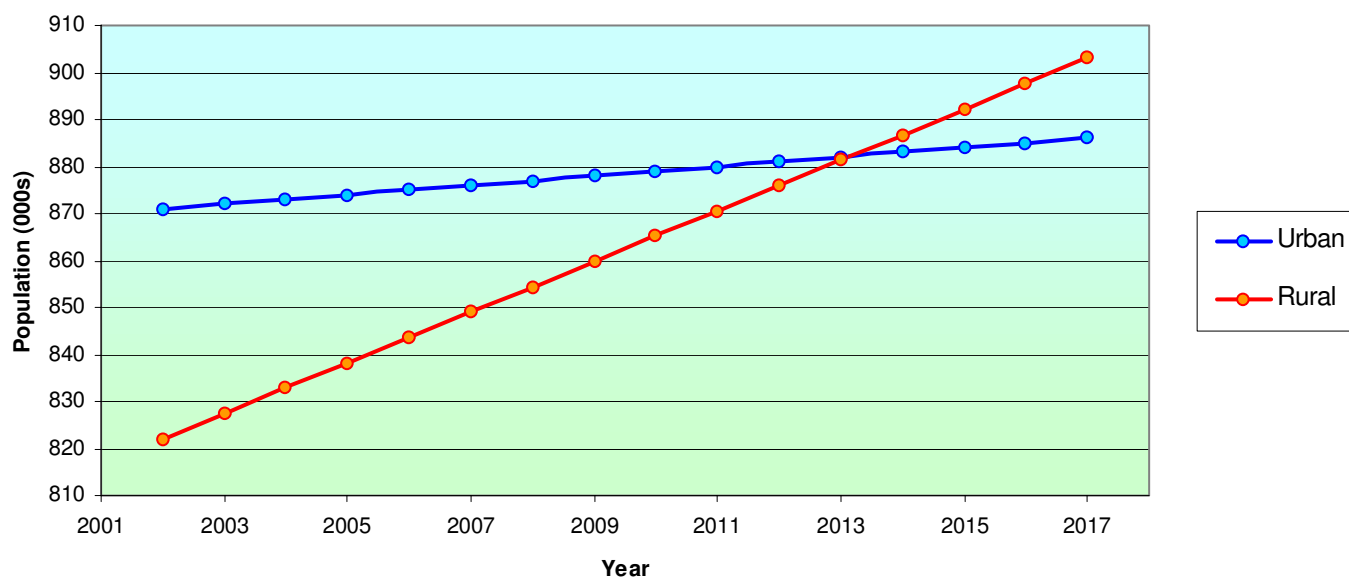
<sup>48</sup> Available at <http://www.dardni.gov.uk/ruralstakeholder/rursta09.htm>

<sup>49</sup> Northern Ireland data is for 2001

## Rural/Urban Populations

48.5% of the population can be defined as rural in 2002, compared to the remaining 51.5% which were urban. Rural Northern Ireland has higher live birth rates per 1,000 of the population than Urban Northern Ireland; and has lower death rates per 1,000 of the population relative to urban. It is therefore estimated that over the period 2002 to 2017 the population of rural Northern Ireland will grow by 9.8% compared to 1.3% for urban Northern Ireland (see Figure 4.1). Therefore the rural areas of Northern Ireland will have access to a faster growing working age population than the urban areas.

### *Population Projections for Northern Ireland 2002 - 2017*



## Number of Farmers

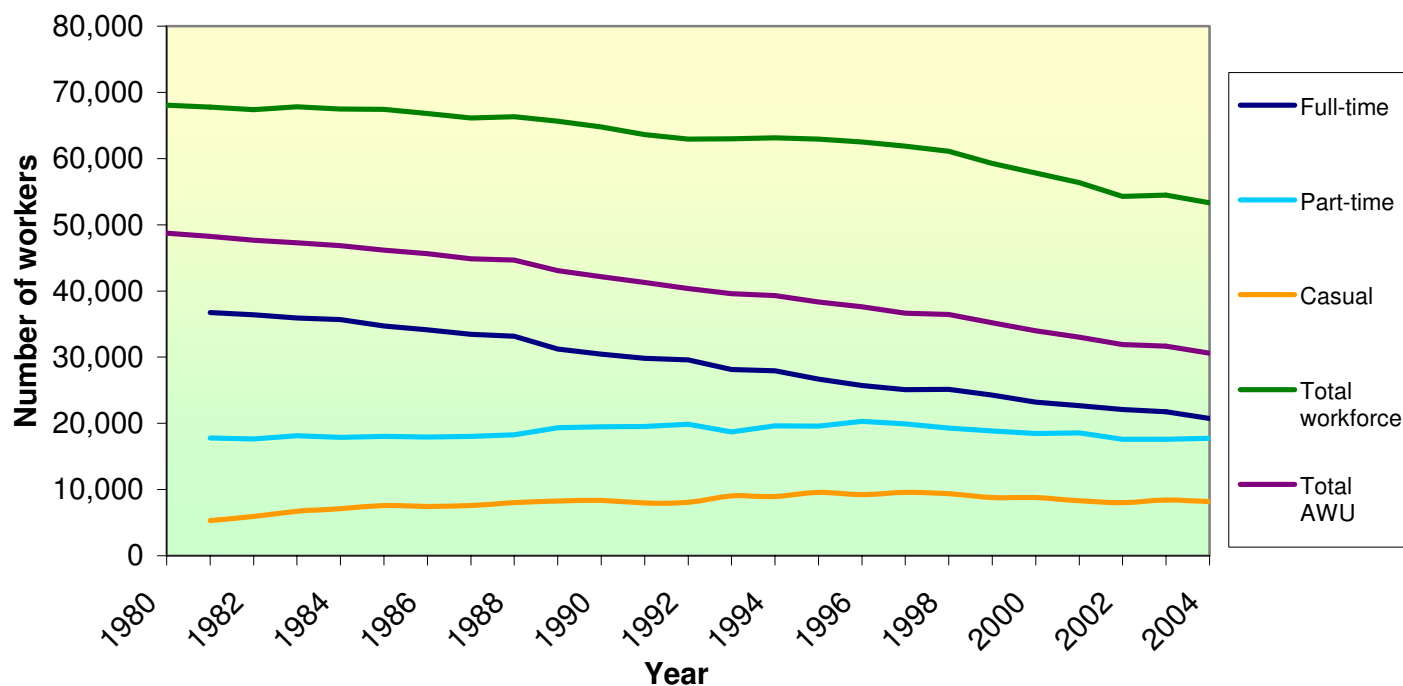
Since 1980, the total number of persons recorded in the Agricultural Census as working on Northern Ireland farms has fallen by 22%, from 68,000 in 1980 to 53,000 in 2004 (see Figure 2). These totals disguise a shift away from full-time towards part-time and casual working patterns. The total labour input, measured in Annual Work Units (AWU), has fallen by 37% over the period.

Although the total number of persons working on farms in 2004 was 53,000, many of these have part-time or casual involvement and do not record themselves in the Labour Force Survey and the Population Census as having their principal occupation in agriculture. When measured on a basis consistent with that for the rest of the economy, the agricultural workforce is estimated at 32,000 in 2004; this equates to 4.4% of civil employment in Northern Ireland.

The fact that there are (older) farmers leaving and fewer (younger) farmers entering the industry reflects the continuing restructuring that is taking place within the industry. The resulting age profile of farmers, where the current median age is 55, has not changed significantly over the past decade.



*Persons Working on Northern Ireland Farms, 1980-2004*



There is more income from self-employment in rural areas than other areas<sup>50</sup>. However, when the earnings of individuals are compared rather than household incomes, it shows that during 2000–2003, the average gross weekly earnings of people living in rural areas were consistently below those of people living in urban<sup>51</sup>. This may be related to the fact that the percentage of people in full-time employment is lower in rural areas<sup>52</sup>. In addition, a larger percentage of full-time employment in less accessible rural areas involves skilled trades and the processing sectors compared with higher percentages in white-collar occupations in the urban areas<sup>53</sup>.

*Percentage of employed persons in Northern Ireland aged 16-74 by Industry*

Occupation	Rural	Urban
Agriculture, hunting, forestry and fishing	7.11	0.67
Manufacturing	14.3	14.11
Electricity, gas and water supply	0.68	0.71
Mining, quarrying and construction	13.99	6.72
Wholesale, retail and vehicle repair	15.56	17.37
Hotels and catering	3.65	5.02

<sup>50</sup> Family Resources Survey Urban Rural Report NI 2002 - 2003. DSD

<sup>51</sup> [www.ninis.nisra.gov.uk](http://www.ninis.nisra.gov.uk)

<sup>52</sup> Family Resources Survey Urban Rural Report NI 2002 - 2003. DSD

<sup>53</sup> [www.ninis.nisra.gov.uk](http://www.ninis.nisra.gov.uk)

Transport, storage and communication	4.55	5.92
Financial intermediation	2.33	3.34
Real estate, renting and business activities	6.10	8.84
Public administration and defence	8.21	9.96
Education	8.12	9.2
Health and social work	11.87	13.24
Other	3.53	4.91

Note 1. Settlement based definition of Rural Areas is used  
2. Source: NISRA (NINIS website: <http://www.ninis.nisra.gov.uk/>)

## Farm Income

The table below demonstrates the general downward trend in average cash income on farms from 1996/1997 to 2002/03. Factors contributing to the income decline of the late 1990's were the BSE crisis, falling demand in key export markets and declining world prices for many agricultural commodities. The sharp decline in income after 1995 occurred despite an increase in EU direct support payments to farmers.

### *Indices of Average Cash Income by Farm Type*

	1994/95 1996/97	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
Cereals	100	35	70	56	52	20	50
General cropping	100	68	10	24	10	16	20
Pigs and Poultry	100	33	11	5	8	24	15
Dairy	100	90	62	65	75	53	65
Cattle and Sheep (LFA)	100	72	48	54	65	58	70
Cattle & Sheep (Lowland)	100	88	20	34	10	33	25
Mixed	100	57	75	103	94	97	125

Source: *Statistical Review of Northern Ireland Agriculture (DARD)*

For many farmers, non-farm sources of income are vitally important. In 2001/02, only 28% of farmers relied on farming for all their income, with a further 44% receiving half or more of their income from farming.

## Farm Types

Agriculture in Northern Ireland is predominantly grass-based. In 1980, cattle were found on 70% of farms. By 2004 this figure had risen to 86%. Sheep flocks are now more common in NI. There has been a marked decline in the incidence of farms with pigs, from 16% in 1980 to 2% in 2004, and cereal crops are now grown on only 12% of farms.

### *Percentage of Farms in NI With Different Enterprises*

% farms with:	1980	1990	2004
Dairy cows	20	23	17
Beef cows	42	55	56

Cattle	70	87	86
Sheep	18	38	32
Pigs	16	9	2
Cereals	21	19	12

## Land Use

Agricultural land-use in the EU can be split into two broad categories – arable and grassland. Table 2b below shows that for the EU12 as a whole the division between arable and grassland farming has remained relatively stable between 1990 and 2000. The ROI is a notable exception to the general situation, as the area devoted to cropping increased by 90 per cent over the period.

### Agricultural Land-use

Country	Year – 1990			Year - 2000		
	Arable crops (as % of UAA)	Grassland (as % of UAA)	Permanent crops (as % of UAA)	Arable land as (% of UAA)	Grassland as (% of UAA)	Permanent crops (as % of UAA)
Northern Ireland	5.9	93.9	0.2	5.3	94.6	0.1
UK	40.9	58.9	0.3	40.5	59.2	0.3
EU-12 <sup>54</sup>	53.3	37.8	8.9	54.3	36.9	8.8

Source: NI figures obtained from Farm census, DARD, while the other figures were obtained from Community survey on the structure of Agricultural holdings (FSS), DG Eurostat (UAA is Utilised Agricultural Area)

The Less Favoured Areas (LFA) account for 70% of the farmed land in Northern Ireland. The LFAs are further sub-divided into Severely Disadvantaged Areas (SDA) - 487,000 hectares - and the Disadvantaged Areas (DA) - 339,000 hectares. There were 19,000 farm businesses in the LFA in 2005, representing 70% of all farms in Northern Ireland. They accounted for 67% the region's full-time farmers and 72% of its part-time farmers.

During the period 1990 to 2000 there has been a general reduction in 'mixed farming' across the EU (see Table 2c). In the EU12 countries the non-specialised livestock and cropping farm types have decreased by 25 and 20 per cent respectively. In contrast, the specialised livestock and cropping farms have increased by 3 and 5 per cent.

### Changes in farm types 1990 – 2000

Country*	Percentage change in farm type – 1990 - 2000				
	Specialised livestock	Specialised cropping	Non-specialised livestock	Non-specialised cropping	Non-specialised cropping / livestock
Northern Ireland	11.4	-23.0	-5.3	-23.8	-28.2
UK	-13.2	5.3	7.1	-35.2	-10.0

<sup>54</sup> Excludes East Germany in 2000

ROI	4.7	3.5	-19.5	-34.8	-14.7
EU12	2.7	4.5	-24.9	-19.9	-6.9

\*Data not available for EU15

Source: NI figures obtained from Farm Census, DARD, while the other figures were obtained from Community Survey on the Structure of Agricultural Holdings (FSS), DG Eurostat.

In the UK the number of specialised cropping farms has increased by 5 per cent but the percentage of specialised livestock farms has decreased by 13 per cent. In Northern Ireland the reverse of the UK trend is evident with specialised cropping farms having fallen by 23 per cent and specialised livestock farms having increased by 11 per cent.

### Value Added

GVA (gross output minus gross input) in agriculture increased by 11% in 2003 to £506 million. When an allowance is made for capital consumption and subsidies the net value added rose by 21% to £316 million. There have been increases in 2003 in both GVA and net value added. Although the general trend over the four years up to 2000 was downwards the figure for 2001 showed an increase. Overall GVA in 2003 is 94% of that in 1997 and net value added in 2003 is similar to that in 1997. In summary farm output and net value added have returned to 1997 levels.

#### *Trends in Gross Output, Gross Input, Gross Value Added & Net Value Added*

£ Million	1997	1998	1999	2000	2001	2002	2003
Gross Output	1261.6	1114.7	1091.4	1081.3	1173.9	1131.4	1229.0
Gross Input	723.8	657.4	639.8	612.2	650.2	674.0	723.2
Gross Value Added	537.8	457.3	451.6	469.1	523.7	457.4	505.7
Net Value Added	315.5	237.4	233.2	259.6	323.4	260.4	315.6

Source: Statistical Reviews of Northern Ireland Agriculture 2002 and 2003

### Educational Qualifications of the Rural Population

It can be seen from the information below, the percentage of adults in rural areas with qualifications equivalent to two A-levels or higher is lower than in urban areas. When considered alongside objective baseline indicator 4, where only 13% of farmers have basic or full education in Northern Ireland (compared to 16.9 % in EU-14), there is a clear need to improve the accessibility/availability of educational opportunities to farmers.

*Educational Qualifications of adults in NI*

Percentage of Persons aged 16-74 by education level	Rural	Urban
No Qualifications	43.12	40.85
1-4 GCSE (grades A-C) or equivalent	17.06	17.32
5+ GCSE (grades A-C) or equivalent	17.15	15.95
2+ 'A' levels or equivalent	8.3	9.33
First degree or equivalent	10.26	11.28
Higher degree or equivalent	4.11	5.27

Note

1. Settlement based definition of Rural Areas is used
2. Source: NISRA (NINIS website: <http://www.ninis.nisra.gov.uk/>)

**Access to services in NI**

The information presented in Figure 1d is based on a measure of access to services used in producing the Noble Index. The lower score ranges (areas coloured dark blue) represent poor access to services while the higher score index represents better access to services. It is clear from the diagram that rural areas in the north and west of Northern Ireland have a lower access to services.

