



Border, Midland & Western
Regional Assembly
Investing in Your Future

BMW Regional Assembly
Submission to the
Review of the Rural Development
Programme 2007-2013

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1. Introduction

The Border, Midland and Western Regional Assembly welcomes this opportunity to submit proposals to the review of the Rural Development Programme 2007-13 which arises from the availability of an additional €120m following the recently completed CAP Health Check. The review was considered at a meeting of the Regional and Rural Affairs Committee of the Regional Assembly on February 13th and the proposals made herein have been prioritised in order of preference arising from this discussion.

The Regional Assembly considers it somewhat regrettable that the additional supports are limited to a restricted number of eligible activities, as some additional funding could have been applied to reinforce some of the existing planned investments across all 4 axes of the Rural Development Programme. Nevertheless, this review provides an opportunity to introduce innovative proposals to address adaptation to climate change, renewable energies, water management, bio-diversity and to introduce measures aimed at the orderly restructuring of the dairy sector.

As stated in the detailed submission made by the Regional Assembly to the Rural Development Programme in January 2006¹, it is important to take a long-term strategic view of the sustained added value of the chosen interventions, as the level of supports currently available may not be sustained post 2013. Preference should be given to new initiatives which confer the greatest added value (through additional value-based outputs or improved efficiencies) and with the longest lasting benefits. In the context of rising unemployment and prevailing uncertain economic conditions, initiatives which create employment opportunities should also be given priority.

In addition, clear objectives and targets should be established for each additional area of activity and these should be added to the existing suite of performance indicators developed for the Rural Development Programme.

2. Regional Context

The economy of the Border, Midland Western (BMW) Region² is undergoing a profound transformation, with the agriculture and food sectors in particular experiencing 'shocks' brought about by Global, European, National and Regional forces. Global competition, technology developments, environmental considerations and changes to the way in which farmers are compensated are all contributing to the transformation of rural economies.

Retaining the maximum number of viable farm holdings has been a national objective for many decades. Agriculture in the BMW Region has particular characteristics, which distinguishes it from agriculture in the Southern and Eastern (S&E) Region (see Appendix for breakdown of agricultural regions). Farm incomes are substantially lower than in the S&E Region. This is due in general to poorer land, smaller farm size, poorer age structure and higher dependence on off-farm incomes. Farming still represents a significant, but declining

¹ BMW Regional Assembly 2006. Submission to Consultation on the Rural Development Strategy and Programmes. January 2006.

Available at: http://www.bmwassembly.ie/Research%20&%20Policy/Policy_Papers.htm

² Border: Cavan, Donegal, Leitrim, Louth, Monaghan and Sligo.

Midland: Laois, Longford, Offaly and Westmeath.

Western: Galway, Mayo and Roscommon.

contribution to the economy of the BMW Region. The pace of restructuring is likely to increase following the agreed reforms of the Common Agricultural Policy.

As in all regions of Europe, farm families are faced with 4 generic choices:

1. expand farm scale;
2. diversify on-farm activities to generate additional income;
3. seek off-farm employment, accompanied sometimes with a downscaling in on-farm activities; or
4. abandon farming as an occupation.

The diversification of the rural economy and in particular, on-farm diversification has been a policy objective in Ireland for some time. It has been recognised that traditional farm enterprises are insufficient to generate viability on many Irish farms. It is in this context that the following proposals are being made.

3. Specific Innovative Proposals

The BMW Regional Assembly's submission to the consultation on the Rural Development Strategy and Programme in 2006 called for the use of "innovative approaches, initiatives and implementation arrangements" within the selected measures in order to exploit new opportunities. Such innovative approaches should go beyond demand-led national grant schemes and could incorporate pilot projects, action research initiatives or initiatives managed by collective bodies, as applied previously under the LEADER programme. This could involve open calls that would be open to public and or private sector bodies to apply and may require going beyond existing county based or central government administrative arrangements and utilising regional co-ordination structures which may be the most effective spatial scale at which such initiatives should be applied. In many instances there may not be sufficient critical mass or it may not be cost effective to administer initiatives at county level.

Proposal 1: Water Management

In view of the additional costs imposed on farmers due to the metering and charging for water use by all local authorities, it is considered a priority by the BMW Regional Assembly that increased support should be provided to farmers for the installation of water harvesting systems. These would provide a significant cost saving to both farmers and to local water schemes and would reduce the demand for wasteful treated water supplies.

Support should also be provided for costs incurred by farmers associated with river basin management schemes.

Proposal 2: Develop Organic Farming Sector

Organic farming should be promoted actively as a response to climate change with additional resources devoted to research, conversion, education and advisory services. Organic farming was included as an eligible measure in the Community Strategic Guidelines for the EAFRD but not specifically included in the Rural Development programme. The rate of conversion is still quite low by international standards. However, the market for organic produce continues to grow and Ireland imports a large proportion of its organic produce. The proposed supports would overcome the principal barriers:

- cost of conversion to organic production;
- poorly developed marketing systems; and
- low level of expertise in organic production.

Supports should also be provided to enhance the activities of co-operatives in the sector and the provision of better market information for producers so that the expansion of the sector can be accelerated and new entrants attracted.

Proposal 3: Wood Energy Strategy

A coherent national strategy for the wood energy sector should be developed with a particular emphasis on the Border, Midland and Western Region taking account of resource availability, market opportunity and consistency with National and EU policy objectives. Such a strategy should encompass a planned sector-based approach, involve key players and overcome the identified barriers to development. A model for this approach has been developed by the Western Development Commission and the strategy should be pursued along the lines of the WDC's proposed 'Wood Energy Strategy for the Western Region'³. This strategy has been costed at €1.5m over 3 years.

Biomass is a key element of any renewable electricity target and also offers farmers a sustainable income opportunity. To achieve 30% co-firing target alone would demand an estimated 1 million tonnes of biomass per annum necessitating a significant increase in biomass resource of up to 400,000 hectares and leading to the creation of "green collar" employment opportunities in rural areas.

However, the wood energy market remains largely underdeveloped. The Western Development Commission estimates that by 2020, using wood to produce heat energy could be worth an additional €15 million per annum to the economy, create up to 900 additional jobs in rural areas and provide €1.7m each year to the West's farming sector. Additionally the estimated CO₂ emissions saved annually would equate to taking over 92,000 cars off our roads.

Resources could be applied to develop robust secure supply chains to create a degree of certainty for both producers and consumers. Improved regional co-ordination structures, including professional co-ordination staff should be launched in order to improve dissemination of best practise, develop economies of scale and links to market opportunities. Support should be provided for both harvesting and processing equipment, compatible with EU state aids requirements.

Pilot demonstration projects can be a very valuable means of researching, developing and disseminating new approaches and in ensuring their subsequent adoption if they are proven to be successful. The establishment of new research facilities and demonstration units related to land-based energy crops, on-farm energy efficiency and water management should be considered.

Furthermore, the advisory services could be expanded to increase the level of promotional, training and advisory activity in relation to energy crops and rural energy efficiency in Ireland.

³ Western Development Commission. 2008. Wood Energy Strategy for the Western Region: Growing the Wood Heat Market in the Western Region.

Proposal 4: Micro-wind generation at farm level

Improvements in micro-generation technologies and the introduction of smart and two-way metering by the ESB, opens up a viable opportunity for farmers to become producers of electricity. The Irish Farmers Association has identified an initial 6,000 strategic locations in Ireland, where farmers can establish micro-wind turbines in a non-visually intrusive way. These micro-wind turbines have the capacity to drive down on-farm fossil fuel use and to deliver enough electricity to meet the demands of 32,000 households (more than Galway city) each year. The roll-out of a micro-energy strategy such as this would:

- reduce greenhouse gas emissions by over 2 million tonnes of CO₂ equivalent, over the expected service life of the wind turbines;
- provide an income opportunity for farm households; and
- provide a significant opportunity for farmers to consider renewable electric farm machinery into the future.

Such a strategy may require changes in the planning regulations, and the rapid deployment of smart and net metering technologies. Micro-wind generation and smart metering technologies should also be made available to all rural businesses and to community facilities.

Proposal 5: Energy Efficiency on farms

Measures should be introduced which promote energy efficiency on farms. These could include solar water heating on dairy farms and other rural buildings requiring a regular supply of hot water. Farm buildings have a large surface area which would be ideally suited for hosting solar panels.

Support could also be provided for energy-efficient heat exchange ventilation systems in energy-intensive farm enterprises e.g., pig and poultry units and certain horticulture undertakings.

Supports should also be provided for energy generation based on farm waste, such as the development of anaerobic digestion plants. These could build on the pilot projects funded under the previous National Development Plan.

Proposal 6: Community-based energy and transport initiatives

Community-based renewable energy initiatives e.g., co-operative locally-owned wind-farm projects should be actively promoted. The Western Development Commission pilot project⁴ has demonstrated a model of how this can be achieved.

The provision of improved rural transport services will lessen the dependence on cars by all rural residents. The current schemes are largely based on non car users. Reducing greenhouse gas emissions requires the provision of quality services that substitute for car use by rural residents and would necessitate a quantum leap forward in the standard of services on offer.

The utilisation of fuel cell vehicles, powered at base from renewable energy sources e.g., community-owned wind turbines would be the ideal solution and would also serve as

⁴ Western Development Commission. 2004. To Catch the Wind – The Potential for Community Ownership of Wind Farms in Ireland.

demonstration projects for electricity powered vehicle use. Such a proposal would also give effect to Action 12 of the Governments Action Plan for Sustainable Travel launched in February 2009⁵.

The review of the current Rural Development Programme provides an opportunity to re-consider the scale of the current rural transport programme and to improve the co-ordination of all transport services in rural areas.

Proposal 7: Biodiversity

Species diversification should be a mandatory requirement for all new forestry plantations with strict environmental controls implemented and monitored. Measures that address the decline in Ireland's biodiversity should be supported.

Proposal 8: Restructuring of the Dairy Sector

It is generally considered that Ireland's grass-based dairy production sector will benefit greatly from the planned elimination of dairy quotas by 2015. The dairy sector has very strong multiplier effects in terms of inputs, exports and employment creation. It is imperative therefore that the optimum number of viable dairy farms be retained as this remains one of the most profitable grass-based sectors in Ireland. The dairy farming sector in the BMW Region has undergone substantial structural change over the past two decades and there is now in the BMW Region a cohort of medium scale commercial dairy producers who wish to continue milk production into the future. Consideration should therefore be given to possible measures allowed under Article 68 of the draft Regulation to enable continued viable dairy farming in the region which is "subject to restructuring ...in order to avoid abandoning of land and/or in order to address specific disadvantages for farmers in those areas" in accordance with Article 68.

At the same time, there is an economic imperative to restructure the dairy processing industry in order to re-configure processing facilities to bring much greater efficiency to operations, and to move to generating an economic return in order to sustain viable dairy production in Ireland. However, the restructuring of the dairy sector is likely to impact negatively on the west and north west of Ireland with a risk that milk processing will become centred in Munster and South Leinster leaving the west, north west and north east without processing facilities.

Re-structuring proposals whether based on the Prospectus Review (2003) or not, must take the regional implications into account. A regionalised restructuring programme rather than a national programme would therefore provide the best means of retaining viable and profitable milk production and processing in these areas that currently have a profitable dairy sector – see map overleaf.

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⁵ Department of Transport. 2008. Smarter Travel: A Sustainable Transport Future - A New Transport Policy for Ireland 2009-2020.

Appendix

Agricultural Regions in Ireland

