National Strategy for Sustainable Operational Programmes in the fruit and vegetables sector

Evaluation Report
(2012)

Portugal

November 2012
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1. EXECUTIVE SUMMARY

1.1. Main results of the evaluation

The evaluation in this report concerns a period characterised by a difficult time for the Portuguese economy, marked by a slowdown in 2011 in the GDP growth of developed economies in 2011 (1.8 %), driven by the intensification of the financial turmoil associated with the sovereign debt crisis in the euro area.

The 2007-2011 period was marked by the 2007 financial crisis that gave rise to a deep recession in 2009, with global economic activity starting to recover afterwards. However, in 2011 there was a slowdown in the pace of growth in the world economy, particularly in developed economies, which are the main destinations for Portuguese exports, including agri-food exports.

Domestically, private consumption suffered the biggest contraction in recent decades (-3.9 %); the fall in investment worsened for the third consecutive year (-13.9 %) and public consumption decreased as a result of the intensification of the fiscal consolidation process (-3.8 %).

However, during the same period, the Portuguese food trade balance, traditionally negative, showed a reversal of this trend and improved.

The growing importance of plants, vegetables and fruit in the structure of production was crucial to this improvement and so were the relevant production of tradable goods and the increase in exports.

The level of producers’ organisations in the fruit and vegetables sector grew significantly during this period – from 10 % in 2006 to 22.5 % in 2011 – but it is still low when compared with the European average of about 43 %.

The number of recognised producers’ organisations (POs) increased from about 60 to 90, but there has not been a proportional increase in the value of Operational Funds (OF), given the small size of the average PO in terms of Value of Marketed Production (VMP).
1.2. Conclusions and recommendations

The support scheme for the Operational Programmes (OP) of fruit and vegetables POs has contributed to this development of producers’ organisations, in particular through measures that have an impact on the following objectives: programming production and adapting it to demand; concentrating production for marketing purposes; planning production; improving product quality; increasing the commercial value of products; promoting products; and environmental measures, even though the latter are more a result of mandatory requirements than of adapting to Pos’ interests.

We have also concluded that the objectives of optimising production costs and stabilising producer prices and preventing and managing crises are not being satisfactorily met.

As to the first, this is because the market for fruit and vegetables is a buyers’ market, where, because products are perishable, the price is set by the buyer and the producer has no negotiating power. However, it should be noted that the VMP per fruit and vegetables PO has evolved more favourably than the total of fruit and vegetables products, thus revealing greater resilience in concentrated supply structures vis-à-vis the large distribution concentration downstream.

Regarding crisis management measures, the low demand from POs resulted from a certain mismatch with reality, since they have not adopted all the regulatory possibilities from the start of the application of the National Strategy (NS), in particular as regards crop insurance. However, these measures are limited by the reduced average VMP of Portuguese POs and consequently only an increase in their critical size can lead to an efficient use of these mechanisms.

We can also conclude that this scheme has made it possible to maintain funding capacity for fruit and vegetables POs that bucked the general trend of the Portuguese economy, by reducing the stress of debt and ensuring capacity for improving production structures, with emphasis on investment in fruit and vegetable collection centres.

However, despite a continued increase in the number of POs and their members, the value of Operational Funds used to finance them did not undergo similar changes, leading to a reduction in the average value per PO.

To counter this trend, it is recommended that the objectives of the NS are reoriented towards competitiveness, by promoting an increase in the average size of fruit and vegetables POs, in order to achieve more efficiency in the use of financial, human and natural resources.
To improve the scheme, a simplification of its model and management system is also recommended, in particular with regard to communication by the POs of financial elements and implementation of measures. This recommendation applies not only to national authorities, but also to EU decision makers, and it is in fact one of the main concerns outlined regarding the future EU sector policy.

For a consistent application of this instrument, it is also recommended that an across-the-board approach is taken in terms of objectives and targets with other EU policies and instruments, such as the future rural development policy and the partnership agreement, the promotion of agricultural and agri-food products, the quality policy for agricultural products, and at national level with the policy of internationalisation of agriculture and regulation of the agri-food value chain.

Finally, sensitive areas in defining the future EU policy for this sector are mentioned, such as: the need to revise the threshold for a low degree of organisation, making it closer to the EU average in order to allow greater positive differentiation of the MS in this situation; competitiveness orientation in the scheme, by linking rural development to environmental objectives at farm level; and, as previously mentioned, a concern with the need to simplify the whole scheme and its implementation, as well as to ensure the same provisions as other EU schemes, such as the possibility of EU funding for evaluation exercises (as happens with the school fruit scheme) or the application of national financial envelopes (as seen in the wine sector programmes) that include headings for measure management and monitoring.
2. Introduction

2.1. Purpose of the report

As laid down in Article 125(1) of Commission Regulation (EU) No 543/2011, the purpose of this report is to assess and determine the progress made in the fruit and vegetables sector following the establishment in 2009 of the National Strategy for the sustainability of the OPs of the sector’s POs.

Its aim is to analyse the development of the original objectives set out for the operational programmes, and the efficiency and effectiveness thereof, evaluate the degree of utilisation of financial resources, and determine the effects and impacts of the operational programmes.

The purpose of this evaluation is to analyse the need for defining new instruments to be included either in the current or the future NS, by identifying potential shortfalls in the original objectives, targets or measures eligible for support.

2.2. Structure of the report

Taking account of the general requirements for evaluating the national sustainability strategies for the OPs in the fruit and vegetables sector provided for in Articles 125 and 127 of Commission Regulation (EU) No 543/2011, which also apply to the 2012 evaluation of national strategies, this report is based on macroeconomic elements, specific global sectors of organised production, as well as the implementation of OPs.

An analysis of the evaluation context is carried out, which aims to include the implementation of the scheme in the definition of the National Strategy and in the shortcomings identified for the sector and, above all, the level of financial implementation of the different measures envisaged.

Details are provided of the methodology used in the evaluation, as well as of the parties responsible for the preparation of the evaluation and for the provision of contributions and data for the study carried out.

The main analysis lies in the response to the evaluation questions, which are directed at the measures set out in the Regulation, and a assessment is made on the extent of their application and the impacts on the objectives and targets set out for the sector under the National Strategy.

It was decided to provide more information on measures with a higher degree of application and a more important bearing on the choices made by POs with approved operational programmes, given that their impacts will be significant overall.
Issues regarding the efficiency and effectiveness of the whole NS were also evaluated, in addition to measure-specific issues, in pursuit of the global objectives set out for the sector on such matters as, inter alia, competitiveness and price stabilisation.

Lastly, as the main issue of the report in terms of the future application of the NS and potentially adapting it to reality and the desired results, the conclusions of the environmental analysis and the evaluation questions are presented, as well as recommendations for improving the future application of this instrument, at both national and EU policy level.

The economic analyses provided in the annex enable us to assess this sector in the context of the Portuguese economy, in the areas of agriculture and forestry and more importantly in the fruit and vegetables sector itself, specifically in terms of organised production.

Also provided in the annex are elements relating to the NS. These include objectives and measures, as well as the 2007 evaluation on the previous period, which led to the identification of shortcomings and objectives, and the definition of the measures now being evaluated.
3. **Context of the evaluation**

The NS was established in accordance with Article 12(2) of Council Regulation (EC) No 1182/2007\(^1\) of 26 September 2007 and Articles 57, 58 and 60 of Commission Regulation (EC) No 1580/2007\(^2\) of 31 December 2007. It has been in force since 2009 and is valid until 31 December 2013.

Taking account of a diagnosis of the baseline situation prior to the definition of the NS and as a result of a series of multiple development deficits corresponding to needs identified in the sector, it was intended that the scope of the OPs implemented by fruit and vegetable POs be listed in the identified objectives under three separate headings:

- Incorporation of environmental requirements
- Management optimisation and professionalisation
- Improving immaterial factors of competitiveness

<table>
<thead>
<tr>
<th>Needs of the sector on which the NS will be based</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reduction of the environmental impact of fruit and vegetable production, by mitigating the negative external impacts associated with production (residues);</td>
</tr>
<tr>
<td>2. Improved efficiency in the use and management of water, by maintaining or improving water quality;</td>
</tr>
<tr>
<td>3. Introduction of more environmentally sustainable practices, specifically by reducing the use of phytopharmaceuticals.</td>
</tr>
<tr>
<td>4. Improved competitiveness of the marketed produce, by reducing production costs with better technical and economic output, by means of introducing new and more efficient techniques in terms of the utilisation of resources, including energy resources.</td>
</tr>
<tr>
<td>5. Development of human potential through training in management, business, the environment, plant health and production;</td>
</tr>
<tr>
<td>6. Promotion of the concentration of supply by increasing the size of the POs to try to ensure a greater balance in the appropriation of the margins generated by the sector;</td>
</tr>
<tr>
<td>7. Innovation and experimentation;</td>
</tr>
<tr>
<td>8. Strengthening of quality and diversification policies, by matching supply to an increasingly informed and high demand;</td>
</tr>
<tr>
<td>9. Promotion, in terms of increasing general consumption and counteracting downward trends;</td>
</tr>
<tr>
<td>10. Stabilisation of the variations in farmers’ income resulting from market price fluctuations</td>
</tr>
</tbody>
</table>


Therefore, the NS, being used as the main instrument to support the sector under the common agricultural policy and designed to bring innovation and professionalism, and introduce competitive gains to the fruit and vegetables sector, was defined on a complementary basis along with other support instruments, specifically the Rural Development Programme.

Portugal is still one of the Member States with a lesser degree of representation in terms of the number of OPs in the POs, for which reason it is important to go to every effort to improve the situation. In 2010 and 2011, there were 86 recognised organisations. In total, these organisations had around 12,800 members and covered an estimated area of around 58,000 ha.

Taking account of the proposal for measures in the OPs submitted, following the entry into force of the sector reform, it is possible to gauge the relevance or adequacy of the measures in terms of the current state and needs of the POs.

**NUMBER OF ACTIONS PRESENTED BETWEEN 2008 AND 2010**

<table>
<thead>
<tr>
<th>Category</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other types of action</td>
<td>14</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Environmental actions</td>
<td>4</td>
<td>10</td>
<td>64</td>
</tr>
<tr>
<td>Crisis management prevention measures</td>
<td>0</td>
<td>1</td>
<td>47</td>
</tr>
<tr>
<td>Training actions</td>
<td>0</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>Experimental production</td>
<td>0</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Marketing improvement</td>
<td>15</td>
<td>64</td>
<td>87</td>
</tr>
<tr>
<td>Product quality improvement</td>
<td>16</td>
<td>77</td>
<td>116</td>
</tr>
<tr>
<td>Production planning</td>
<td>0</td>
<td>0</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Annual Reports

It has been found that the number of actions presented since the application of the NS rose from 63 in 2008 to 342 in 2009, and fell in 2010 from 342 to a total of 237. However, the OPs submitted have continued to prevail in marketing improvement measures, product quality measures and environmental actions.
TOTAL EXPENDITURE FOR THE OPs SUBMITTED/MEASURE (2008 to 2010)

<table>
<thead>
<tr>
<th>Measure</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production planning</td>
<td>4.559.531</td>
<td>2.809.798</td>
<td>6.003.535</td>
</tr>
<tr>
<td>Marketing improvement</td>
<td>4.191.053</td>
<td>6.441.003</td>
<td>7.327.509</td>
</tr>
<tr>
<td>Experimental production</td>
<td>6.749</td>
<td>130.309</td>
<td>87.428</td>
</tr>
<tr>
<td>Training actions</td>
<td>587.223</td>
<td>9.929</td>
<td>19.956</td>
</tr>
<tr>
<td>Crisis management and prevention measures</td>
<td>69.708</td>
<td>880.771</td>
<td>1.120.398</td>
</tr>
<tr>
<td>Environmental actions</td>
<td>4.312.012</td>
<td>1.736.450</td>
<td>2.901.377</td>
</tr>
<tr>
<td>Other types of actions</td>
<td>213.752</td>
<td>239.143</td>
<td>288.847</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>16.199.612</strong></td>
<td><strong>18.334.101</strong></td>
<td><strong>21.299.486</strong></td>
</tr>
</tbody>
</table>

Source: Annual Reports

From the distribution shown in the table above, it is possible to conclude that in 2010 almost 67% of expenditure went on measures for improving product quality and marketing, since these measures are of the greatest concern to the POs as regards their OPs.

Moreover, in 2010, a significant amount was spent on production planning measures, which accounted for 37% of total expenditure compared with only 17% the previous year.

The reduced expression of innovation and experimental production, as well as training and crisis prevention measures remain steady, indicating certain lack of knowledge with regard to less urgent matters that are not directly related to the productive and commercial aspect of the POs.

Environmental actions have a relative weight of about 20%, which will partly be due to the fact that it is compulsory to present two of these measures in the OP or 10% of the respective operational fund for the environment.
As part of the foreseeable development of both the common agricultural policy and the national fruit and vegetables sector, attention must be drawn to the fact that the amount accounted for by crisis management measures is alarmingly low. This is an exception to competition rules specifically for this sector, as this is not possible in other areas of agriculture, but therefore highlights that there has been an element of neglect in the OPs of the national POs: they accounted for only 5% of the operational funds in 2010 and were submitted by merely 13 POs.

This fact is associated with the lack of innovative measures, introduced only in 2009, and a certain lack of knowledge on the part of the POs in terms of the respective management and application, which is why improved human resources training for the POs in this specific area of performance, and not in the areas of production or marketing themselves, may be essential to the success of the implementation of these measures and to the self-regulation capacity of the sector for dealing with potential market crises.
4. **Methodology**

In light of financial restrictions, an external entity was not used for drawing up the evaluation report due to the cost incurred for a study of this size.

The entity responsible for drawing up the evaluation report was the Office of Planning and Agri-Food Policy (GPP) of the Ministry of Agriculture, the Sea, the Environment and Spatial Planning (MAMAOT), taking account of its remit as regards:

- monitoring the progress of the policies and programmes and evaluating their consequences, specifically in the area of agriculture, using the defined objectives and indicators and conducting national, sectoral and regional studies, as well as raise the profile of policy programmes and measures, statistical information, and the results of studies and the evaluation of measures.

On the basis of the Commission “Guidance Note for evaluating National Strategies”, it was decided to base the evaluation on the answers to the common evaluation questions included therein. In this respect, with a view to evaluating the effective contribution of each of the specific measures of the OP and verifying whether the defined objectives in the NS were fulfilled, the methodology applied was based exclusively on the annual reports, not least on the analysis of the defined indicators.

To ensure these reports contribute to the years to which they relate, the various entities involved in the application of the NS include:

**Regional Directorates for Agriculture and Fisheries (DRAP),** regional bodies of the MAMAOT specializing in the recognition and evaluation of sustaining the reputation of recognised POs, as well as in analysing, approving and monitoring the application of the respective OFs and Ops;

**Agriculture and Fisheries Financing Institute (IFAP),** body responsible for payment and for the scheme’s financial progress reports;

**Fruit and Vegetables Producer Organisations** and their associations and federations, which are responsible for providing basic information for the annual reports following the implementation of their approved OPs;
Given that the 2011 annual report and the National Strategy Evaluation Report are currently being drawn up simultaneously, it should be noted that this evaluation only covers a two-year period (2009 and 2010), since it was not possible to analyse all the implementation figures for 2011 that were being processed. However, as soon as the information was available, more recent figures were used to compare, *inter alia*, the number of recognised POs, approved OPs, and the state of the economy and industry in 2011 and 2012.

Therefore, the evaluation consists in establishing and analysing comparable indicators, firstly the situation of the national fruit and vegetables sector before the entry into force of the NS\(^3\), and, secondly, the situation in 2010. This represents the progress made during the first two years following the implementation of the measures accepted into the OPs and developed by the POs under the NS.

This analysis is being used as a basis to determine the suitability of the instruments that were considered in the definition of the NS, with a view to adjusting certain aspects of the profile of determined measures, either by adapting to the currently existing measures or by creating new measures and improving the instruments that were originally considered.

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\(^3\) Lowering the environmental impact of fruit and vegetables production; improved efficiency in the use and management of water; Introduction of more environmentally sustainable practices; improved competitiveness of the marketed produce; development of training actions; promoting concentration of supply; innovation and experimentation; strengthening of quality and diversification policies; promotion; stabilisation of the variations in farmers’ income.
5. **Answers to the evaluation questions**

5.1. **Evaluation questions relating to specific measures under the national strategy**

Given that the figures from the 2011 annual report required for this evaluation have not yet been finalised at this stage, it should again be noted that, according to point 4 under Methodology, with a view to providing answers to the following questions, 2009 and 2010 were the only two years taken into account.

As such, it is based on actions dating back to 2009, which is when the NS entered into force.

Subsequently, there was a significant surge in the number of actions (347) in 2009 compared with only 63 in 2008, which may suggest that the NS had the intended effect in the sense of promoting the PO's membership to the new OPs. In 2010, the number of actions fell by 30% to around 237, mainly because of a decrease in the number of actions for improved product quality.

Also, in order to simplify the methodology, a single response will be provided, in the context of a joint evaluation, for the question on indicators for assessing whether the various measures are: a) in accordance with the needs, b) are coherent with other measures of the national strategy, c) are coherent with measures of the Rural Development Programme(s) having the same objectives, since it was not deemed relevant to generate a specific response for each action referred to, given the variety of objectives for each measure/action.
### 5.1.1. Production planning actions

1.1 To what extent have the actions aimed at production planning contributed to developing Producer Organisations' performance in relation to planning of production? Details with respect to:

a) purchase of fixed assets,

b) other form of acquisition of fixed assets and

c) other actions

A: Investments were only made in other actions. Between 15 and 28 % respectively in 2009 and 2010, with no change to the latter compared with 2008 when investment was also fixed at 28 % of overall investment.

1.3 To what extent are the actions aimed at planning of production:

a) in accordance with needs?

b) coherent with other measures of the National Strategy?

c) coherent with measures of the Rural Development programme(s) having the same objectives?

A: See joint response.
### 5.1.2. Actions aimed at improving or maintaining product quality

**2.1** To what extent have the actions aimed at improving or maintaining product quality contributed to developing performance in relation to product quality? Details with respect to:

- a) purchase of fixed assets,
- b) other form of acquisition of fixed assets and
- c) other actions

A: Despite some acquisitions of fixed assets in 2009 and 2010, the largest investment was in “other actions”, which accounted for 33 and 17% in 2009 and 2010 respectively.

**2.2** To what extent are the actions aimed at improving or maintaining product quality:

- a) in accordance with needs?
- b) coherent with other measures of the National Strategy?
- c) coherent with measures of the Rural Development programme(s) having the same objectives?

A: See joint response.
### 5.1.3. Actions aimed at improving marketing, including promotion and communication activities

3.1 To what extent have the actions aimed at improving marketing contributed to developing performance in relation to product marketing? Details with respect to:

a) purchase of fixed assets,

b) other form of acquisition of fixed assets

c) promotion and communication activities and

c) other actions

A: In years 2009 and 2010, 35% and 34% respectively, whereby the purchase of fixed assets had a relative weight under this action of 75 and 46% in 2009 and 2010 respectively.

3.2 To what extent are the actions aimed at improving marketing:

a) in accordance with needs?

b) coherent with other measures of the National Strategy?

c) coherent with measures of the Rural Development programme(s) having the same objectives?

A: See joint response.
### 5.1.4. Research and experimental production

<table>
<thead>
<tr>
<th>4.1 To what extent have actions of research and experimental production contributed to developing new products and/or techniques? Details with respect to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) purchase of fixed assets,</td>
</tr>
<tr>
<td>b) other form of acquisition of fixed assets and</td>
</tr>
<tr>
<td>c) other actions</td>
</tr>
<tr>
<td>A: Residual value in both years 1 and 0 % for 2009 and 2010 respectively.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4.2 To what extent have actions of research and experimental production contributed to developing technical and economic performance and promoting innovation?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: The impact will have been negligible due to decreased membership.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4.3 To what extent are actions of research and experimental productions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) in accordance with needs?</td>
</tr>
<tr>
<td>b) coherent with other measures of the National Strategy?</td>
</tr>
<tr>
<td>c) coherent with measures of the Rural Development programme(s) having the same objectives?</td>
</tr>
<tr>
<td>A See joint response.</td>
</tr>
</tbody>
</table>
5.1.5. Training actions and actions aimed at promoting access to advisory services

5.1 To what extent have actions related to training and advisory services contributed to ensuring access to technical training and knowledge for Producer Organisations' members and/or personnel?
Details with respect to different types of actions (based on the main issue covered):
- organic production;
- integrated production or integrated pest management;
- other environmental issues;
- traceability;
- product quality, including pesticide residues;
- other issues.
A: Very low investments overall have virtually no impact on total annual investment.

5.2 To what extent have actions related to training and advisory services contributed to promoting knowledge and improving human potential to the benefit of Producer Organisations' members and/or personnel?
A: The impact will have been negligible due to decreased interest.

5.3 To what extent have the actions related to training and advisory services been efficient with respect to achieving their objectives?
A. Conclusions cannot be drawn due to decreased interest.

5.4 To what extent are the actions related to training and advisory services
a) in accordance with needs?
b) coherent with other measures of the National Strategy?
c) coherent with measures of the Rural Development programme(s) having the same objectives?
A: See joint response.
### 5.1.6. Crisis prevention and management instruments

<table>
<thead>
<tr>
<th>6.1 To what extent have the set of crisis prevention and management instruments selected under the National Strategy contributed to crisis prevention and management?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Details with respect to the contribution of different crisis prevention and management instruments:</td>
</tr>
<tr>
<td>a) market withdrawals?</td>
</tr>
<tr>
<td>b) green harvesting or non-harvesting?</td>
</tr>
<tr>
<td>c) promotion and communication?</td>
</tr>
<tr>
<td>d) training?</td>
</tr>
<tr>
<td>e) harvest insurance?</td>
</tr>
<tr>
<td>f) support for the administrative?</td>
</tr>
<tr>
<td>A: They relate, in almost all cases, to market withdrawal actions and total expenditure was 5% in 2009 and 2010. Only one PO invested in mutual funds during these two years.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6.2 Have specific crisis prevention and management instruments or combinations of them proved to be the most effective for crisis prevention and management to the benefit of Producer Organisations' members?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: It appears that the market supply of companies for contracting mutual funds has fallen and will have resulted in the membership of only one Producer Organisation. However, it should be noted that, harvest insurance may be purchased from 2012 onwards at the discretion of the trustee, as it is expected that this will lead to increased membership.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6.3 To what extent are eligible crisis prevention and management instruments in accordance with needs?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: This measure did not gain the expected level of interest, so it was intended to make this measure more attractive to the POs by introducing harvest insurance in 2012.</td>
</tr>
</tbody>
</table>
### 5.1.7. Environmental actions

<table>
<thead>
<tr>
<th>7.1 To what extent have environment actions contributed to providing environmental services?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Details with respect to the contribution of different types of environmental actions:</td>
</tr>
<tr>
<td>a) purchase of fixed assets,</td>
</tr>
<tr>
<td>b) other form of acquisition of fixed assets and</td>
</tr>
<tr>
<td>c) other actions</td>
</tr>
<tr>
<td>A: The environmental component accounted for 9 and 14 % respectively in 2009 and 2010 of the total expenditure. In 2009, investments with the highest share were between 36 and 34 % in the acquisition of assets and in other assets, not least those related to reducing waste. In 2010, investment was only in other actions (better use of resources and other actions).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7.2 To what extent have environment actions in the area of production contributed to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) soil protection?</td>
</tr>
<tr>
<td>b) water protection?</td>
</tr>
<tr>
<td>c) habitats and biodiversity preservation?</td>
</tr>
<tr>
<td>d) landscapes preservation?</td>
</tr>
<tr>
<td>e) climate change mitigation?</td>
</tr>
<tr>
<td>f) air quality preservation?</td>
</tr>
<tr>
<td>g) reducing waste production?</td>
</tr>
<tr>
<td>A: Portugal excluded habitats and biodiversity preservation, as well as landscapes preservation from the national strategy. A significant amount appears to have been spent on water protection, but nevertheless the largest investment was in actions aimed at reducing waste production.</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>7.3 To what extent have environment actions in the area of transport contributed to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) energy efficiency?</td>
</tr>
<tr>
<td>b) reducing use of more polluting fuels?</td>
</tr>
<tr>
<td>A: Action not eligible under the national strategy.</td>
</tr>
<tr>
<td>Section</td>
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<tr>
<td>7.4</td>
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<tr>
<td>A.</td>
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<tr>
<td>7.5</td>
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<tr>
<td>A.</td>
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<tr>
<td>7.6</td>
</tr>
<tr>
<td>a)</td>
</tr>
<tr>
<td>b)</td>
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<tr>
<td>c)</td>
</tr>
<tr>
<td>A.</td>
</tr>
</tbody>
</table>
### 5.1.8. Other actions

8.1 To what extent have other actions contributed to improving the performance of the Producer Organisations and/or of their member agricultural holdings through a better use of production factors?

- Details with respect to:
  - a) purchase of fixed assets,
  - b) other form of acquisition of fixed assets and
  - c) other actions

**A:** No significant weight: 1% in 2009 and 2010, they only corresponded to general expenditure, with no expenditure in the area of PO mergers, an action which is expected to be used as an incentive in the future.

8.2 To what extent have other actions contributed to developing logistic, product preparation and sale potentials of recognised Producer Organisations?

- Details with respect to:
  - a) purchase of fixed assets,
  - b) other form of acquisition of fixed assets and
  - c) other actions

**A:** Conclusions cannot be drawn due to decreased membership.

8.3 To what extent have other actions contributed to strengthening the operational capability of recognised Producer Organisations?

- Details with respect to:
  - a) purchase of fixed assets,
  - b) other form of acquisition of fixed assets and
  - c) other actions

**A:** Conclusions cannot be drawn due to decreased membership.
8.4 To what extent are other actions:

a) in accordance with needs?

b) coherent with other measures of the National Strategy?

c) coherent with measures of the Rural Development programme(s) having the same objectives?

A. See joint response.

Joint responses

To what extent are the actions:

a) in accordance with needs?

b) coherent with other measures of the National Strategy?

c) coherent with measures of the Rural Development programme(s) having the same objectives?

A:

a) All of the measures had interest and, in the beginning, they met the needs of the POs. However, the varying degree of interest in the measures may serve to justify the changes to the measures and the introduction of more measures, particularly environmental measures and crisis management and prevention measures.

b) Each OP submitted is accompanied by a descriptive framework and justification of the measures under the national strategy, respecting the consistency in all other eligible measures. The measures set out in the national strategy contribute towards common objectives with varying degrees of importance, and are complementary in their implementation.

c) The national strategy was defined on a complementary basis with other support instruments, not least the Rural Development Programme. The decision-making body shall verify the complementarity of each action with the other support instruments.
5.2. Evaluation questions relating to the whole national strategy.

In order to simplify methodology, a single response will be provided to the question on the extent of the efficiency of the operational programmes implemented under the national strategy as drawing up a specific response for each of the specific objectives was not deemed relevant.

### Specific objectives

<table>
<thead>
<tr>
<th>9.1. Promoting the placing on the market of members' products</th>
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<tbody>
<tr>
<td>9.1.1 To what extent have the operational programmes implemented under the National Strategy contributed to promoting the placing on the market of the products of the members of producer organisations?</td>
</tr>
<tr>
<td>Details with respect to the contribution of:</td>
</tr>
<tr>
<td>a) actions aimed at planning of production;</td>
</tr>
<tr>
<td>b) actions aimed at improving or maintaining product quality;</td>
</tr>
<tr>
<td>c) actions aimed at improving marketing; and</td>
</tr>
<tr>
<td>d) other actions.</td>
</tr>
<tr>
<td>A. Given the low level of organisation of the sector in Portugal and the average size of national POs, the main objective of the POs is the concentration and marketing of production, whereby the achievement of this objective depends on the implementation of the OPs, in particular through the specified actions, as highlighted by their significance in the financial implementation of the scheme.</td>
</tr>
<tr>
<td>9.1.2 To what extent have the operational programmes implemented under the National Strategy been efficient with respect to the objective of promoting the placing on the market of the products of the members of producer organisations?</td>
</tr>
<tr>
<td>A. See joint response.</td>
</tr>
</tbody>
</table>
9.2. Ensuring that production is adjusted to demand, in terms of quality and quantity

9.2.1 To what extent have the operational programmes implemented under the National Strategy contributed to ensuring that the production of the recognised producer organisations is adjusted to demand, in terms of quality and quantity?

Details with respect to the contribution of:

a) actions aimed at planning of production;

b) actions aimed at improving or maintaining product quality;

c) actions aimed at improving marketing; and

d) other actions.

A. The OPs influenced the level of sectoral organisation, which saw a constant increase, currently approximately 20% of the sector’s overall national production, despite still being comparatively less than the EU average, which is much higher than that of national sectors that do not possess financing instruments. There has also been an increase in PO’s total production, the value of which has also increased.

9.2.2 To what extent have the operational programmes implemented under the national strategy been efficient with respect to the objective of ensuring that the production of the recognised producer organisations is adjusted to demand, in terms of quality and quantity?

A. See joint response.
<table>
<thead>
<tr>
<th><strong>9.3.</strong> Boosting products' commercial value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>9.3.1</strong> To what extent have the operational programmes implemented under the National Strategy contributed to boosting the commercial value of the products of the recognised producer organisations?</td>
</tr>
<tr>
<td>Details with respect to the contribution of:</td>
</tr>
<tr>
<td>a) actions aimed at planning of production;</td>
</tr>
<tr>
<td>b) actions aimed at improving or maintaining product quality;</td>
</tr>
<tr>
<td>c) actions aimed at improving marketing; and</td>
</tr>
<tr>
<td>d) other actions.</td>
</tr>
<tr>
<td>A. Despite the qualitative appreciation of products, there is no direct reflection on the appreciation of the product on the market. Given the impact that large retailers have in setting prices, the negotiating power of production is relatively low as a result of low concentration and is dependent on the prices set by major retail chains.</td>
</tr>
<tr>
<td><strong>9.3.2</strong> To what extent have the operational programmes implemented under the National Strategy been efficient with respect to the objective of boosting the commercial value of the products of the recognised producer organisations?</td>
</tr>
<tr>
<td>A. See joint response.</td>
</tr>
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<table>
<thead>
<tr>
<th><strong>9.4. Optimising production costs</strong></th>
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<tbody>
<tr>
<td><strong>9.4.1</strong> To what extent have the operational programmes implemented under the National Strategy contributed to optimisation of production costs of recognised producer organisations and/or their members?</td>
</tr>
<tr>
<td>Details with respect to the contribution of:</td>
</tr>
<tr>
<td>a) actions aimed at improving or maintaining product quality; and</td>
</tr>
<tr>
<td>b) other actions.</td>
</tr>
<tr>
<td>A: Given the key role of POs in providing technical support to their members and in the common structure of production and marketing, with actions envisaged for development as well as investment in the OPs, they are contributing to optimising production costs.</td>
</tr>
</tbody>
</table>
9.4.2 To what extent have the operational programmes implemented under the national strategy been efficient with respect to the objective of optimisation of production costs of recognised producer organisations and/or their members?

A: See joint response.

9.5. **Promoting concentration of supply**

9.5.1 To what extent have the operational programmes implemented under the National Strategy contributed to promoting concentration of supply?

Details with respect to the contribution of other actions.

A: The OPs influenced the level of sectoral organisation, which saw a consistent increase, and currently accounts for approximately 20% of the overall national production of the sector, despite still being low compared with the EU average.

9.5.2 To what extent have the operational programmes implemented under the National Strategy been efficient with respect to the objective of promoting concentration of supply?

A: See joint response.
### 9.6. Stabilising producer prices

9.6.1 To what extent have the operational programmes implemented under the National Strategy contributed to stabilising producer prices to the benefit of Producer Organisations' members?

Details with respect to the contribution of different crisis prevention and management instruments:

- a) market withdrawals;
- b) green harvesting or non-harvesting;
- c) promotion and communication;
- d) training;
- e) harvest insurance;
- f) support for the administrative;

A: The fruit and vegetables is fundamentally a ‘buyer’s market’ since product the need to sell products quickly because of their perishability means that prices are dictated by the consumer.

It is only in the event of production shortage that these roles are reversed, which is why measures for managing supply in the event of surplus production are more suitable as price stabilisers than those measures that are implemented in the event of production loss.

In this sense, on a national scale, the uptake of crisis management prevention measures was relatively low (5 %) and mainly used in withdrawals from the market, as the overall impact was low, but significant for POs specialising in outdoor fruit or vegetables production. Despite an increased level of organisation, it is still low overall, which is why production still has low negotiating power because market prices are set by large retailers.

In Portugal, the measures for green harvesting or non-harvesting do not apply. The harvest insurance scheme was only introduced in 2012, and there is nothing in place for evaluating its impact.

9.6.2 To what extent have the operational programmes implemented under the National Strategy been efficient with respect to the objective of stabilising producer prices to the benefit of Producer Organisations' members?

A: See joint response.
Overall objectives

<table>
<thead>
<tr>
<th>To what extent has the effectiveness of the operational programmes implemented under the national strategy contributed to reaching the objectives?</th>
</tr>
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<tbody>
<tr>
<td>In the last decade, economic growth in Portugal has been below the EU average and competitiveness levels have been low. The implementation of OPs has offered a resilience to the fruit and vegetable sector’s POs, which reversed the general trend of loss of value of the sector in contrast with agricultural development during the period in question. The steady growth of both organised production and the value of the operational funds implemented by OPs in the fruit and vegetables sector, resulted in a greater ability to cope with difficulties associated with the market and the economy on the part of producers organised into producer organisations. Given the development of the actions in the OPs and the level of use of the operational funds, there was little change between 2006 and 2009 since the previous regulations still applied to the majority of the OPs. In 2010, there was a substantial change in the use of available measures, highlighting an increase in actions aimed at production planning, which accounted for only 7 % of the overall amount in 2009 and for 28 % in 2010. Taking account of the objectives set out in the national strategy, it can be confirmed that, in 2010, almost 93 % of the operational funds were applied to actions aimed at production planning, improving product quality, improving marketing and environmental actions, meeting 7 of the 9 objectives defined in the national strategy. Only the objectives aimed at optimising production costs and stabilising producer prices and preventing and managing crises have less significance in the implementation of OPs.</td>
</tr>
</tbody>
</table>
## Improving competitiveness

### 9.7 To what extent have the operational programmes implemented under the national strategy contributed to improving competitiveness of national/regional producer organisations in the fruit and vegetables sector?

A: The OPs are the sector’s main financing instrument, which places the POs at a competitive advantage, since the support instruments contribute to facilitating the pursuit of PO objectives.

Community financing is an important competitive factor, both for making direct improvements to PO investment capacity and for accessing credit, as it is associated with the compliance requirements of the rules governing the implementation of actions and guaranteeing their profitability.

### 9.8 To what extent has the national strategy contributed to improving competitiveness of national/regional fruit and vegetables sector?

A: The national strategy facilitated the creation of a national instrument for boosting concentration of supply, organising production for maximising resources, involving producers and POs, while providing a framework for the sector and defining objectives that are more specifically oriented towards the sector, with a view to addressing the needs of the POs, and introducing compliance rules for inducing the parties involved.

Taking account of the objectives defined in the national strategy, and of the outcome resulting from the use of both self-financing and community financing methods, it can be confirmed that, in the absence of this instrument, national POs would barely exist, which is why the national strategy was vital part for the structure of the sector, the foundations of which must now be improved.
### Improving attractiveness of producer organisation's membership

<table>
<thead>
<tr>
<th>9.10 To what extent have the operational programmes implemented under the National Strategy contributed to improving attractiveness of producer organisation's membership?</th>
</tr>
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</table>
| A: Since the entry into force of the national strategy, there has been a significant increase in the number of POs and in the number of members associated with them.  
In 2010, 90 recognised POs were responsible for around 12 000 producers and 63.413 ha, the production value of which reached was almost EUR 275 million, accounting for more than 18 % of domestic production in the fruit and vegetables sector.  
Between 2006 and 2010, PO commercialised production increased by 83 % while the value of domestic production in the fruit and vegetables sector only increased by 4 %.  
If we extend the comparison to 2011, we can see that reduced growth in the value of production in the agricultural sector and fruit and vegetables sector did not have a negative impact on the overall production of POs, which also rose this year by almost 10 %.|
Maintaining and protecting the environment

<table>
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<tr>
<th>9.11 To what extent has the operational programmes implemented under the National Strategy contributed to maintaining and protecting the environment?</th>
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</thead>
<tbody>
<tr>
<td>In particular, to what extent has the National Strategy contributed to:</td>
</tr>
<tr>
<td>a) soil protection?</td>
</tr>
<tr>
<td>b) water protection?</td>
</tr>
<tr>
<td>c) habitats and biodiversity preservation?</td>
</tr>
<tr>
<td>d) landscapes preservation?</td>
</tr>
<tr>
<td>e) climate change mitigation?</td>
</tr>
<tr>
<td>f) air quality preservation?</td>
</tr>
<tr>
<td>g) reducing waste production?</td>
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</table>

A: The fact that the implementation of the environmental framework was compulsory helped bring about environmentally-friendly measures resulting from the implementation of legible actions into the national strategy, particularly by reducing waste production (use of re-useable packaging) and protecting water resources.

However, several problems were identified in terms of the suitability of the measures available under Community provisions in overcoming the main concerns of producers and POs as regards improved environmental conditions.

Water management is already a concern on the domestic front, as water is both scarce and expensive. As it is compulsory to significantly reduce water consumption levels in order to qualify for actions related to this resource, it has become very difficult to achieve significant results when high efficiency irrigation systems are already under strict usage control.
6. Conclusions and recommendations

6.1. Conclusions

Although the fruit and vegetables sector has made progress during the period in question, it is still, on the whole, divided and fragmented, which makes it particularly vulnerable to the marketing and distribution chain. It has grown in an extraordinarily dynamic way, boasting high levels of concentration, which further exacerbates the need for a quick and satisfactory response.

The CMO measures for this sector continue to focus their policy on POs, a guideline reinforced by the last common agricultural policy reform. However, Portugal is still one of the Member States with the least number of organised producers in POs. That is why continued efforts should be made to improve this situation.

There is a vast array of types of community support available for the OPs of POs and levels of support are attractive compared with those of other programmes, representing an opportunity that should be promoted through the introduction of measures and actions that are in line with both Community and national objectives.

The development of this scheme should aim to make the POs appeal to producers who are either working alone or not large enough, or who have already understood the importance of teaming up to evolve towards organisations that are increasingly professional in nature, so that they can become big enough to expand, reduce costs, innovate, and improve or diversify marketing, while making gains and improving their income.

One of the greatest challenges for the national economy is the increased production of transnational goods, which boost economic growth and exports. Taking account of the role that this sector has to play in Portuguese agricultural production, it must be increasingly geared towards strengthening competitiveness, which is only possible through the concentration of supply, the organisation of production and joint actions at which specific financial instruments should be increasingly directed.
6.1.1. Degree of utilisation of financial resources

In 2007, 54 out of 72 recognised POs had OPs that were under way, representing a production value of EUR 166.53 million. During the same period, there were 11 producer groups, representing a production value of EUR 7.3 million.

The reform of the CMO meant that no new producer groups were recognised in Portugal, which would only be possible in the autonomous regions of the Azores and Madeira. It should be noted that, although there were bodies interested in being recognised as a group, they are based in mainland Portugal and cannot therefore benefit from this scheme.

In 2007, the value of the approved OPs in total was EUR 14.542 million, of which the PO members’ contribution came to a total of EUR 6.239 million, an amount equal to the contribution of EU funds. The remainder corresponded to the national financial assistance that was usually half of the amount contributed by members of POs to the operational fund.

The number of recognised POs, as well as the number of POs with OPs rose between 2007 and 2010, although the number of POs with OPs fell in 2010.

Changes in the number of Producer Organisations with Operational Programmes, between 2007 and 2010

Source: GPP

The value of operational funds did not reflect the consistent change in the number of POs. The total value of operational funds fell in 2008 and rose between 2008 and 2010.

It should be noted that, although there has been a decrease in the number of OPs over the past year, the total amount of Operational Funds did not fall, thereby confirming an increase in the average size of POs with OPs under way.
Changes in the amount of Operational Funds granted to Producer Organisations in EUR

Source: GPP

Operational Funds are used by the POs in accordance with their objectives set out in their OPs. The majority of the actions are aimed at improving marketing, not least investment in controlled atmosphere storage facilities, collection centres as well as equipment for packing lines and product preparation.

Distribution of Operational Funds in accordance with Operational Programme measures (2010)

Source: GPP

Given the change in the average value of Operational Funds per PO with OP under way, it can be concluded that there was an improvement in the efficient use of own financial resources and Community financial resources during the period in question, enabling economies of scale and increasing the implementation of the scheme in line with the main objectives set out: concentration of supply and improving production and marketing conditions.
However, given that POs are still small on average and the concentration of domestic supply is low, and that the existence of the scheme depends on contributions from the POs themselves, who are responsible for defining the level of Community assistance, and that the latter is limited by the marketing production value (MPV) of the PO itself, this instrument is not used very efficiently at national level, especially since there is no threshold set for the total amount of Community financing for each Member State and it is therefore each of the individual PO’s limitations that are curbing the financing of actions.

6.1.2. Effects and impacts of the operational programmes in relation to the objectives, targets and overall objectives set out by the national strategy

The level of concentration of supply through POs in Portugal is very low, both in absolute terms and in relative terms, in comparison with other EU countries and the Community average itself, a situation which has been identified as one of the main weaknesses in the drafting of the NS, which can be summarised as follows:

- Poor organisation and interconnection with the downstream activities and the consequent unwillingness of wholesalers make final decisions
- Modest level of industrialisation
- Small, dispersed and fragmented supply, reflecting the structure of the farms
- A lack of interest on the part of young people in the activity, poor level of education and a lack of initiative towards investment and introducing innovation.
- Insufficient levels of business and professional organisation and an incipient capacity for innovation and investment in promoting image, in particular for products with differentiating features compared with mass production.
- Absence of strategies that are reflected in the capacity of either internationalisation or satisfying domestic demand, constrained by the irreversible concentration of the retail market and the dynamics of large retailers.
- Shortages of water in terms of quality and/or quantity, and insufficient use of storage systems for surface water combined with the existence of irrigation systems and technologies that are unsustainable in terms of water use and production factors.
- Need to renovate dated orchards and install new plantations.
Despite positive developments in competitiveness factors associated with an increased level of concentration of supply and organisation of production in this sector, it still falls considerably short of the EU average (almost 43%).

There have been obvious improvements in the management of production and product marketing, essentially in terms of investment on the part of collection centres managed by POs. However, in terms of pricing, which is reflected in the value of marketed production, and consequently in the level of Community support, the position of production is still weak and could jeopardise the investment made in production and trade infrastructure.

Given that this is a market defined by the buyers and not the sellers due to product perishability, it becomes difficult to intervene in the production aspect but it does not mean that the role of the POs will be any less influential in terms of influencing business conditions, contributing to the actions aimed at production planning and crisis prevention and management, which enabled supply to be adapted to demand and therefore the POs to be granted a more interventionist role in defining their market price.

Taking account of the nine goals defined in the NS, and based on the use of actions and measures, it is possible to conclude that positive results were obtained as regards:

01 – Scheduling production and adapting to demand, in particular as regards quality and quantity;

02 – Concentration with a view to marketing supply;

04 – Production planning;

05 – Improving product quality;

06 – Boosting product’s commercial value;

07 – Promotion of fresh or processed products;

08 – Environmental measures and environmentally friendly production methods, including organic farming;

However, POs are less interested in measures that focus more specifically on the objectives:

03 – Optimising production costs and stabilising production prices;

09 – Crisis management and prevention.
Although there is still little impact in the pursuit of determining factors for competitiveness and self-regulation in the implementation of the scheme, it should still be pointed out that it was possible to check the how effective the crisis management measures were in reducing the impact of the e-coli outbreak in 2011, during which there was no equivalent loss in the value of production marketed by the PO in the fruit and vegetables sector despite the drop in value of horticultural production because of a loss of consumer confidence, in the light of the possibility of also applying measures that had not initially been planned for the OPs, which increased their implementation.

6.1.3. Effectiveness, efficiency and utility of the measures included under the operational programmes implemented

An increase in the rate of implementation of the OPs, the value of overall Operational Funds and the value of PO’s marketed production, either wholly or partly, shows the effectiveness of the measures included in the implemented OPs compared with 2006.

Moreover, the resilience of organised production in POs, which increased in value while the rest of agricultural production and in particular fruit and vegetable production was suffering, shows that the measures defined ensure the efficient use of resources and their benefit for the POs and for pursuing the objectives designed for resolving the sector’s main weaknesses identified as identified in the NS.

6.1.4. Shortcomings in the definition of objectives, targets or measures eligible for support

The objectives defined in the NS were clearly set out in relation to the previous analysis and the weaknesses identified for the national fruit and vegetables sector, and were assigned to the measures and actions whose aims had the greatest impact.

On the one hand, actions that contribute to a multitude of objectives are positive as the scope of these actions can be extended, which means they can be used more efficiently but, on the other hand, they have less of a specific impact individually, which makes it difficult to assess their effectiveness.

As a result of increased instability, it should be noted that a failure to set out more targets for performance indicators and provide details of the expected outcome of the application of the NS makes it almost impossible to conduct an evaluation on the level of financial implementation of the OPs.
6.2. Recommendations

Portugal’s main challenge at the current time is its need to significantly increase its economic competitiveness, so as to regain the pace of convergence it lost a few years ago.

Therefore, the use of public resources should be focused on the production of marketable goods, in respect of which the agricultural sector plays a vital role.

Given the relative importance of fruit and vegetable production in the domestic agro-forestry industry and the export capacity demonstrated in recent years, investment capacity in this sector should be stepped up, by means of collective material, human or environmental actions that are more efficient in managing resources, with the POs being the bodies most suited to meeting these challenges.

6.2.1. Recommendations on the system established for the monitoring and evaluation of the national strategy

The improved system of monitoring and evaluating necessarily involves a simplification of the model itself, which is too heavily based on the communication of information between the POs and the Member States’ administrations and the European Commission.

The complex nature of the management information system itself means there is a need to create excessively detailed maps and reports, the preparation and analysis of which are far too expensive for the scheme.

Therefore, a system should be in place that facilitates direct communication between the POs and all the bodies involved in the management and monitoring of the scheme, and a system for uploading information in real time from the outset should also be made available.

At national level, it is recommended that a more-detailed evaluation is carried out during the entire NS application process to enable the defined actions and rules to be adapted quicker to fall into line with the established objectives.
6.2.2. Recommendations to address shortcomings in the objectives, targets or measures selected under the National Strategy and on needs for defining new instruments

The need to increase production and step up the export potential of marketable goods means that directing the objectives of the NS towards increased competitiveness of the POs and their members is a priority.

Given the low rate of implementation of measures related to research and development, experimentation and crisis management and prevention and the impact they have on competitiveness, these aspects should be further enhanced, with measures capable of creating drive by the POs, who should also be attempting to gather as many members as possible, since it is very difficult to apply to individual farmers.

Therefore, the increased attractiveness of measures promoting competitiveness will also include:

- Strengthening of marketing and promotional objectives, giving POs more influence over demand and therefore greater bargaining power in the value chain.

- Innovation for export in order to strengthen presence in established markets and acquire new markets.

- Increased sustainability of growth in terms of the average size of the POs, by reinforcing objectives for increasing size and scale, and horizontal and vertical integration in the sector.

- Diversification of measures for preventing and managing crises, enabling access to effective market regulation instruments in the event of serious disturbance, and for stabilising producers’ income.

Furthermore, the need to develop performance indicators and targets for each objective should be noted, so that the effectiveness and efficiency of applying the measures set out in order to meet these objectives can be quantified.
6.2.3. **Recommendations on coherence and complementarity with other EU and national instruments**

The importance of organised production in improving production and market conditions, with obvious effects on the development of this specific part of the sector means that the definition of shared objectives must be safeguarded in different areas of strategic performance.

This definition of objectives should facilitate the establishment of instruments that are coherent, do not overlap, are complementary and which contribute, within their specific areas of expertise, to strengthening the competitiveness and sustainability of the fruit and vegetables sector.

In this respect, the coherence of the measures set out in the NS should be safeguarded with the instruments established in the following areas:

a) Rural development, in particular with regard to the objectives that shall be set out in the partnership contract with the European Commission on competitiveness, with an emphasis on the investment actions of farms or collective structures, strengthening production organisation with by means of resizing, cooperation (including innovation and research), management of risks and mechanisms for stabilising income, and environmental measures;

b) EU policy for the promotion of agricultural products and their respective instruments;

c) EU policy for the quality of agricultural products and agri-food products

d) School fruit scheme

At national level, the needs of the sector that cannot be covered in measures under the OPs of the fruit and vegetables sector should be taken into consideration for the purpose of defining the NS for the internationalisation of agriculture and on market regulation, either in terms of legislation or as regards the possibility of self-regulation.
6.2.4. **Recommendations on the design of the future National Strategy**

Given the development of the POs in the fruit and vegetables sector, it can be concluded from this evaluation that there is already a critical mass of experience in applying this instrument, enabling sector-related bodies to gain a level of understanding of the needs and expectations in terms of the application of the scheme.

As such, a consultation process on the future NS should be held, encompassing all those involved in the scheme, the POs and their representatives and national bodies involved in the implementation, in order to establish the needs, objectives and targets to be set out, as well as the most appropriate measures and actions for the national POs.

It is recommended that efforts be made to simplify the NS in order to reduce the number of measures and actions, focusing on the strategic objectives to be set out, as well as on the system’s management requirements without undermining the need to control and monitor the scheme.

The possibility of scrutiny and adaptation during the implementation of the NS, as well as the more accurate evaluation of the final results thereof, means that it may be necessary in the future to define targets, and result and performance indicators that are both concrete and measurable, as well as the respective sources of verification.

6.2.5. **Recommendations on the design of the future EU policy in the fruit and vegetables sector**

As mentioned in the previous point for the definition of national options, future Community policy should also be subject to a consultation process and in-depth discussion, enabling the objectives and instruments that are set out to be applied to different situations in the sector within the various Member States.
The most sensitive issues in terms of the national situation are associated with the level of organisation of production for the purpose of offering the POs increased support (AFN and respective Community reimbursement), working in conjunction with the Rural Development Programme(s) and the general application of the scheme, and the following recommendations are proposed:

a) Increase the current threshold of ‘low level of organisation’ for the purpose of positive discrimination in EU or national support, which must be approximated to the EU average (e.g. 30 % and not the current 20 %);

b) Scale value of AFN to avoid abrupt suppression upon reaching maximum ceiling, and decreasing values may be defined for weight thresholds of organised production in total national and EU production in the fruit and vegetables sector;

c) Match criteria for the allocation of AFN and Community reimbursement, allowing Member States with a lack of available funding to compete on equal terms with other European partners;

d) In terms of coherence with investment under the Rural Development Programme(s), establish ceilings for farms and not for interfering with the flexibility given to POs when opting for access to financing;

e) Strengthen sector-specific measures for the prevention and management of crises and stabilising income;

f) Maintain or increase the level of budgetary support;

g) Only consider the VPC for members of POs for calculating Operational Funds and the level of organisation of production;

h) Simplify the management and implementation (reports, financial management) granting availability to all stakeholders, including the POs, Community management instruments compatible with the system for collecting information from the European Commission;

i) Stability in implementing measures;

j) Evaluate possibility of allocating funding for management by Member States, similar to that which applies to the wine sector;

k) Given the high costs associated with managing and monitoring this scheme, including the compulsory evaluation to be carried out by Member States, provide financing for the same reason it is provided in the school fruit scheme.