



## **Factsheet on 2014-2020 Rural Development Programme for Portugal Azores**

The Rural Development Programme (RDP) for Azores, Portugal was formally adopted by the European Commission on 13 February, 2015 and last modified on 5 December 2016. It outlines Azores' priorities for using the € 340 million of public money that is available for the 7-year period 2014-2020 (€ 295 million from the EU budget and € 45 million of national co-funding).

The main objective is to improve the sustainability of the agro-forestry sector by increasing the competitiveness of local agricultural production whilst reinforcing the preservation and restoration of the environment and traditional landscapes. The RDP aims to provide investment support to modernise and restructure around 1 000 farms. Nearly 1 700 people will receive training. As regards the management of natural resources, the RDP aims to have nearly 70 000 hectares under contract to improve soil management and/or prevent soil erosion. Around 7% of the funds will be used for local initiatives, aiming to create 80 new jobs and to improve living conditions for the rural population.

Support for Rural Development (RD) is the 2nd Pillar of the Common Agricultural Policy. It provides Member States with an envelope of EU funding which can be managed nationally or regionally under multi-annual, co-funded programmes. In total, 118 programmes are foreseen in all 28 Member States. The new RD Regulation for the 2014-2020 period addresses six economic, environmental and social priorities. Programmes contain clear targets setting out what is to be achieved. To better coordinate actions and maximise synergies with the other European Structural & Investment Funds (ESIF), a Partnership Agreement has been agreed with each Member State highlighting its broad strategy for EU-funded structural investment.

This document provides a brief overview of how the challenges and opportunities faced by the Autonomous Region of Azores are addressed by its RDP. In the annex, a table indicates the priorities and focus areas with their specific targets and allocated budgets.

### **1. SITUATION AND KEY CHALLENGES**

The Autonomous Region of Azores covers an area of 2 322 km<sup>2</sup>. More than half of the population lives in settlements of less than 2 000 inhabitants and in isolated hamlets. Forests and natural vegetation cover about 35% of the territory. In 2013, the unemployment rate was 18%.

Azores consists of nine islands. Agricultural activity has been shaped by the islands' geography and their distance from the mainland. Transport to and from the mainland is costly, which makes agricultural production on the islands more expensive.

The entire territory of Azores is facing natural constraints which limit the use of land, considerably increasing the costs of production. These constraints are related to difficult weather conditions, altitude, and steep slopes which hamper the use of machinery.

However, agricultural activity is essential to avoid the abandonment of the countryside. Farming is also essential if the environment, natural habitats and rural communities are to be preserved.

Consequently, one of the key challenges for this programming period will be to improve the competitiveness of farm holdings whilst supporting the traditional and environmentally-sustainable agricultural systems and landscapes.

## **2. HOW THE AZORES RDP WILL ADDRESS THESE CHALLENGES**

In addressing these challenges, the Azores RDP will target support to people and projects directly involved in:

- the production of tradable goods and services and value creation from agricultural and forestry activities
- the promotion of the agricultural and forestry systems' capacity to preserve and enhance natural resources
- the strengthening of the social and economic situation in rural areas.

In budgetary terms, the main priorities of the programme are "Promoting the competitiveness of the agricultural and agro-industry sector" and "Restoring, preserving and enhancing ecosystems related to agriculture and forestry."

A brief description of each priority and its expected achievements is given below.

### Promoting the competitiveness of the agricultural and agro-industry sector

40% of the programme has been allocated to this priority. Farm investments aim at modernising and restructuring around 1 000 agricultural holdings (7% of all farms), while supporting innovation through three European Innovation Partnership (EIP) operational groups. 1 700 farmers will be trained and the generational renewal of farming in the Azores is foreseen through the support of 187 young farmers.

### Promoting food chain organisation, including processing and marketing of agricultural products

110 holdings are expected to participate in quality schemes, adding value to agricultural products. The promotion of local markets, short supply chains and producer groups is also foreseen.

### Restoring, preserving and enhancing ecosystems related to agriculture and forestry

44% of the funds have been allocated to this priority. It will be used mainly for area-based payments to farmers to compensate them for the additional production costs in areas facing specific natural constraints, as well as support to environment/climate-friendly forest investments. 23% of the agricultural land will be under contract for biodiversity, 23% for water management and 58% for soil management.

### Promoting resource efficiency and supporting the shift towards low-carbon and climate-resilient economy in agriculture, food and forestry sectors

This priority will mainly address investments related to fostering carbon conservation (2.61% of the total EAFRD allocation), with 300 ha of agricultural and forest land under management contracts to foster carbon sequestration or conservation.

### Promoting social inclusion, poverty reduction and economic development in rural areas

This priority will be entirely implemented through the “bottom-up” approach of Local Development Strategies which will be drawn up by Local Action Groups. These strategies should address small investments related to the diversification of non-agricultural activities in rural areas and the reinforcement of basic services and small-scale collective infrastructure. The focus will be on improving the living conditions of the rural population and on helping to create 80 new jobs as well as new business opportunities. Around 7% of the allocation has been earmarked for Community Led Local Development (CLLD/Leader). This approach will cover the entire population of Azores.

The five **biggest RDP measures** in budgetary terms (total public funding) are the following:

- 122 million EUR allocated to Measure 4 – investment in physical assets
- 74 million EUR allocated to Measure 13 – Payments to areas facing natural or other specific constraints
- 65 million EUR allocated to Measure 10 – Agri-environment-climate
- 23 million EUR allocated to Measure 19 – Support for LEADER local development
- 17 million EUR allocated to Measure 8 - Investment in forest area development and improvement of the viability of forests.

**Annex 1: Indicative public support for the Portuguese Rural development Programme – Azores**

<b>Focus Area and targets</b>	<b>Measure</b>	<b>Public Allocations</b>	<b>%</b>
<b>P1: Knowledge transfer and innovation in agriculture, forestry and rural areas</b>			
1A - Innovation, cooperation, knowledge <b>3.06 %</b> RDP expenditure	M01 - Knowledge M02 - Advisory services M16 - Cooperation		
1B - Research and innovation <b>19</b> cooperation operations	M16 - Cooperation		
1C - Lifelong learning and vocation training <b>1 687</b> training participants	M01 - Knowledge		
<b>P2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests</b>		<b>138 896.432</b>	<b>40.79</b>
2A - Farm performance <b>6.87 %</b> farms with RDP support	M01 - Knowledge	3 147 059	0.92
	M02 - Advisory services	2 882 353	0.85
	M04 - Investments	120 146 542	35.29
	M16 - Cooperation	3 529 412	1.04
2B - New farmers <b>1.38 %</b> farms with RDP support for Y F	M01 - Knowledge	617 647	0.18
	M06 - Farm and business development	8 573 419	2.52
<b>P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture</b>		<b>6 117 647</b>	<b>1.80</b>
3A - Competitiveness of producers <b>0.81 %</b> of farms supported	M03 - Quality schemes	941 177	0.28
	M09 - Producer groups / organisations	2 117 647	0.62
3B - Risk management <b>1.11 %</b> of farms supported	M05 - Restoring agricultural potential	705 882	0.21
	M17 - Risk management	2 352 941	0.69

<b>P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry</b>		<b>150 557 498</b>	<b>44.22</b>
4A - Biodiversity, HNV and landscapes <b>1.39</b> % forestry land under contract <b>22.90</b> % UAA under contract	M08 - Forest	10 097 119	2.97
	M10 - AEC	65 213 064	19.15
4B - Water management <b>22.49</b> % UAA under contract	M11 - OF	529 412	0.16
	M12 - NAT 2000 and WFD	39 412	0.01
4C - Soil management <b>57.45</b> % UAA under contract <b>0.84</b> % forestry land under contract	M13 - ANC	73 659 080	21.63
	M15 - Forest-environment	1 019 412	0.30
<b>P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors</b>		<b>8 884 118</b>	<b>2.61</b>
5B - Energy efficiency <b>2 025 000</b> € investment	M04 - Investments	1 500 000	0.44
5C - Renewable energy <b>112 500</b> € investment	M08 - Forest	90 000	0.03
	M16 - Cooperation	235 294	0.07
5E - Carbon conservation / sequestration <b>0.15</b> % UAA under contract	M08 - Forest	7 058 824	2.07
<b>P6: Promoting social inclusion, poverty reduction and economic development in rural areas</b>		<b>22 446 635</b>	<b>6.59</b>
6B - Local development <b>100.00</b> % rural pop in LDS <b>80</b> jobs created (Leader)	M19 - LEADER and CLLD	22 446 635	6.59
Sum:		<b>326 902 329</b>	<b>96.01</b>
<b>Technical Assistance (M20)</b>		<b>2 941 177</b>	<b>0.86</b>
<b>Disc. Measures (M113)</b>		<b>10 643 360</b>	<b>3.13</b>
<b>TOTAL PUBLIC ALLOCATIONS</b>		<b>340 486 866</b>	<b>100.00</b>