



Factsheet on 2014-2020 Rural Development Programme for Portugal *Continente*

The Rural Development Programme (RDP) for mainland Portugal was formally adopted by the European Commission on December 12, 2014, outlining Portugal's priorities for using the 4.2 billion EUR of public money that is available for the 7 year period 2014-2020 (€ 3.5 billion EUR from the EU budget and € 0.7 billion EUR of national co-funding). With more than one third of funding aimed at **improving competitiveness of the agricultural sector**, the RDP aims to provide on-farm investment to more than 8 000 farm holdings, to facilitate the installation of nearly 5 000 young farmers by 2023, and to provide 20 000 training places, mainly for farmers. Within this context of modernisation and improved economic and environmental performance of Portuguese agriculture, there will also be cooperation projects, for example by encouraging more than 8 000 producers to participate in quality schemes. A further major theme is the better management of natural resources, where the RDP aims to encourage nearly 20 000 hectares of newly afforested land and raise the agricultural area covered by agri-environment schemes or organic farming to approximately 1 million hectares. The RDP will also use 5% of funds for local initiatives hoping to create more than 2 300 new jobs and improve living conditions for 3/4 of the rural population.

Rural Development is the 2nd Pillar of the Common Agricultural Policy, providing Member States with an envelope of EU funding to manage 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, and programmes contain clear targets setting out what is to be achieved. Moreover, in order to coordinate actions better 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 Portugal are addressed by the RDP for mainland Portugal. In the annex, a table indicates the priorities and focus areas with their specific targets, and their allocated budget. Two further programmes for Madeira and the Azores will be adopted in due course.

1. SITUATION AND KEY CHALLENGES

Portugal covers an area of 89 089 km² of which **81% is rural**. Of the total area, 47% is agricultural land while forests cover 39 %. The total population is 10 million – of which **33 % live in rural areas**. The unemployment rate in Portugal is 13.1% (3rd Quarter 2014), which is one of the highest in the EU.

Portuguese agriculture is very diverse due to different soil, climate and landscape characteristics; 91% of the farms are considered as small-scale structures in contrast with farms of average and big dimension that account for only 9% of the total farms, but represent 67% of the utilised agriculture area (UAA) and 77% of

the total standard output value. Consequently, some of the key challenges for this programming period will be improving the competitiveness of small farms, promoting better cooperation and concentration, for example by encouraging producer organisations, while at the same time continuing to support the needed generation renewal.

Almost 52% of the UAA represents High Nature Value farming and 84% of the UAA is considered of low intensity with almost 58% dedicated to grazing. Another major challenge will therefore be supporting this type of extensive farming, which is less productive, but highly beneficial for the environment.

Portugal undertook big efforts in the field of environment in the last two programming periods, but there is still scope for improvement. Biodiversity and Natura 2000 areas are a concern, taking into account that Natura 2000 represents 21% of the territory.

Rural depopulation and increased ageing of the population is a problem in Portugal and rural regions are more and more facing the negative effects of this development.

2. HOW THE PORTUGUESE RDP WILL ADDRESS THESE CHALLENGES

Further modernisation of Portuguese agriculture is considered to be crucial to improve the competitiveness of farms. **Support will be addressed at farms** to enhance their production potential, which in turn will help achieve a higher value added. In view of the existing agricultural fragmentation and low penetration of producer organisations, there is a clear incentive and message towards achieving a **higher degree of participation of farmers in collective organisation**. As generation change is considered to be a key factor influencing the modernisation and competitiveness of farms, investment support will continue to encourage young people to set up new modern and competitive farm enterprises.

One main objective of the RDP is to do more for the preservation of natural resources and cultural landscapes, building on the success of previous schemes and creating new ones. For example, there are measures to help increase the **water efficiency** use at farm level, both in terms of investment and farming practices, while also providing increased aid rates for non-irrigated cereals, aimed at creating favourable conditions for the steppe birds in the large southern plains. Portugal aims to **improve biodiversity, water and soil management** by supporting environmentally-friendly management practices, which should also create favourable conditions for the protection of specific Iberian species (Iberian Wolf, Iberian Lynx).

In addition, **Community Led Local Development** (CLLD/Leader) is expected to support the balanced territorial development of rural economies and communities, thereby creating jobs and improving living conditions in these areas.

The Portuguese RDP is centred on five Rural Development Priorities with the main emphasis given to **enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests** (Priority 2). It is foreseen that RDP support in terms of investment will reach almost 8 000 farms and support the setting up of almost 5 000 new young farmers. The focus of each priority is explained briefly below.

The cross-cutting priority "Knowledge transfer and innovation in agriculture, forestry and rural areas" will help the farm sector and rural businesses to incorporate the results of research and innovation into their production systems. Transfer of knowledge will be provided through training of almost 20 000 participants over the period, mainly farmers. The links between the agricultural production sectors and research will be reinforced through 78 cooperation projects.

Competitiveness of the agricultural sector and sustainable forestry

Farm investments in all sectors aim to restructure 8 000 farms (2.73 % of the total), simultaneously targeting environment, climate and animal welfare. An important element is innovation, which is facilitated via co-operation, information and knowledge transfer between the agri-food sector, researchers and other stakeholders. 78 co-operation projects will be established, while a total number of 20 000 participants will be trained. Participation in the European Innovation Partnership can also be supported under this priority.

Food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture

Primary producers will be supported by better integrating them into the agri-food chain through quality schemes (around 8 250 farm holdings), adding value to agricultural products, promoting local markets, short supply chains and producer groups.

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

Around 72% of the allocated amount will be used for area-based payments to farmers for using environment/climate-friendly land management practices, including organic farming. Additionally, the RDP includes a limited number of highly targeted agri-environmental/climate measures prioritising the most vulnerable areas (for example Natura2000 and High Nature Value areas), and water management. This priority also supports environment/climate-friendly farm investments and non-productive investments. The aim is that almost 35% of the agricultural area will be under contracts of Agri-Environment Commitments, Organic Farming or Natura 2000.

Resource efficiency and climate

The priority is for investments, namely for energy efficiency, emission reduction and renewable energy production on farms but also water use efficiency and forests. Environmental efforts in forestry will be encouraged as well, with more than 300 investment projects foreseen for developing and improving the viability of forests and almost 20 000 ha of newly afforested land.

Social inclusion and local development in rural areas

This priority is implemented entirely by the “bottom-up” approach through Local Development Strategies drawn up by the expected 47 Local Action Groups (LAGs). Small investments in the food processing sector, in business start-ups and in basic services will only be supported within the scope of the Local Development Strategies. The focus is on growth and jobs in addition to improving living conditions in rural areas, particularly via business development, innovation and co-operation. 5% of the RDP public support has been earmarked for Community Led Local Development (CLLD/Leader). The approach will cover almost 73 % of the rural population creating both jobs – potentially more than 2 300 new jobs - and improving living conditions.

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

- 1.5 billion EUR allocated for Measure 4 – investment in physical assets
- 814 million EUR allocated for Measure 13 – Payments to areas facing natural or other specific constraints
- 517 million EUR allocated for Measure 8 – Investment in forest area development and improvement of the viability of forests
- 489 million EUR allocated for Measure 10 – Agri-environment-climate

- 221 million EUR allocated for Measure 19 – Support for LEADER local development

Annex 1: Indicative public support for the Portuguese Rural Development Programme - CONTINENTE			
Focus Area and targets	Measure	Public Allocations	%
P1: Knowledge transfer and innovation in agriculture, forestry an rural areas(1)			
1A - Innovation, cooperation, knowledge 2.64 % RDP expenditure	01 - Knowledge 02 - Advisory services 16 – Cooperation		
1B - Research and innovation 78 cooperation operations	16 – Cooperation		
1C - Lifelong learning and vocation training 19 781 training participants	01 – Knowledge		
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		1 534 818 625	36.78
2A - Farm performance 2.73 % farms with RDP support	01 – Knowledge	15 031 476	0.36
	02 - Advisory services	3 693 577	0.09
	04 – Investments	956 396 089	22.92
	08 – Forest	92 582 232	2.22
	13 – ANC	244 297 021	5.85
	16 – Cooperation	16 222 991	0.39
2B - New farmers 1.79 % farms with RDP support for YF	02 - Advisory services	2 558 620	0.06
	06 - Farm and business development	204 036 619	4.89
P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture		109 802 443	2.64
3A - Competitiveness of producers 2.97 % of farms supported	02 - Advisory services	1 331 728	0.03
	04 – Investments	6 459 608	0.16
	08 – Forest	1 078 676	0.03
	09 - Producer groups / organisations	14 910 007	0.36
	16 – Cooperation	12 329 292	0.30
3B - Risk management 0.28 % of farms supported	02 - Advisory services	1 331 728	0.03
	05 - Restoring agricultural potential	22 587 862	0.54
	17 - Risk management	49 773 542	1.19
P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry		1 093 927 506	26.21
4A - Biodiversity, HNV and landscapes 0.90 % forestry land under contract 38.11 % UAA under contract	01 – Knowledge	2 554 423	0.06
	02 - Advisory services	15 502 829	0.37
	04 – Investments	78 255 399	1.88
	08 – Forest	197 766 824	4.74
	10 – AEC	477 510 099	11.44
4B - Water management 9.80 % UAA under contract 1.24 % forestry land under contract	11 – Organic Farming	98 571 859	2.36
	12 - NAT 2000 and WFD	49 752 718	1.19
	13 - ANC	162 864 681	3.90
	15 - Forest-environment	2 829 130	0.07
4C - Soil management 27.55 % UAA under contract 1.24 % forestry land under contract	16 - Cooperation	8 319 544	0.20

P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors			916 360 653	21.95
5A - Water efficiency 10.24 % irrigated UUA supported	01 - Knowledge		2 554 423	0.06
	02 - Advisory services		1 331 728	0.03
	04 - Investments		363 085 226	8.70
	10 - AEC		5 613 953	0.13
	16 - Cooperation		4 991 726	0.12
5B - Energy efficiency 95 509 061 € investment	01 - Knowledge		2 554 423	0.06
	02 - Advisory services		1 331 728	0.03
	04 - Investments		61 593 563	1.48
	08 - Forest		1 078 676	0.03
	16 - Cooperation		3 327 818	0.08
5C - Renewable energy 53 721 047 € investment	04 - Investments		26 787 123	0.64
	08 - Forest		539 338	0.01
	16 - Cooperation		2 495 864	0.06
5E - Carbon conservation / sequestration 0.53 % UAA under contract	01 - Knowledge		1 277 208	0.03
	02 - Advisory services		2 620 010	0.06
	08 - Forest		223 848 418	5.36
	10 - AEC		6 084 668	0.15
	13 - ANC		203 580 851	4.88
	16 - Cooperation		1 663 909	0.04
P6: Promoting social inclusion, poverty reduction and economic development in rural areas			433 483 130	10.39
6B - Local development 72.73 % rural pop in LDS 0.08 % rural pop with improved services/infrastructures 2 348 jobs created (Leader)	01 - Knowledge		1 572 258	0.04
	07 - Basic services		4 248 961	0.10
	13 - ANC		203 580 851	4.88
	16 - Cooperation		3 327 818	0.08
	19 - LEADER and CLLD		220 753 242	5.29
Sum:			4 088 392 357	
Technical Assistance (M20)			84 441 278	2.02
Disc. measures (M113)			565 068	0.01
TOTAL PUBLIC ALLOCATIONS			4 173 398 703	100.00