



## ***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 and last modified on March 08, 2019. Outlining Portugal's priorities for using the 4.3 billion EUR of public money that is available for the 7 year period 2014-2020 (3.6 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 9 700 farm holdings, to facilitate the installation of more than 5 500 young farmers by 2023, and to provide more than 16 500 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 around 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 11 000 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 1 2 5 2 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 km<sup>2</sup> 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% (3<sup>rd</sup> 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 more than 9 700 farms and support the setting up of more than 5 500 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 more than 16 500 participants over the period, mainly farmers. The links between the agricultural production sectors and research will be reinforced through 157 cooperation projects.

#### Competitiveness of the agricultural sector and sustainable forestry

Farm investments in all sectors aim to restructure more than 9 700 farms (3.50 % 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. 157 co-operation projects will be established, while a total number of more than 16 500 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 3 500 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 38% 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 473 investment projects foreseen for developing and improving the viability of forests and almost 11 000 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 54 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 1 200 new jobs - and improving living conditions.

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

- 1.6 billion EUR allocated for Measure 4 – investment in physical assets

- 745 million EUR allocated for Measure 13 – Payments to areas facing natural or other specific constraints
- 662 million EUR allocated for Measure 10 – Agri-environment-climate
- 532 million EUR allocated for Measure 8 – Investment in forest area development and improvement of the viability of forests
- 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	%
<b>P1: Knowledge transfer and innovation in agriculture, forestry and rural areas(1)</b>			
1A - Innovation, cooperation, knowledge 1.78 % RDP expenditure	1 - Knowledge 2 - Advisory services 16 - Cooperation		
1B - Research and innovation 157 cooperation operations	16 - Cooperation		
1C - Lifelong learning and vocation training 16 540 training participants	01 - 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>1 400 743 254</b>	<b>32.44</b>
2A - Farm performance 3.50 % farms with RDP support	01 - Knowledge	10 230 509	0.24
	02 - Advisory services	667 118	0.02
	04 - Investments	951 476 210	22.03
	08 - Forest	57 983 086	1.34
	13 - ANC	226 641 611	5.25
	16 - Cooperation	14 801 477	0.34
2B - New farmers 1.99 % farms with RDP support for YF	02 - Advisory services	2 837 277	0.07
	06 - Farm and business development	136 105 966	3.15
<b>P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture</b>		<b>138 076 140</b>	<b>3,20</b>
3A - Competitiveness of producers 1.27 % of farms supported	02 - Advisory services	166 007	0.00
	04 - Investments	20 936 011	0.48
	08 - Forest	1 427 891	0.03
	09 - Producer groups / organisations	4 787 424	0.11
	16 - Cooperation	5 804 796	0.13
3B - Risk management 0.89 % of farms supported	02 - Advisory services	166 007	0.00
	05 - Restoring agricultural potential	52 161 505	1.21
	17 - Risk management	52 626 499	1.22
<b>P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry</b>		<b>1 360 711 591</b>	<b>31.51</b>
4A - Biodiversity, HNV and landscapes 1.18 % forestry land under contract 57.45 % UAA under contract	01 - Knowledge	2 150 512	0.05
	02 - Advisory services	13 669 613	0.32
	04 - Investments	117 041 538	2.71
	08 - Forest	251 754 470	5.83
	10 - AEC	642 828 191	14.89
4B - Water management 30.13 % UAA under contract 1.96 % forestry land under contract	11 - Organic Farming	137 516 252	3.18
	12 - NAT 2000 and WFD	44 753 294	1.04
	13 - ANC	140 117 725	3.24
	15 - Forest-environment	750 668	0.02
4C - Soil management 46.89 % UAA under contract 1.96 % forestry land under contract	16 - Cooperation	10 129 328	0.23

Focus Area and targets	Measure	Public Allocations	%
<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>907 419 435</b>	<b>21.01</b>
5A - Water efficiency 17.82 % irrigated UUA supported	01 - Knowledge	651 438	0.02
	02 - Advisory services	224 611	0.01
	04 - Investments	376 349 189	8.72
	10 - AEC	10 442 054	0.24
	16 - Cooperation	2 314 813	0.05
5B - Energy efficiency 155 626 101 € investment	01 - Knowledge	314 172	0.01
	02 - Advisory services	224 611	0.01
	04 - Investments	60 626 743	1.40
	08 - Forest	1 384 130	0.03
	16 - Cooperation	768 568	0.02
5C - Renewable energy 69 623 3337 € investment	04 - Investments	27 484 110	0.64
	08 - Forest	770 203	0.02
	16 - Cooperation	1 370 206	0.03
5E - Carbon conservation / sequestration 0.53 % UAA under contract	01 - Knowledge	1 927 765	0.04
	02 - Advisory services	737 994	0.02
	08 - Forest	218 881 801	5.07
	10 - AEC	8 507 545	0.20
	13 - ANC	188 974 908	4.38
	16 - Cooperation	5 464 574	0.13
<b>P6: Promoting social inclusion, poverty reduction and economic development in rural areas</b>		<b>4142 285 529</b>	<b>9.59</b>
6B - Local development 72.73 % rural pop in LDS 0.08 % rural pop with improved services/infrastructures 1 252 jobs created (Leader)	01 - Knowledge	275 252	0.01
	07 - Basic services	4 208 4654	0.10
	13 - ANC	188 975 039	4.38
	16 - Cooperation	231 033	0.01
	19 - LEADER and CLLD	220 595 740	5.11
Sum:		<b>4 091 470 544</b>	
Technical Assistance (M20)		<b>96 001 930</b>	2.22
Disc. measures (M113)		<b>897 523</b>	0.02
<b>TOTAL PUBLIC ALLOCATIONS</b>		<b>4 318 135 403</b>	100.00