

Rural Development Programme (RDP) of Azores, Portugal

PRORURAL – Programa de Desenvolvimento Rural da Região Autónoma dos Açores

*(Rural Development Programme 2007-2013:
for a long term sustainable rural development)*

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Rural Development Programme (RDP):
prorural.azores.gov.pt/
National Strategy Plan (NSP):
<http://www.gpp.pt/>
Portuguese National Rural Network (NRN):
<http://www.rederural.pt/>



Map of Azores and Madeira
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General socio-economic situation in rural areas in the Azores region

The Azores Archipelago is an Outermost Region according to the EC treaty composed by nine remote islands with 242,000 inhabitants. Covering an area of 2,332 km² and with a population density of 104 inhabitants per km², 99.6% of the Azores territory is considered rural and is inhabited by 93% of the population. The entire territory is classified as a less-favoured area and most of it is mountainous of volcanic origin. Though the climate is usually temperate, it is also known to be very changeable, thus affecting agricultural practices. GDP per capita is 12% below the country's average, and around 64% of the average in the EU-25. The Azores' unemployment rate (in 2005) was 4.1%, which was lower than mainland Portugal and the EU-25 averages. The region's main development challenges are to improve competitiveness and sustainability through improved management of rural areas and natural resources and to increase the educational level and qualification of the population, among others.

Rural and land use weaknesses are related to the considerable geographical dispersion of the territory and a low level of agricultural and forest exploitation that leads to a reduced capacity to attract investors and corporations capable of making relevant investments. In terms of the economy and the population, there are constraints such as market isolation and fragmentation, high costs in developing different activities due to transportation costs and absence of economies of scale which, in turn, contribute to the difficulty to attract and maintain residents, especially young people, as well as to the risk of depopulation of some of the islands. There is also a severe structural problem due to the low educational level, with 80% of the active population having completed only elementary education or having no academic qualifications at all. On the other hand, there are significant opportunities for rural development since most of the territory is considered to be rural and there is a highly developed sense of understanding of the importance and value of the region's natural heritage among the local population. In this sense, there is already significant experience in the

exploitation of agricultural areas, in particular with the use of permanent pastures and the production of dairy products, which could be built upon. The population is growing and is comparatively younger than the rest of the country. The services sector is quite developed (it accounts for 63.1% of employment and 72.1% of GVA) and in terms of the growth opportunities there is a significant potential for the generation of renewable energies and the development of tourism activities.

Following the CAP Health Check, in recognition of the greater emphasis now being given to the “new challenges” facing agriculture and rural areas, the revised RDP further highlights the importance of restructuring the dairy sector.

RDP strategic objectives

The following overall objectives were chosen in accordance with the EU Strategic Guidelines (EUSG) and the National Strategic Plan (PEN): improving the competitiveness of the agricultural and forestry sector; promoting the sustainable management of rural areas and natural resources; promoting economic diversification and employment in rural areas; strengthening territorial and social cohesion; and promoting the efficiency of public, private and associative intervention in territorial management. Overall, the purpose of the RDP of the Azores is to promote the competitiveness of the region by creating the capacity for further sustainable development and improving its natural and rural heritage, ensuring its social and economic regeneration. This goal will be pursued by reinforcing governance and local development strategies, on one hand, and by increasing the region’s attractiveness as a place to live, work and visit, on the other hand.

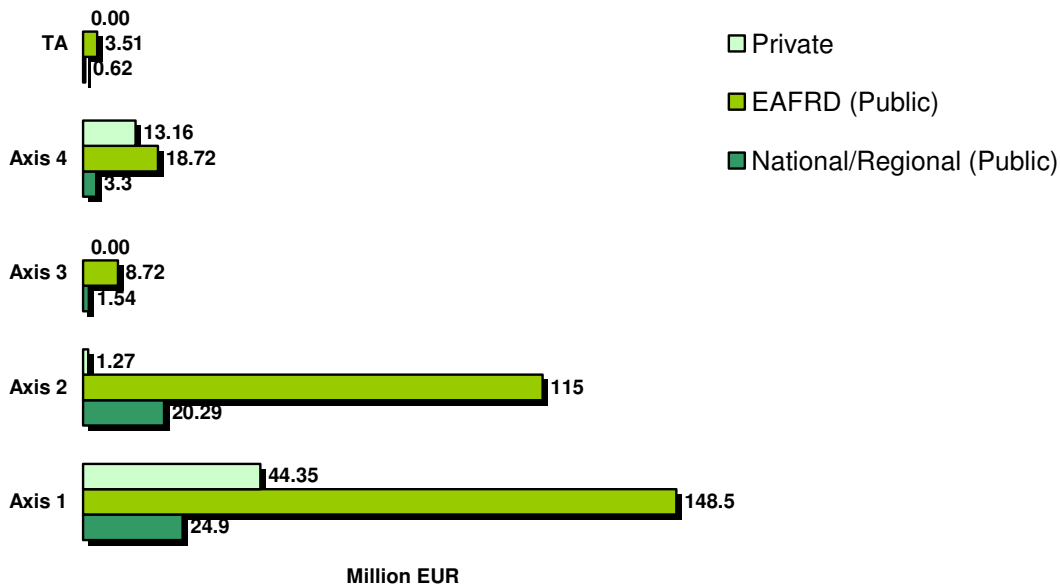
Following the additional financing provided by the CAP Health Check, the European Recovery Package and the Modulation, the 2009 revised RDP gives strategic priority to the restructuring of the dairy sector. The total amount of additional funds have been assigned to this priority through measure 121, taking into consideration on one hand the importance that this sector has in the overall economy of the Archipelago (Azores has 30% of Portuguese livestock) and on the other hand the difficulties to find other viable economic alternatives.

Expected impact / outcomes of the policies

According to the ex-ante evaluation, the RDP’s main expected outcomes are: a moderate impact on employment, mainly in terms of new job creation; a strong contribution is expected in maintaining jobs in agriculture and agro-industries; a favourable impact in terms of competitiveness, with an increase expected in Gross Value Added (GVA) and productivity below 10% in both cases; a moderate impact is expected on the environment due to the modest weight, in budgetary terms, given to the measures and actions in that field; and overall the RDP’s impacts are expected to be moderately sustained.

Specific modifications to the impact indicators have been made to take account of the alterations included in the RDP in 2009, as well the additional funds available targeted at assisting dairy sector producers to adapt to changing market conditions for milk and dairy products.

RDP budget breakdown by axis: Total expenditure (including national/regional + EAFRD + private funding) of €403,892,990



The RDP budget allocations are broadly divided into four main areas of expenditure, known as axes (namely: (1) Improving the competitiveness of the agricultural and forestry sector; (2) Improving the environment and the countryside; (3) Quality of life in rural areas and diversification of the rural economy; and (4) Leader). Approximately 53.4% of the overall RDP budget in Azores is allocated to axis 1 (€217.8 million); approximately 34% is allocated to axis 2 (€136.6 million), 2% to axis 3 (€10.3 million) and 9% to axis 4 (€35.2 million), with 1% available to fund Technical Assistance (€4.1 million).

Within axis 1, national/regional public funding represents approximately 12% of the axis; with EAFRD adding 68%; and private funds totalling 20%.

Within axis 2, national/regional public funding represents approximately 15% of the axis; with EAFRD adding 84%; and private funds totalling 1%.

Within axis 3, national/regional public funding represents 15% of the axis; with EAFRD providing the remaining 85%.

Within axis 4, national/regional public funding represents approximately 9% of the axis; with EAFRD adding 53%; and private funds totalling 38%.

Within the technical assistance, national/regional public funding represents 15% and EAFRD provides the remaining 85%.

As a consequence of the 2009 RDP amendments, together with the programming of additional funding supported by the detailed rules established in Commission Regulation (EC) No 1974/2006, the Azores region has been assigned €20 million in additional EAFRD funds (and additional €2.2 million from national public funds) to support the dairy sector. The additional funds aim at assisting producers in adapting to changing market conditions (modernisation of agricultural businesses with the introduction of new technologies; rational management of water resources; and reduced environmental pressure and improvement of the economic performance of dairy farms through a

better rationalisation of productive inputs).

Axis Information¹

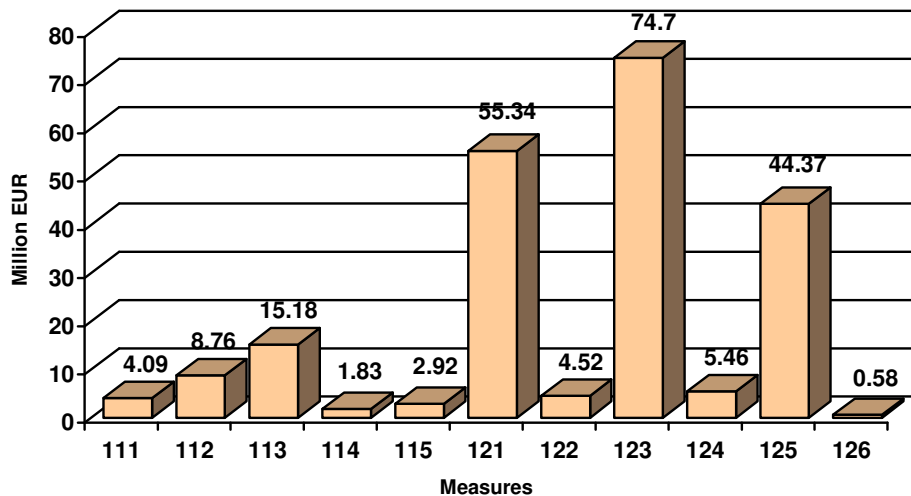
Axis 1 objectives: Improving the competitiveness of the agricultural and forestry sector

The most relevant priorities in axis 1 are placed on increasing the added value to agricultural and forestry products (measure 123) and on the modernisation of the agricultural holdings (measure 121), which accounts respectively 37% and 25% of the budget. A further 20% is targeted to improve infrastructures for agricultural and forestry enterprises and a further 10.5% is targeted to enhance human potential through the implementation of measures 112 “setting up young farmers (4% of the budget) and measure 113 “early retirement” (6.5% of the budget).

The table below provides an indication of the RDP’s priorities for axis 1.

Strategic objective	Specific objectives
Improve the competitiveness of the agricultural and forestry sector	<ul style="list-style-type: none"> - Improve knowledge and human potential in the agricultural and forestry sectors - Promote innovation and the quality, restructuring and development of the different agricultural and forestry sub-sectors. - Improve agricultural and forestry infrastructure

Axis1 budget breakdown by measure: Total allocated budget (including regional/national public funds + EAFRD + private funds) of €217,752,616²



Following the 2009 RDP update, the total budget amount for axis 1 is €217,752,616 including an additional €22,222,222 (€20,000,000 EAFRD + €2,222,222 public) that is entirely intended to reinforce the restructuring the regional dairy industry (measure 121).

¹ A full list of RDP measures can be found in Annex I.

² Please note that for measures 111, 112, 113, 125, 126, 131, 132, 133, 141, 142 and 143, no private spending has been allocated.

Taking into account the additional financing provided by the CAP Health Check, 600 farms are expected to benefit from a total of €28.8 million in investment (which will provide an average of €47,000 per farm). Result targets include: of the benefited dairy producers, the distribution by type of investment is as follows: 6% will be dedicated to producing quality products; 60% will be for investments in the construction and acquisition of milking machines; and 35% will go towards investments in equipment aiming to improve the efficiency of use of fertilizers. Detailed information on indicators for individual measures is provided in the RDP indicator tables.

Axis 2 objectives: Improving the environment and the countryside

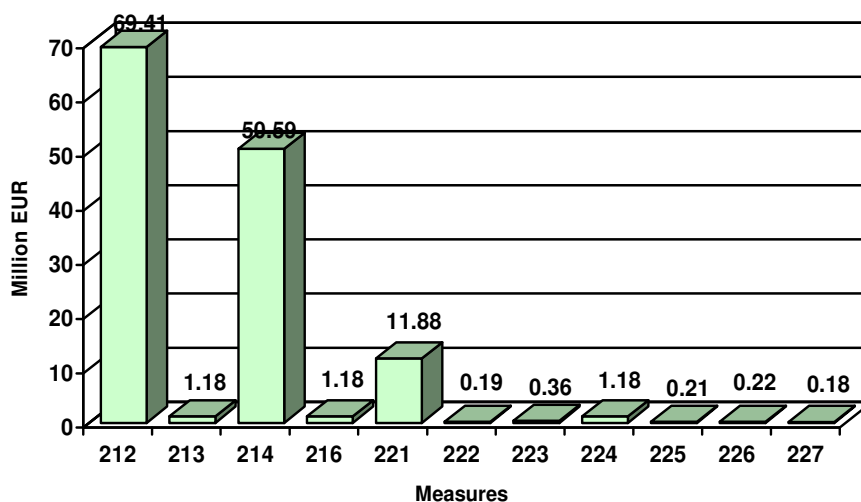
Payments to farmers located in disadvantaged areas (measure 212) dominate support provided under axis 2, with over 50% of the budget. Other support is targeted mainly to agri-environmental measures (measure 214), which accounts for 37% of the budget, and first afforestation of agricultural land (measure 221), which accounts for 9% of the budget.

The table below provides an indication of the RDP's priorities for axis 2.

There are no modifications in relation to Axis 2 following the RDP update.

Strategic objective	Specific objectives
Improving the environment and the countryside	<ul style="list-style-type: none"> - Promotion of the sustainable use of agricultural land in disadvantaged areas - Ensure the sustainable management of agricultural land - Promote the sustainable management of forestry

Axis 2 budget breakdown by measure: Total allocated budget (including regional/national public funds + EAFRD + private funds) of €136,564,376³



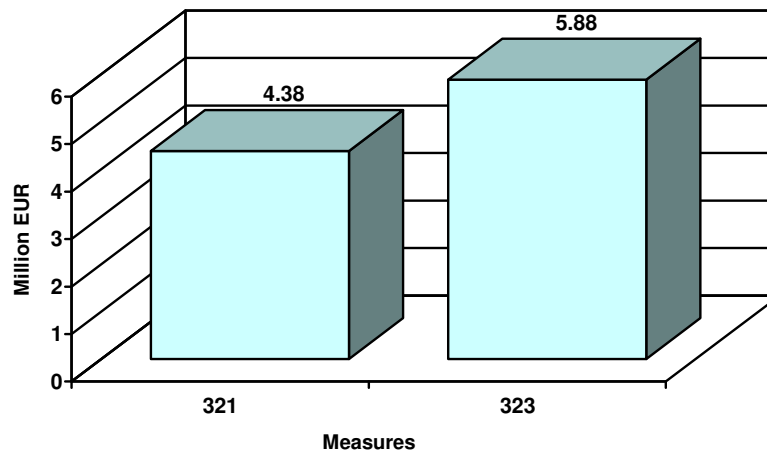
³ For measures 211, 212, 213, 214, 215, 216, 224, 225, 226 and 227 no private spending has been allocated.

Axis 3 objectives: Quality of life in rural areas and diversification of the rural economy

The intervention of axis 3 is concentrated on the implementation of two measures (321 and 323) aiming at improving basic services for economy and rural population and the conservation of rural heritage. The promotion of diversification in rural areas is supported mainly through the implementation of the Leader approach. The table below provides an indication of the RDP's priorities for axis 3.

Strategic objective	Specific objectives
Quality of life in rural areas and diversification of the rural economy	<ul style="list-style-type: none"> - Promote the diversification of the economy and the creation of employment opportunities in rural areas. - Improvement of the quality of life in rural areas through the supply of basic services for rural populations - Encourage the development of competences at the local level.

Axis 3 budget breakdown by measure: Total allocated budget (including regional/national public funds + EAFRD + private funds) of €10,262,216⁴



There are no modifications in relation to Axis 3 following the RDP update.

Axis 4 objectives: Leader

The main priority of Axis 4 is to support local development strategies that pursue actions aimed at improving quality of life and diversification of rural activities (measure 413). This measure accounts for over 85% of the total axis budget allocation. Result targets include value added objectives linked to improvements in quality of life and in landscape management; and target numbers of participants

⁴ For all measures (311, 312, 313, 321, 322, 323, 331 and 341) no private spending has been allocated.

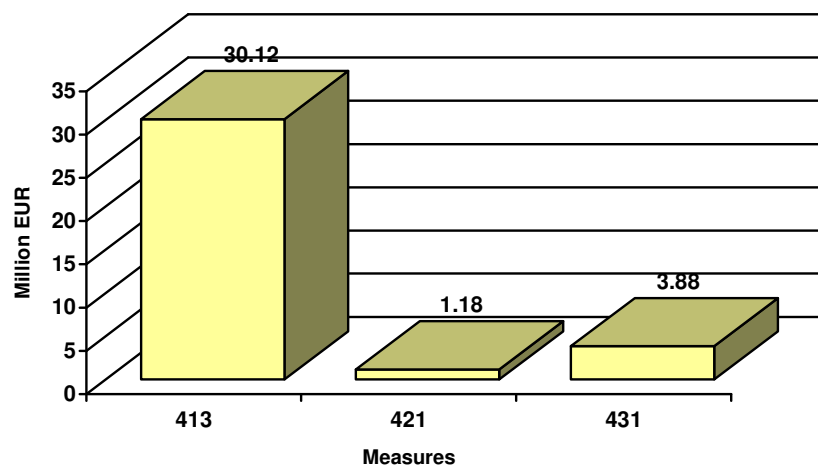
that successfully complete training activities.

No modifications were made to axis 4 during the 2009 RDP update.

Strategic objectives	Specific objectives
Support for local development strategies	- Revitalising rural areas economically and socially through the priorities established in axis 3.

The number of LAGs operational in the RDP's area as of March 2010 was 4.

Axis 4 budget breakdown by measure: Total allocated budget (including regional/national public funds + EAFRD + private funds) of €35,182,125⁵



Monitoring and evaluation strategy

A set of indicators disaggregated by measure/action allows carrying out continuous monitoring and evaluation of the PRORURAL and provides the necessary information for management and evaluation. This set of data is managed by an Information System (IS).

This IS provides (in due time and for each level of assistance in the process), the necessary information for the correct management of each key function, as well as global and strategic monitoring of the implementation of the RDP, which allows the drawing up of the annual reports for the Monitoring Committee.

Communication and publicity

The PRORURAL's Communication Plan has the following objectives and public targets:

The first step is to develop the scope of the Communication Plan of the Programme aiming at:

- developing the identity of the RDP with respect to the beneficiaries/recipients and all the related entities;

⁵ For measure 411, 412 and 431 no private spending has been allocated

- providing clear and timely information to potential beneficiaries/recipients and project promoters about the possibilities offered by the RDP, as well as the eligibility conditions that must be met to benefit from the programme;
- creating the Identity Manual to become available on the Internet.

According to the identity, targets and the RDP objectives the following support is being used:

- written publications (brochures, leaflets, posters);
- communication and media events (public sessions, workshops, etc.);
- web technology and magnetic data (interactive CDs, website, intranet access, etc.);
- information and clarification events (Q&A public sessions, specialized interviews);
- direct mailing;
- compilation and dissemination of information;
- advertising boards according to the rules and regulations of the EU.

The communication strategy takes into account the different target groups within the public, linking the content of the different measures with their particular interests.

Annex I - Measures

Measures selected by the RDP		Measures selected by the updated RDP	
Axis 1 - Improving the competitiveness of the agricultural and forestry sector	<i>Promoting knowledge and improving human potential</i>	111	Vocational training and information actions
		112	Setting up of young farmers
		113	Early retirement
		114	Use of advisory services
		115	Setting up of management, relief and advisory services
	<i>Restructuring and developing physical potential and promoting innovation</i>	121	Modernisation of agricultural holdings
		122	Improvement of the economic value of forests
		123	Adding value to agricultural and forestry products
		124	Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector
		125	Infrastructure related to the development and adaptation of agriculture and forestry
		126	Restoring agricultural production potential
	<i>Quality of agricultural production and products</i>	131	Meeting standards based on Community legislation
		132	Participation of farmers in food quality schemes
		133	Information and promotion activities
	<i>Transitional measures</i>	141	Semi-subsistence farming
142		Producer groups	
143		Providing farm advisory and extension services	
Axis 2 - Improving the environment and the countryside	<i>Sustainable use of agricultural land</i>	211	Natural handicap payments to farmers in mountain areas
		212	Payments to farmers in areas with handicaps, other than mountain areas
		213	Natura 2000 payments and payments linked to Directive 2000/60/EC
		214	Agri-environment payments
		215	Animal welfare payments
		216	Non-productive investments
	<i>Sustainable use of forestry land</i>	221	First afforestation of agricultural land
		222	First establishment of agroforestry systems on agricultural land
		223	First afforestation of non-agricultural land
		224	Natura 2000 payments
		225	Forest-environment payments
		226	Restoring forestry potential and introducing prevention actions
		227	Non-productive investments
		Axis 3 - Quality of life in rural areas and diversification of the rural economy	<i>Diversify the rural economy</i>
312	Support for business creation and development		
313	Encouragement of tourism activities		
<i>Improve the quality of life in rural areas</i>	321		Basic services for the economy and rural population
	322		Village renewal and development
	323		Conservation and upgrading of the rural heritage
	331		Training and information
Axis 4 - Leader	<i>Implementing local development strategies</i>	411	Competitiveness
		412	Environment/land management
	413	Quality of life/diversification	
	421	Implementing cooperation projects	
	431	Running the LAG, skills acquisition, animation	