

## Rural Development Programme (RDP) of Mainland, Portugal

### PRODER – Programa de Desenvolvimento Rural Continente 2007-2013

*(Rural Development Programme 2007-2013: for a long term sustainable rural development)*<sup>1</sup>

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#### Other useful links:

Rural Development Programme (RDP):

<http://www.proder.pt/PresentationLayer/homepage.aspx>

National Strategy Plan (NSP):

<http://www.gpp.pt/drural>

Portuguese National Rural Network (NRN):

<http://www.rederural.pt>



**Map of Portugal**  
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## General socio-economic situation in rural areas in the Mainland Portugal region

Mainland Portugal has a population of around 10 million people, covering a territory of 889,662 ha and it is located in the westernmost part of Europe, bordering Spain. According to the OECD definition, mainland Portugal is almost entirely (86%) classified as rural with a very low population density (41 inhabitants per km<sup>2</sup>), which is significantly lower than the EU average. GDP per capita is close to 80% of the average in the EU-25 and the unemployment rate is over 10% and increasing rapidly, with higher rates for women compared to men. The agricultural sector employs around 5% of the active population and contributes approximately 3% to the country's GDP, with industry and services contributing 17% and 80%, respectively. Less favoured rural areas, including mountain regions, are frequent and spread around the country although more concentrated in the interior and northern regions, experiencing similar problems to revitalise the entrepreneurial fabric, reduce inequality between rural areas, increase the productivity of agricultural and forestry sectors, reinforce the sector organisation, upgrade employment and human resources and implement a land use planning perspective.

Further rural and land use weaknesses include the vast surfaces in less favoured areas, small property size, poor farming structures and an increase in artificial surfaces leading to a lack of attractiveness of rural areas, low population densities and an exodus of population in rural areas to

<sup>1</sup> Updated RDP, version March 2010, following the adoption of the Health Check and European Economic Recovery Package and additional funds from Modulation.

urban and peripheral urban areas. In terms of economy and employment, there is low labour productivity of sectors in rural areas, deterioration in terms of trade in the agricultural sector and an insufficiently developed tertiary sector which, in turn, contributes to low economic activity, low generation of employment in agriculture and high youth unemployment. On the other hand, there is potential for rural development, as there has been a recent population growth through immigration in the country as a whole, and positive changes in road accessibility with significant reductions in travelling time. In terms of land use there is a significant proportion of forest and natural areas.

### **RDP strategic objectives**

In accordance with the National Strategy Plan, the overall objectives of the mainland Portugal RDP, as adopted by the Commission Decision of 4 December (6159/2007) are: to enhance competitiveness in the agricultural and forestry sectors; to promote the sustainability of the countryside and natural resources; to promote economic and social revitalisation, and to improve the governance of rural areas. In particular, strong emphasis is placed on competitiveness, selectivity and chain approach as far as agricultural and forestry sectors are concerned.

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 challenges facing the sector. The need to restructure the dairy sector, the priority given to biodiversity and climate change adaptation and the fundamental role played by broadband access in rural areas, have all been included in the RDP through the reform process.

The revised RDP further highlights the following national priorities: restructuring of the dairy sector in axis 1, biodiversity and climate change adaptation in axis 2; and broadband Internet infrastructure in axis 3.

The priority given to the restructuring of the dairy sector is justified taking into account the urgent need to ensure the economic sustainability of the sector given the liberalisation of the market. It is expected that a reduction of milk prices resulting from the replacement of price support by income support to producers (2003 CAP reform) and the gradual phasing out of milk quotas (Health Check of the CAP in 2008), will require some support to the necessary restructuring of the sector. Given the strong economic and social roots in this sector, often in fragile areas, it is a priority to support its adaptation, by strengthening support to the modernisation and capacity building of agricultural and agro-industrial enterprises, and in particular their adaptation to environmental standards and ability to produce added value products.

The priority given to "biodiversity" and "climate change", materialised through the reinforcement of the support to integrated production and organic farming, is justified by the importance that these production systems have for the environment and the countryside and the positive effect they produce on a sustainable protection of the environmental, water resources and soil.

Finally, the priority given to the deployment of new generation broadband Internet infrastructures in rural areas is justified by the multiplier effect that access to new information and communication

technologies has for economic growth and the creation of employment opportunities in rural areas.

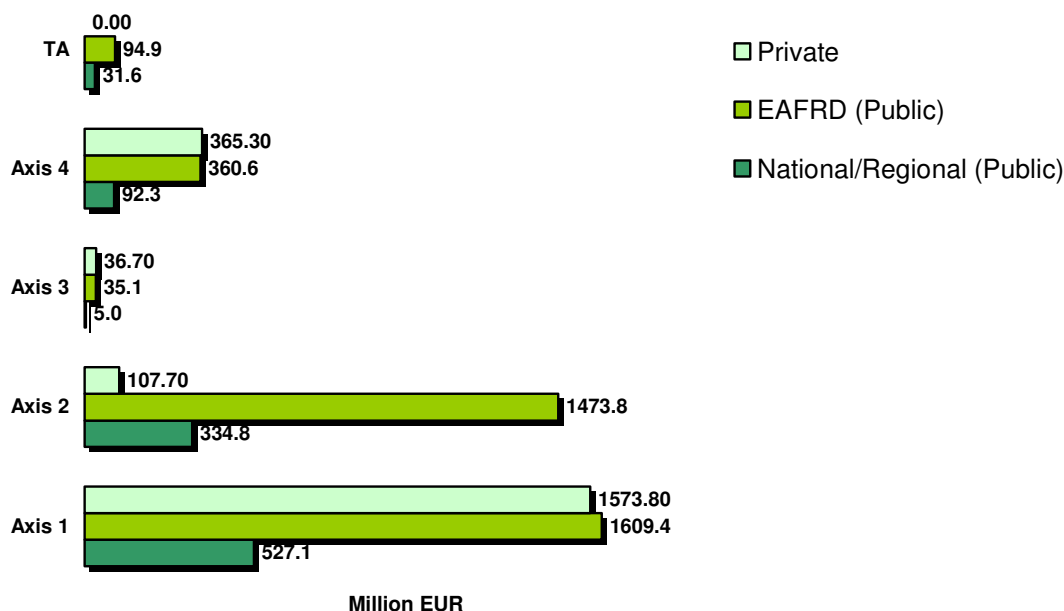
### **Expected impact / outcomes of the policies**

According to the *ex-ante* evaluation, the main expected RDP outcomes are threefold:

- The RDP must provide a direct response to constraints identified which affect agricultural and forestry farms and enterprises, namely in terms of development of the set of production sectors and competencies, generation renewal, determining competitiveness and business development factors, encouraging quality and innovation/technological update, etc.
- Secondly, it must focus on environmental values as public goods, which support and determine quality of life, adopting a structured and transversal approach, from a standpoint of the environmental and social balance of agricultural and forestry productions, while adopting a cautious approach to the economic valuation of environmental services.
- Thirdly, it must identify the areas of low economic and social sustainability, acting with a view to finding opportunities for the establishment of economic activities, thereby creating attractive living conditions for fixing the population.

The modifications to the RDP, as a result of the CAP Health Check, the European Recovery Package and the Modulation of certain funds are certain to have a positive impact on the region, as follows: an improvement in the competitiveness of the dairy sector, accompanied by an increase in the number of applications that can be accepted for agri-environment payments in integrated and organic production, which will definitely have a positive effect on the environment; and the extension of broadband services in rural areas will undoubtedly generate an impact in terms of new economic, training and development opportunities. Detailed information on impact indicators for individual measures is provided in the RDP indicator tables.

## RDP budget breakdown by axis: Total expenditure (including national/regional + EAFRD + private funding) of €6,648,150,990



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 56% of the overall RDP budget in mainland Portugal is allocated to axis 1 (€3,710.3 million); approximately 29% is allocated to axis 2 (€1,916.3 million), 1% to axis 3 (€76.6 million) and 12% to axis 4 (€818.2 million), with almost 2% available to fund Technical Assistance (€126.5 million).

Within axis 1, national/regional public funding represents approximately a 14% share of the axis funding; EAFRD 43%; and private funds 43%.

Within axis 2, national/regional public funding represents approximately 17% share of the axis funding; EAFRD 77%; and private funds 6%.

Within axis 3, national/regional public funding represents approximately 6% share of the axis funding; EAFRD 46% and private funds 48%.

Within axis 4, national/regional public funding represents approximately 11% share of the axis funding; EAFRD 44%; and private funds 45%.

Within technical assistance, national/regional public funding represents 25% share of the total budget while EAFRD represents 75%.

As a consequence of the 2009 RDP amendments, the mainland Portugal region received an additional amount of €91,108,889 (including €81,998,000 funding from the EAFRD and further €9,110,889 from regional/national public funds) from the CAP Health Check and €29,625,000 from the compulsory modulation in new sectors (€23,700,000 from the EAFRD and €5,925,000 from national/regional public funds).

## Axis Information<sup>2</sup>

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

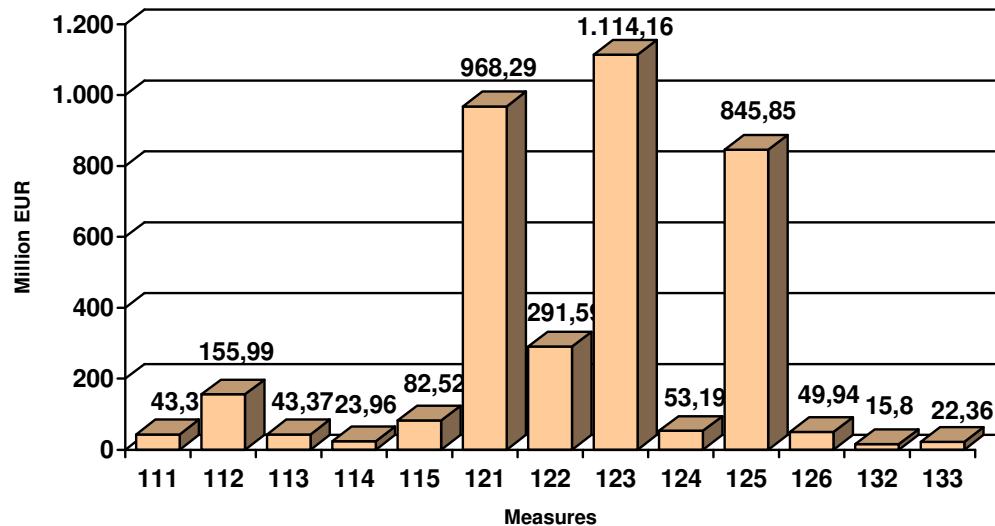
The main priority in axis 1 is placed on measures targeted at the modernisation of agricultural holdings (121), improving the added value of agricultural and forestry products (123) and investments in infrastructure (125), which together account for nearly 80% of the budget of the axis. Next in importance is measure 122 (improvement of the economic value of forests), which represents 8% of the budget, followed by 112 (setting up of young farmers) with 4%.

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

Strategic objectives	Specific objectives
Improving the competitiveness of the agricultural and forestry sector	<ul style="list-style-type: none"> <li>- Improve competitiveness of the agricultural and forestry sector and improve human potential</li> <li>- Promote innovation</li> <li>- Restructure and develop the potential of the agricultural and forestry sectors</li> <li>- Improving the quality of agricultural products.</li> </ul>

<sup>2</sup> A full list of RDP measures can be found in Annex I.

**Axis 1 budget breakdown by measure: Total allocated budget (including regional/national public funds + EAFRD + private funds) of €3,710,310,637<sup>3</sup>**



Following the 2009 RDP update, the total budget for axis 1 is €3,710,310,637 (including an additional €55,555,556: of which €50,000,000 EAFRD and €5,555,556 national/regional public funds). These additional funds are available to accommodate operations aiming at the restructuring of the dairy sector through measures 121 and 123. Examples of such operations are: building, purchasing (including leasing) or improving immovable property, multi-annual plantations, purchase or leasing of new machines and equipment, installation or modernisation of irrigation systems, adapting and purchasing specific equipment for producing and using renewable energies in order to economically valorise the activity by-products and waste, etc.

The result targets related to the changes include: the number of farm holdings receiving investment support related to dairy production is 1000 with a total investment of €60.9 million for measure 121, and the number of enterprises supported through improvements in processing and marketing related to dairy products is 40 with a total investment of €60.9 million for measure 123.

Specific modifications to results indicators have been made to take account of the amendments to the RDP as a result of the Health Check, the European Economic Recovery Package and modulation including increases in GVA of between €200 million and €250 million for holdings supported through measure 121 and €200 million for enterprises supported through measure 123. The number of holdings/enterprises introducing new products and/or new techniques is expected to be more than 200 for measure 121 and between 10 and 20 for measure 123.

For further information on specific results indicators please refer to the impact indicators table in the RDP programme.

<sup>3</sup> Please note that for measures 112, 113, 131, 132, 141, 142 and 143, no private spending has been allocated.

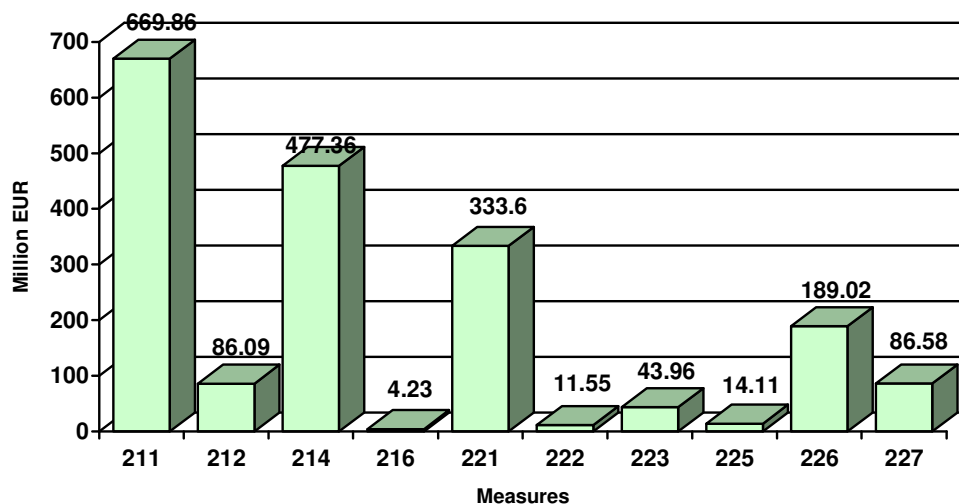
**Axis 2 objectives: Improving the environment and the countryside.**

The measures given the highest priority in axis 2 are measures 211 (payments to farmers in naturally disadvantaged mountain areas), 214 (agri-environment payments) and 221 (first afforestation of agricultural land), which together take up 77% of the whole budget for the axis. Next in importance are measures 226 (restoring forestry potential and introducing prevention actions) and 227 (non-productive investments), accounting for 10% and 5% of the budget, respectively.

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

Strategic objectives	Specific objectives
Promote the sustainability of the rural environment and the conservation of natural resources.	<ul style="list-style-type: none"> <li>- Promoting the protection of biodiversity and high nature and landscape value systems associated with agricultural and forestry activity</li> <li>- Protect the water resources and soil</li> <li>- Contribute to mitigating the effects of climate change</li> <li>- Contribute to the sustainable use of agricultural land in less-favoured areas</li> </ul>

**Axis 2 budget breakdown by measure: Total allocated budget (including national/regional public funds + EAFRD + private funds) of €1,916,363,878<sup>4</sup>**



<sup>4</sup> For measures 211, 212, 213, 214, 215, 216, 224 and 225 no private spending has been allocated.

Following the CAP Health Check and the 2009 update of the RDP in mainland Portugal, the total budget allocation under axis 2 is €1,916,363,878. This amount includes an additional €2,220,000 (€1,998,000 EAFRD and €222,000 regional/public funds) from the CAP Health Check and €29,625,000 (23,700,000 from the EAFRD and 5,925,000 from regional/public funds) from the compulsory modulation in new sectors. This extra funding is aimed at supporting measure 214 (Agri-environmental payments) and in particular payments for organic farming and integrated production.

Taking into account the current uptake of the measures, the additional funds allow accepting additional applications. There, the adaptation includes benefiting 350 farm holdings, with a total number of contracts of 480 and 5,900 ha of both physical and total areas under agri-environmental support.

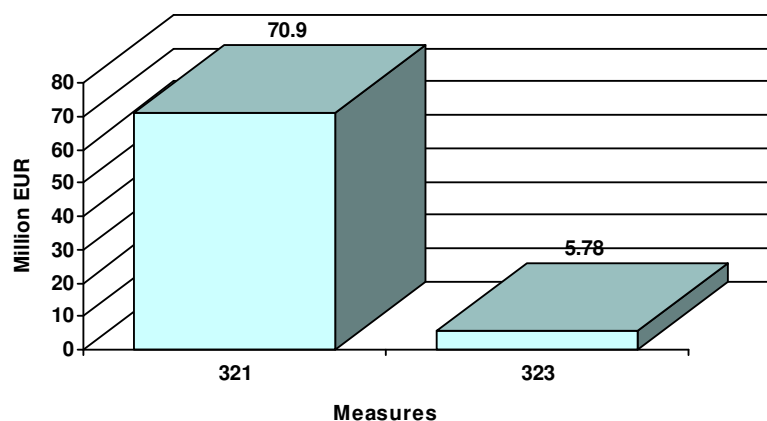
**Axis 3 objectives: Quality of life in rural areas and diversification of the rural economy**

For axis 3, priority is given to measure 321, which aims at providing and improving basic services for the economy and for rural populations. This measure accounts for 92% of the axis' budget, while measure 322 receives the remaining financing and aims at conserving and upgrading the rural heritage.

The table below provides an indication of the RDP's priorities for axis 3.

Strategic objective	Specific objectives
Revitalize rural areas economically and socially	<ul style="list-style-type: none"> <li>- Diversify rural economies</li> <li>- Improve quality of life in rural areas</li> </ul>

**Axis 3 budget breakdown by measure: Total allocated budget (including regional/national public funds + EAFRD + private funds) of €76,686,632<sup>5</sup>**



<sup>5</sup> For measure 311, 312, 313, 322, 323, 331 and 341 no private spending has been allocated.



Following the 2009 revision of the RDP, the new total budget allocation for axis 3 is €76,686,632 (including additional funds of €33,333,333: €30,000,000 from the EAFRD and €3,333,333 from national/regional public funds). The new funds are incorporated entirely into a new action aimed at improving broadband infrastructure in rural areas within measure 321.

Output indicators linked to the additional funds for measure 321 include 3 distinct supported actions adding a total of €70 million in investment (creation of broadband infrastructure: €10 million; upgrade of existing infrastructure: €25 million; and laying down passive broadband infrastructure: €35 million).

The change in the result targets as an effect of the funds include an increase in Internet penetration of 10% in rural areas and a population of 800.000 benefiting from improved broadband services in rural areas.

***Axis 4 objectives: Leader***

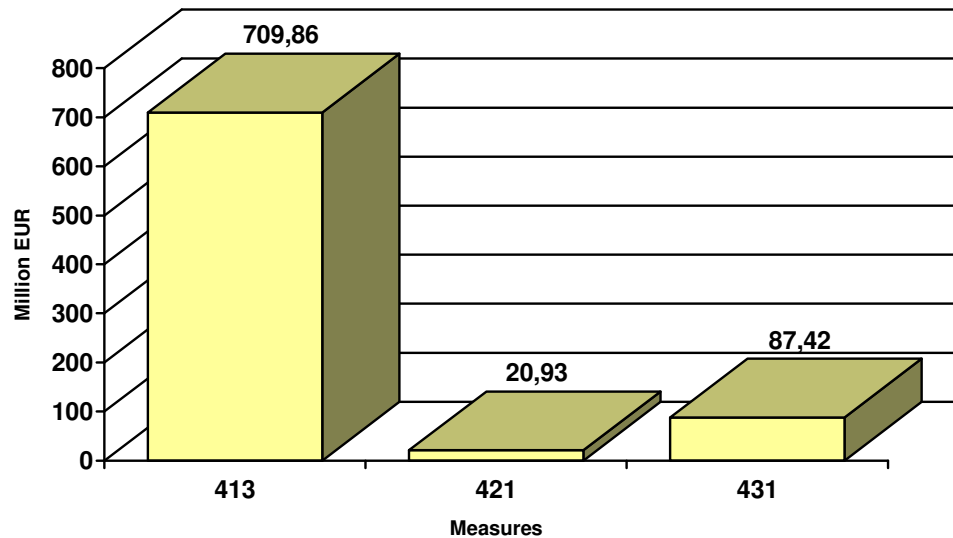
The main priority under axis 4 is to support local development strategies that promote quality of life actions and diversification of rural activities through measure 413, which accounts for over 87% of the total axis budget allocation. The rest of the budget is targeted at the conservation and upgrading of the rural heritage and implementation of cooperation projects.

The number of LAGs operational in the RDP's area as of March 2010 was 44.

There were no modifications in relation to axis 4 following the RDP update.

Strategic objectives	Specific objectives
Improve local governance in rural areas	<ul style="list-style-type: none"> <li>- Value the potential for local development in rural areas</li> <li>- Develop competencies among the population of rural areas</li> <li>- Improve local governance</li> </ul>

**Axis 4 budget breakdown by measure: Total allocated budget (including national/regional public funds + EAFRD + private funds) of €818,210,005<sup>6</sup>**



### Monitoring and evaluation strategy

A set of indicators disaggregated by measure/action allows carrying out continuous monitoring and evaluation of the PRODER and provides the necessary information for management and evaluation. This set of data is managed by an Information System (IS) which provides the information necessary for the effective management of each key function (for each level of assistance in the process), as well as the global and strategic monitoring of the RDP's implementation which allows for the drawing up of the annual reports for the Monitoring Committee.

The first step of the evaluation process is the ex-ante evaluation, also first step of the drawing of the programme. In 2010, a mid-term evaluation was also produced, allowing for an eventual mid-term programme review. In 2015, the *ex-post* evaluation shall be carried out for the purposes of a final accounting. These three evaluation processes will be done by independent entities.

### Communication and publicity

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

- Providing clear and timely information to potential beneficiaries/recipients and project promoters about the possibilities offered by the Programme, as well as about the eligibility conditions to be met to benefit from the RDP;
- Informing the general public about the role played by the European Union in the programme and the relevant results achieved through its implementation.

<sup>6</sup> For measure 411, 412 and 431 no private spending has been allocated.

The communication strategy takes into account the different target groups within the public, linking the content of measures with their particular interests and the messages transmitted. Campaigns can be directed at diverse promoters and relevant political instruments or may be based on particular areas or topics of assistance that can supplement the Programme's communication plan. Actions aimed at informing RDP beneficiaries are carried out through permanent information and communication structures such as: local reception desks, call centres and virtual reception desks.

In addition to this permanent base structure, other methods have been employed, such as: written information and publications (brochure, leaflets, posters); organisation of communication events (public sessions, workshops, etc.); media (radio, special inserts or news, Q&A sessions, etc.); magnetic data and web technology (interactive CDs, website, intranet access, etc.); information campaigns and events at regional level; as well as advertising boards in accordance with the rules and regulations of the European Union.

## Annex I - Measures

Measures selected by the RDP		Measures selected by the updated RDP	
<b>Axis 1 - Improving the competitiveness of the agricultural and forestry sector</b>	<i>Promoting knowledge and improving human potential</i>	<b>111</b>	Vocational training and information actions
		<b>112</b>	Setting up of young farmers
		<b>113</b>	Early retirement
		<b>114</b>	Use of advisory services
		<b>115</b>	Setting up of management, relief and advisory services
	<i>Restructuring and developing physical potential and promoting innovation</i>	<b>121</b>	Modernisation of agricultural holdings
		<b>122</b>	Improvement of the economic value of forests
		<b>123</b>	Adding value to agricultural and forestry products
		<b>124</b>	Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector
		<b>125</b>	Infrastructure related to the development and adaptation of agriculture and forestry
		<b>126</b>	Restoring agricultural production potential
	<i>Quality of agricultural production and products</i>	<b>131</b>	Meeting standards based on Community legislation
		<b>132</b>	Participation of farmers in food quality schemes
		<b>133</b>	Information and promotion activities
	<i>Transitional measures</i>	<b>141</b>	Semi-subsistence farming
		<b>142</b>	Producer groups
<b>143</b>		Providing farm advisory and extension services	
<b>Axis 2 - Improving the environment and the countryside</b>	<i>Sustainable use of agricultural land</i>	<b>211</b>	Natural handicap payments to farmers in mountain areas
		<b>212</b>	Payments to farmers in areas with handicaps, other than mountain areas
		<b>213</b>	Natura 2000 payments and payments linked to Directive 2000/60/EC
		<b>214</b>	Agri-environment payments
		<b>215</b>	Animal welfare payments
		<b>216</b>	Non-productive investments
	<i>Sustainable use of forestry land</i>	<b>221</b>	First afforestation of agricultural land
		<b>222</b>	First establishment of agroforestry systems on agricultural land
		<b>223</b>	First afforestation of non-agricultural land
		<b>224</b>	Natura 2000 payments
		<b>225</b>	Forest-environment payments
		<b>226</b>	Restoring forestry potential and introducing prevention actions
		<b>227</b>	Non-productive investments
<b>Axis 3 - Quality of life in rural areas and diversification of the rural economy</b>	<i>Diversify the rural economy</i>	<b>311</b>	Diversification into non-agricultural activities
		<b>312</b>	Support for business creation and development
		<b>313</b>	Encouragement of tourism activities
	<i>Improve the quality of life in rural areas</i>	<b>321</b>	Basic services for the economy and rural population
		<b>322</b>	Village renewal and development
		<b>323</b>	Conservation and upgrading of the rural heritage
		<b>331</b>	Training and information
	<b>341</b>	Skills-acquisition and animation measure with a view to preparing and implementing a local development strategy	
<b>Axis 4 - Leader</b>	<i>Implementing local development strategies</i>	<b>411</b>	Competitiveness
		<b>412</b>	Environment/land management
		<b>413</b>	Quality of life/diversification
		<b>421</b>	Implementing cooperation projects
		<b>431</b>	Running the local action group, skills acquisition, animation