



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 26 July 2021. It outlines Azores' priorities for using the € 469 million of public money that is available for the 9- year 2014-2022 period (€ 408 million from the EU budget, out of which 25 million EURI, and € 35 million of national co-funding). The most recent modification extended the programming period for 2-years, to 31 December 2022, and included two annual EAFRD allocations as well as the EU financed recovery funds (EURI).

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 1 234 farms. 2 274 people will receive training. As regards the management of natural resources, the RDP aims to have over 47 867 hectares under contract to improve soil management and/or prevent soil erosion. Around 6% of the funds will be used for local initiatives, aiming to create 90 new jobs and to improve living conditions for the rural population.

Support for 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, 114 programmes are foreseen in all 27 Member States along with four in the United Kingdom. The Rural Development Regulation for the period 2014-2020 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 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 km². 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 faces 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 is 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 "Restoring, preserving and enhancing ecosystems related to agriculture and forestry." and "Promoting the competitiveness of the agricultural and agro-industry sector".

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 1 234 agricultural holdings (9% of all farms), while supporting innovation through one European Innovation Partnership (EIP) operational groups. 2 274 farmers will be trained and the generational renewal of farming in the Azores is foreseen through the support of 318 young farmers.

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

128 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. In terms of risk management, 105 farms will be supported for premium for insurance.

Restoring, preserving and enhancing ecosystems related to agriculture and forestry

49% 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. 6.57% of the agricultural land will be under contract for biodiversity, 4.64% for water management and 39.75% 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 (3% of the total EAFRD allocation), with 1 600 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 6% 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:

- 176 million EUR allocated to Measure 4 – investment in physical assets
- 122 million EUR allocated to Measure 13 – Payments to areas facing natural or other specific constraints
- 97 million EUR allocated to Measure 10 – Agri-environment-climate
- 28 million EUR allocated to Measure 19 – Support for LEADER local development
- 14 million EUR allocated to Measure 6 – Farm and business development.

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

Focus Area and targets	Measure	Public Allocations	%
P1: Knowledge transfer and innovation in agriculture, forestry an rural areas			
1A - Innovation, cooperation, knowledge 0.68 % RDP expenditure	M01 - Knowledge M02 – Advisory services M16 – Cooperation		
1B - Research and innovation 7 cooperation operations	M16 – Cooperation		
1C - Lifelong learning and vocation training 2 274 training participants	M01 – 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		188 548 046	40.19
2A - Farm performance 9.11% farms with RDP support	M01 – Knowledge	714 221	0.15
	M02 – Advisory services	603 350	0.13
	M04 – Investments	168 209 872	35.85
	M16 – Cooperation	1 241 077	0.26
	M21 - M21 - Exceptional temporary support to farmers and SMEs particularly affected by the COVID-19 crisis	4 000 000	0.85
2B - New farmers 2.35 % farms with RDP support for YF	M01 – Knowledge	0	0.00
	M06 – Farm and business development	13 779 525	2.94
P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture		435 925	0.09
3A - Competitiveness of producers 0.95 % of farms supported	M09 – Producer groups / organisations	204 609	0.04
3B - Risk management 0.81 % of farms supported	M05 – Restoring agricultural potential	75 764	0.02
	M17 – Risk management	155 551,72	0.03

P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry		231 320 333	49.31
4A - Biodiversity, HNV and landscapes 6.57% forestry land under contract 5.11 % UAA under contract	M08 - Forest	5 978 117	1.27
	M10 - AEC	96 911 745	20.66
4B - Water management 4.64 % UAA under contract	M11 - OF	2 031 384	0.43
	M13 - ANC	121 760 257	25.95
4C - Soil management 39.75 % UAA under contract 1.21 % forestry land under contract	M15 - Forest-environment	4 638 829	0.99
P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors		13 384 648	2.85
5B - Energy efficiency 11 324 498 EUR investment	M04 - Investments	7 705 000	1.64
5C - Renewable energy 166 906 EUR investment	M08 - Forest	166 907	0.04
5E - Carbon conservation / sequestration 0.79 % UAA under contract	M08 - Forest	5 512 741	1.18
P6: Promoting social inclusion, poverty reduction and economic development in rural areas		27 665 616	5.90
6B - Local development 100.00 % rural pop in LDS 80 jobs created (Leader)	M19 - LEADER and CLLD	27 665 616	5.90
Sum:		461 354 569	98.34
Technical Assistance (M20)		1 299 232	0.28
Disc. Measures (M113)		6 503 682	1.39
TOTAL PUBLIC ALLOCATIONS		469 157 482	100.00