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Factsheet on 2014-2022 Rural Development Programme for Mainland, Portugal

The Rural Development Programme (RDP) for Mainland, Portugal, was formally adopted by the European Commission on December 12, 2014 and last modified on January 03, 2023. Outlining Portugal's priorities for using the 5.8 billion EUR of public money that is available for the 9-year period 2014-2022, (€ 4.8 million from the EU budget, out of which 312 million EURI, and € 1 billion 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 around 23 000 farm holdings, to facilitate the installation of more than 6 100 young farmers by 2023, and to provide more than 6 300 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 3 500 producers to participate in quality schemes. A further major theme is the better management of natural resources, where the RDP aims to encourage more than 12 000 hectares of newly afforested land and raise the agricultural area covered by agri-environment schemes or organic farming to almost 2.5 million hectares. The RDP will also use 5% of funds for local initiatives hoping to create 1 252 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 States¹. 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.

¹ The UK left the Union on 31st January 2020; in accordance with the Withdrawal Agreement support under Rural Development continues to apply in the UK during the 2014-2020 programming period.

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 more than 23 000 farms and support the setting up of more than 6 100 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 6 300 participants over the period, mainly farmers. The links between the agricultural production sectors and research will be reinforced through 115 cooperation projects.

Competitiveness of the agricultural sector and sustainable forestry

Farm investments in all sectors aim to restructure more around 23 000 farms (8.36 % 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. 115 co-operation projects will be established, while a total number of more than 6 300 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 (more than 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 57% 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 70% 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 1600 investment projects foreseen for developing and improving the viability of forests and more than 10 500 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
- 1.2 billion EUR allocated for Measure 13 – Payments to areas facing natural or other specific constraints
- 1 billion EUR allocated for Measure 10 – Agri-environment-climate
- 565 million EUR allocated for Measure 8 – Investment in forest area development and improvement of the viability of forests
- 337 million EUR allocated for Measure 11 – Organic farming

Annex 1: Indicative public support for the Rural Development Programme of Mainland - PORTUGAL

Focus Area and targets	Measure	Public Allocations	%
P1: Knowledge transfer and innovation in agriculture, forestry an rural areas(1)			
1A - Innovation, cooperation, knowledge 1.33 % RDP expenditure	1 - Knowledge 2 - Advisory services 16 – Cooperation		
1B - Research and innovation 171 cooperation operations	16 – Cooperation		
1C - Lifelong learning and vocation training 6 303 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		1 789 843 687	30.79
2A - Farm performance 28,27 % farms with RDP support	01 – Knowledge	6 329 016	0.11
	02 - Advisory services	544 146	0.01
	04 – Investments	1 115 525 778	19.19
	08 – Forest	53 168 994	0.91
	13 – ANC	386 622 845	6.65
	16 – Cooperation	11 992 455	0.21
	21 – COVID-19 crisis	12 300 523	0.21
	22 - Impact of Russia's invasion of Ukraine	57 108 583	0.98
2B - New farmers 2,52 % farms with RDP support for YF	02 - Advisory services 06 - Farm and business development	4 409 286 141 842 331	0.08 2.44
P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture		184 879 972	3,18
3A - Competitiveness of producers 0.48 % of farms supported	02 - Advisory services	93 513	0.00
	04 – Investments	19 098 374	0.33
	08 – Forest	1 666 251	0.03
	09 - Producer groups / organisations	3 270 027	0.06
	16 – Cooperation	3 686 636	0.01
3B - Risk management 2.70 % of farms supported	02 - Advisory services	488 625	0.01
	05 - Restoring agricultural potential	44 751 094	0.77
	17 - Risk management	111 825 452	1.92
P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry		2 145 365 256	36.91
4A - Biodiversity, HNV and landscapes 1.37 % forestry land under contract 69.87 % UAA under contract	01 – Knowledge	1 730 351	0.03
	02 - Advisory services	7 328 560	0.13
	04 – Investments	146 976 098	2.53
	08 – Forest	302 400 096	5.20
	10 – AEC	1 010 360 529	17.38
4B - Water management 40.63 % UAA under contract 2.28 % forestry land under contract	11 – Organic Farming	337 468 048	5.81
	12 - NAT 2000 and WFD	90 476 347	1.560
	13 - ANC	241 514 047	4.15
4C - Soil management 57.39 % UAA under contract 2.28 % forestry land under contract	15 - Forest-environment	600 944	0.01
	16 - Cooperation	6 510 236	0.11

Focus Area and targets	Measure	Public Allocations	%
P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors		946 359 726	16.28
5A - Water efficiency 17.19 % irrigated UUA supported	01 - Knowledge	269 525	0.00
	04 - Investments	287 732 849	4.95
	10 - AEC	19 029 571	0.33
	16 - Cooperation	2 095 141	0.04
5B - Energy efficiency 133 210 442 € investment	01 - Knowledge	128 687	0.00
	04 - Investments	50 252 661	0.86
	08 - Forest	1 510 133	0.03
	16 - Cooperation	793 521	0.01
5C - Renewable energy 76 855 332 € investment	04 - Investments	29 407 987	0.51
	08 - Forest	981 117	0.02
	16 - Cooperation	814 563	0.01
5E - Carbon conservation / sequestration 0.56 % UAA under contract	01 - Knowledge	1 791 843	0.03
	02 - Advisory services	2 786 137	0.05
	08 - Forest	205 338 563	3.53
	10 - AEC	17 051 943	0.29
	13 - ANC	322 316 551	5.54
	16 - Cooperation	4 058 934	0.07
P6: Promoting social inclusion, poverty reduction and economic development in rural areas		600 616 442	10.33
6B - Local development 72.73 % rural pop in LDS 4,35 % rural pop with improved services/infrastructures 1 252 jobs created (Leader)	01 - Knowledge	18 282	0.00
	07 - Basic services	4 126 539	0.07
	13 - ANC	322 316 446	5.54
	16 - Cooperation	202 516	0.00
	19 - LEADER and CLLD	273 952 659	4.71
Technical Assistance (M20)		145 149 836.49	2.50
Disc. measures (M113)		729 969.59	0.01
TOTAL PUBLIC ALLOCATIONS		5 812 944 889.08	100.00