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Rural Development Plan for mainland Portugal

Profile of mainland Portugal:

- Size: 89 045 km² and a population density of 110 inhab/ Km².
- Rural areas cover 85.4% of the territory and have a small population density (40.9 inhab/Km²).
- 81% of the territory is classified as less-favoured area and 21% of the territory is covered by Natura 2000 network
- Agricultural, forest and natural areas occupy a significant part of the territory (48%, 27% and 20% respectively)
- GDP per capita in mainland Portugal is 72.3% of the EU average
- Unemployment rate of 6.8% is lower than EU average
- High contribution of employment in agriculture (17% rural areas, 9% mainland Portugal).
- the average area of farm holdings is 10.8 ha, approximately half the EU average (20.4), and with a high degree of fragmentation (0.8 ha is the average PT area per block). However, there has been an increase in average size, at a rate similar to the EU average, largely due to the reduction in the number of holdings. At the same time, farm holdings have undertaken production specialisation. Farm holders in mainland Portugal tend to belong to the older age group.
- Skill levels are quite low compared to EU average. The percentage of population between 25 and 64 years old with full secondary education is 25%. More than 60% of farmers only have basic education.
- Over the last few years, there has been a significant increase in Gross Value Added (GVA) in the Food, Beverages and Tobacco Industries (FBTI), which accounted in 2003 for 3.1% of the economy GVA. The FBTI structure in Portugal is rather similar to the EU average, although the EU has a higher percentage of larger enterprises, which could explain the differences in labour productivity (46% of the EU).
- The strategic chains of flowers, fruit and vegetables, olive oil, wine, quality products and forestry have a high development potential.

Chosen strategy corresponding to the profile:

The overall objectives were chosen in accordance with the Community Strategic Guidelines (CSG) and the National Strategy Plan and are:

- Improving the competitiveness of the agricultural and forestry sector,
- Promoting the sustainability of the countryside and natural resources
- Economic and social revitalisation of rural areas.

Strong emphasis is placed on competitiveness, selectivity and on chain approach. It is the main priority of the Rural Development Programme, and improving the competitiveness of the agricultural and forestry sectors is the fundamental pillar on which the strategy is based. Therefore axis 1 is the most important axis in financial terms.

Overall budget and share of EU funding

Axis	Total Public Expenditure (in €)	Share of EAFRD* in Public expenditure in %	EAFRD Contribution (in €)
Axis 1	2 080 953 274	74.94%	1 559 364 977
Axis 2	1 776 806 306	81.50%	1 448 105 873
Axis 3	6 686 632	75.78%	5 067 150
LEADER	452 934 033	79.62%	360 606 500
Technical assistance	126 579 837	75.00%	94 934 878
Total	4 443 960 082	78.04%	3 468 079 378

* AEFRD = European Agricultural Fund for Rural Development

Overall aim of RD programme in country

- promoting competitiveness of the agricultural and forestry sector,
- sustainable management of the countryside,
- dynamising rural areas.

Axis 1 budget allocation and main priorities:

Total public funding: € 2,080,953,274 – EAFRD contribution: € 1,559,364,977

Main priorities:

- Promoting competitiveness
- Focus on strategic chains (fruit and vegetables, flowers, olive oil, wine, forestry, quality products)
- Improving efficiency of irrigation systems and development of new systems, in order to discourage and to replace the use of underground water
- Promoting knowledge and capacity building
- support for setting-up of young farmers

Axis 2 budget allocation and main priorities:

Total public funding: € 1,776,806,306 – EAFRD contribution: € 1,448,105,873

Main priorities under this axis are:

- support for the maintenance of activities in less favoured and mountain regions
- organic farming and integrated farming
- Integrated Territorial Interventions in 8 Natura 2000 areas and 1 World Heritage site; combining agro-environmental and forest measures
- Environmental valorisation of forestry areas

Axis 3 budget allocation:

Total public funding: € 6,686,632 – EAFRD contribution: € 5,067,150

The LEADER approach will manage this axis. The main priority under this axis is Conservation and upgrading of the rural heritage.

Leader budget allocation and main priorities:

Total public funding: € 452,934,03 – EAFRD contribution: € 360,606,500

Support for selected integrated strategies according to the Leader principles. The measure shall contribute to the accomplishment of the objectives of axis 3. The main priority is Quality of life/Diversification. Inter-territorial and trans-national cooperation is envisaged.

See: http://ec.europa.eu/agriculture/rurdev/index_en.htm