EXECUTIVE SUMMARY

EX-POST EVALUATION REPORT
NATIONAL RURAL DEVELOPMENT PROGRAM FOR PORTUGAL
MAINLAND 2007-2013
PRODeR

Lisbon, October 30th 2016
This document is the Executive Summary of the Final Report of the Ex-post Evaluation of ProDeR 2007-2013 (The Rural Development Program for Portugal Mainland 2007-2013), hereinafter referred as ProDeR.

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Program Description

The ProDeR was approved by Commission Decision C (2007) 6159 of 4 December 2007 and it encompasses the interventions co-financed by EFDRA (European Agricultural Fund for Rural Development) regarding Rural Development. The ProDeR implements the rural development strategy for Portugal Mainland (as envisaged in the PENDR – Plano Estratégico Nacional de Desenvolvimento Rural) through a set of Measures/Actions grouped together along four thematic axis and four subprograms:

The thematic Axis 1, Improving the competitiveness of the agricultural and forestry sector includes the subprogram 1 (Improving the competitiveness) and subprogram 4 (Improving Knowledge and skills development), the thematic Axis 2, Promoting Sustainability of Rural Areas and Natural Resources, comprise the subprogram 2 (Sustainable Management of Rural Areas), and the Axis 3 (Life Quality in Rural Areas and Diversifying Rural Economy) and the Axis 4, the so-called Leader Axis, accommodate together the subprogram 3 (Social and Economic Vitalization of Rural Areas).

The relevance and coherence of the strategy embodied in the ProDeR, first assessed at the ex-ante evaluation, was confirmed by the ex-post evaluation since program architecture, and further implementation, allowed to tackle many of the needs identified at the program conceptualization stage.

Purpose and Scope of the evaluation

Evaluation is a process of judgement of interventions according to their results, impacts and the needs they aim to satisfy. For the present case, Evaluation should attend to the Rural Development Policy goals (as expressed in the PENDR), translated into the objectives and logic of intervention of ProDeR, and focus on the program logic of intervention relevance, program efficiency and effectiveness, outcomes and impacts, as well as list the successes and weaknesses of the operations while producing recommendations to overcome the least positive outcomes. A full understanding of the intervention logic of the program, which describes the socio-economic or environmental requirements to which the program and/or measure should respond, is of utmost importance in setting up the evaluation framework.

According to the article 86º of Council Regulation (EC) (74/2009) Member States shall establish a system of ongoing evaluation for each rural development program. Ex-post evaluation are due in 2016 (Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014), and should provide answers to all common and program-specific evaluation questions, derived from an assessment of the effectiveness, efficiency, and relevance of measures and programs the Ex-post evaluation should produce, as well a judgement on the degree to which measures and programs as a whole meet their targets and contribute to achieving the objectives set out in the national and Community strategies.

1 NSPRD - National Strategy Plan for Rural Development
2 Rural Development goals at member state level and hence ProDeR interventions are oriented by the Community objectives and strategy for rural development as defined in the Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and amends introduced by the Council Regulation (EC) No 74/2009 of 19 January 2009
Program implementation and budget uptake of ProDeR - Overview

ProDeR was approved on the 4th December 2007 by the Commission Decision C (2007) 6159. Considering the programmatic period, it is worth mentioning that the program was initiated with one-year delay followed by a very low execution rate during 2008, which was restricted to the Subprogram 2. In 2009 and later years, a set of management and options rules were adopted, which allowed a program execution rate of nearly 100% and the successive compliance of the n+2 rule. Evaluation pointed out at the Mid-term Evaluation the need to adopt a flexible management (expressed in the transfer of funds from Measures with low execution rate to Measures with high capacity of fund absorption). These Measures allowed the fulfilment of the sector needs identified at the diagnosis stage, and in particular this set of management options allowed the transfer of public funds to the economy, favouring the private investment in a context of economic and financial crisis. The so-called “cleaning Operation” succeeded in recovering 11% of the public expenditure allocated to support investments within operations concluded (without making such investments) or withdrawal of applications as consequence of monitoring actions pursued by the Management Authority (AG).

The total amount paid out to ProDeR beneficiaries by the end of 2015 was 4.257.402 thousand euros of public expenditure (3.557.735 thousand euros of FEADER support).

Conclusions

1. Logic of Intervention

The socio-economical context of program implementation changed due to several factors, but primarily due to the financial and economic crisis which broke out in the second quarter of 2007. Notwithstanding such adverse context, the ProDeR contributed not only to minimize the adverse economic and financial context but also to dilute constraints already taking place at the beginning of the Program and to reinforce sector and rural economy opportunities listed under the SWOT analysis at the diagnosis stage.

The re-validation of the SWOT analysis highlights: a) the high representativeness of investment within exporting sectors, like olive oil, fruits and vegetables, and wine; b) the favouring of sector organizational capacity with gains of scale and market enlargement; c) the investment in irrigation that contributes to increase the area under irrigation and the capacity to storage water and network drainage improvement, as well as the use of more efficient irrigation technology, all aspects listed under weaknesses at the conceptualization phase of the program.

Regarding the immaterial dimension that affects the economic performance of the agro-forestry sector, namely the human capital and potential for innovation and knowledge transfer, the main negative aspects identified at the conceptualization phase were still relevant, despite the progresses observed regarding farmers illiteracy rate, percentage increase of farmers with high or

3 Operação Limpeza
university education, the professionalization of farming with a strong investment in modernization and technological improvement and innovation and knowledge uptake. Considering the program effects mentioned above the Evaluation consider that ProDeR positively contributed to minimize important constraints pertaining to the agro-forestry sector and does contribute to renovate the sector and restoring its prominence in a national context.

2. Governance Model and program implementation

A global analysis of ProDeR implementation shows it is possible to conclude on the positive performance of the program (global execution rate of 99.6%, relation between the amount paid and budgeted), despite the initial delay in its effective implementation and the highly negative macroeconomic situation in Portugal over the program. To the achievement of these positive outcomes, the Evaluation highlights the role and effectiveness of the communication and publicity strategy and mechanisms adopted, and the set of management and monitoring procedures undertake by the AG, namely:

- Removal of red tape and speeding up procedures;
- Flexible management of the program (transferring funds from Measures with low uptake to others with high demand);
- “Cleaning operation” (allocation of amounts that will not be executed by promotors during the life time of the project to other Measures/Actions);
- Modification of the legal framework regarding several interventions (Setting up of young farmers, Cooperation to innovation, Forestry Measures and Measures under Axis 3);
- Preparation and dissemination of technical guidance documents to applicants;
- Negotiation of co-financing rate.

In the context of program management and monitoring, the Information System is pivotal. The information system of ProDeR (SIProDeR) was subject to deep adaptations and restructuring that have considerably contributed to its performance improvement. The Evaluation considers that the SIPRODER is a legacy to future programming periods. Nevertheless, there are fundamental aspects that need further developments, namely the functional articulation between the SIProDeR and the SIIFAP (Information System of IFAP - paying agency) to which there is operational capacity as concluded by the Evaluation.

In the end, the Evaluation considers as beneficial the adopted transition regime that has allowed applications and their approval based on ProDeR rules granted that the financial support is to be provided by the PDR 2020 (The Rural Development Program - RDP - for mainland Portugal for the 2014-2020 period, formally adopted by the European Commission on December 12, 2014).

3. Cross-sectional results and impacts of the program

Based on its results and estimated net impacts, the Evaluation concluded that ProDeR globally attained its objectives, despite the economic and financial crisis occurred during its life time, counteracting the needs identified at the conception phase, among which: enhancement of rural economy, setting up young farmers, modernization of agricultural and forestry holdings and
competitiveness increasing, increasing of irrigated area, and innovation incorporation. The integration of the LEADER approach within the ProDeR also contributed to the qualification and densification of rural economy. The support given to applications devoted to rural tourism and leisure, namely lodging infrastructures, which are seen as fundamental to ensure that local communities can benefit from their touristic potential allowing visitants to stay more time, accrues concomitant benefits to local economies.

Regarding socio-economic impacts of the Program, an increase in the net gross added value (GAV) and labour productivity was observed as a result of Program interventions, namely Actions 1.1.1 and 1.1.3. A net increase of 394 M€ in GAV and an increase of 3% in labour productivity in relation to the national average were estimated. Concerning employment creation, a positive impact was also estimated, namely associated with Subprogram 3 interventions.

Regarding environmental impacts, an overall positive effect on biodiversity and maintenance of high nature value farming and forestry systems, namely on farming ones through their maintenance. ProDeR also contributed to renewable-source energy supplies (through energy generation from biomass - Action 1.3.2 - or in the reuse of by-products – Action 1.1.1 and 1.1.3 - and also under the Action 3.1.1 - Diversification into non-agricultural activities. The contribution of ProDeR to combating climate change (common impact indicator) was evaluated based on land use changes promoted by the Actions 1.1.1, 1.1.3, 1.6.2 and 2.3.2. Based on the outcomes of the analysis carried out, a global negative impact of 0.2tC/ha/year was estimated. This result should be framed in the context of the methodological limitations faced in estimating the indicator exposed in the corresponding report section. In particular, the contribution of Actions that could positively affect the balance (e.g. Action 2.2.1, Action 2.2.2 and Action 2.2.4) was not accounted for because the data needed was not made available. Based on land use change approach, the contribution of ProDeR to water quality improvement was also a negative one, with the land use changes promoted by the program - and accounted for – generating a leaching increase of about 0.02 tons of N (Nitrogen) per hectare/year, when considering the land use change trend expected for Portugal in the absence of the ProDeR as term of reference.

4. Program Results at Subprogram level

Given the budgetary structure of ProDeR, many of the program significant impacts were expected under the Subprogram 1, namely through the Actions 1.1.1 (Enterprise Modernization and Capacity building) and 1.1.3 (Setting up of young farmers), followed by Measure 1.6 (Irrigation Infrastructures) and forestry Measures (Measure 1.3 Promoting Forestry Competitiveness).

Indeed, Actions 1.1.1 e 1.1.3 were selected as “key Measures” for impact estimation regarding economic growth and labour productivity. Regarding the net gross added value (GAV) created by the program, considering solely the two Actions mentioned before, an amount of 394 M€ was estimated. For the labour productivity impact indicator an increase of 3% in relation to the national average was estimated. Still, regarding Action 1.1.3 alone, the high interest and number

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4 Given the complexity of the adopted methodology to estimate the seven common indicators, full details of the analysis are not disclosed in this summary, being the reader directed to the main document of the Ex-Post Evaluation.
5 This information is stored in the SIIFAP and was not supplied by IFAP.
of applications under support is of utmost importance for sector demographic renewal and even more so given the exporter orientation of activities supported. The Measure 1.6 counteracts a strong weakness for sector development and competitiveness by providing water storage infrastructure in regions with high agricultural potential. Also, a high number of supported applications with high investment return potential were observed. Nevertheless, regarding the sustainability of public irrigation systems (Action 1.6.3), budgetary restrictions did not allow the implementation of projects with recognized merit.

Concerning Measure 1.3, the management enhancement is itself a dimension that will benefit more from ProDeR in the medium-long term. The requirement for investments to be in accordance with the legal instruments of forestry planning (Forest Management Plans / Specific Forest Intervention Plans / Municipal Forest Fire Protection Plans) has led to a greater professional management of the forestry activity, which will contribute to the improvement of the productivity. In terms of forest sector competitiveness, ProDeR also had a major contribution to the incorporation of technical and product innovation, consolidating the first cork and timber transformation structure, modernizing the forestry services sub-sector, and allowing the adaptation of new models of forest exploitation, with emphasis on the use of biomass or new practices of sustainable intensification in production stands, namely the destruction of surplus and the use of biodiverse breeding crops.

Regarding the Subprogram 2 and its effects, the broad commitments (cross compliance) and the specific ones to which beneficiaries are subject impose, with the exception of particular cases that were identified along the document and for which local specificities might justify adjustments to better fulfil the objectives, ensure positive contribution in different environmental domains.

The Measure 2.1 (Maintaining Agricultural Activity in less-favoured Areas), was of high demand with the support concentrated in the North and Centre regions. From this measure one can expect more than the direct environmental effects from agricultural activity maintenance. Indeed, the landscape structure and identity is largely dependent of human presence, which being determined by multiple factors, is definitely dependent of the possibility of having an income stream enough for ensuring living standards. Hence, if positive environmental impacts can be attributed to this Measure, such as lowing risk fire – given the accomplishment of safety norms for the use of fire in rural territories - the importance of the financial support given to farmers cannot be neglected in the context of income formation and rural population maintenance within these areas.

Considering Measure 2.2 (Valorisation of Production Methods) both the organic (MPB)\(^6\) and integrated production (MPRODI)\(^7\) farming methods drive positive environmental impacts through the commitments imposed, being the MPB more demanding in this regard and therefore having high positive environmental impacts. Despite the on-going academic discussion around the advantages of organic farming by comparison with the conventional farming, recent studies based on meta-analysis concluded about its positive effects. In terms of area under support, permanent pastures and biodiversity sown pastures were the most representative. Despite the type of agricultural orientation, the supported area under MPRODI was always highest, probably due to

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6 Modo de Produção Biológico (MPB)
7 Modo de Produção Integrada (MPRODI)
the less demanding commitments associated. Based on the relation area/crop supported under MPB it was observed that it follows national trends with 30% of the existing area under MPB in Portugal for the year 2015 being supported by ProDeR which is a meaningful observation regarding program contribution to maintenance or conversion of farming land to MPB.

The subprogram 2 objectives were less achieved when the Territory Integrated Interventions (ITI – Actions 2.4.3-2.4.13) are analysed, in which a low demand was observed. Despite several modifications on the Actions regulations this trend was kept during the life time of the program. Among the factors contributing to this low demand, the mismatch between commitments and local specificities associated with low attractive payments given the farming management commitments are of relevance. The ITI are vast areas and hence the articulation of Local Structures of Support (ELA)\(^8\) with others agents need to be reinforced. The Evaluation considers that given the increasing demand for opportunities of tourism and recreation in rural areas the reinforcement of synergies with Axis 3 and Axis 4 can promote a high interest from the beneficiaries’ perspective.

Considering the Forest Measures of Axis 2, ProDeR had an impact on the implementation of essential infrastructure for Forest Fire Protection, being the only financing instrument for private areas and for local administration. It is also worth mentioning its contribution to the prevention and recovery of areas burned in large fires, as in the case of fires in Sabugal (2009), S. Pedro do Sul (2010), Catraia (2012), Serra do Caramulo Picões / Alfandega da Fé (2013). Concerning the protection of the forest against harmful biotic agents, where the entire continental territory was declared as "Affected Zone" by the pine wood nematode, there was a greater attention in its combat with an increase in the funds made available for this purpose. Despite this, the great emphasis of these Measures was placed on one of the main national threats (in economic terms and environmental sustainability), which is the decline of cork oak and holm oak forests. In this sense, it should be noted that 89% of the tree plantations supported in Action 2.3.2 were carried out with species that are based on the criteria adopted in Portugal for the classification of high value natural forest areas - areas occupied with Cork Oak, Holm Oak, Other Oaks, Other Broadleaved, Stone Pine, and Other Conifers.

Within subprogram 3 there was a high relevance and adequacy of the objectives of ProDeR with the main weaknesses identified in the Diagnosis, namely the combination of investment in improving the quality of life and the rural environment with investment in the diversification of economic activities, that together, respond to the needs for intervention felt at rural-local level. The implementation of this subprogram was, however, conditioned by the economic and financial crisis faced by the country, that: (i) decreased the economic-financial capacity of private entities, with higher difficulties in accessing credit and lower dynamics of demand for private consumption; and (ii) increased the budgetary constraints of public entities, reducing their own investment capacity, and their support to other local promoters, in a context in which the limitations on indebtedness increased.

In overall terms, there was a positive dynamic, with significant impacts on the socio-economic dynamism of the intervention areas covered by Local Development Strategies, highlighting:

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\(^8\) Estruturas Locais de Apoio (ELA)
• In the economic field: the dynamism of the local business and entrepreneurship; the development of tourism and leisure activities in rural areas; and the diversification of farm activities towards non-agricultural activities, creating new sources of employment and income in rural areas.

• In the social field: the diversification, qualification and increase of coverage of social equipment’s, namely in the support of the elderly, disabled and children; and the promotion of cultural, recreational and sports activities and services to the population.

In addition, these projects allowed the creation of almost 7,000 jobs, of which 4,482 in Measure 3.1 (Diversification of the Economy and Creation of Employment) and 2,417 in Measure 3.2. (Improvement of the Quality of Life). The promotion of 'additional employment opportunities' is very relevant for these territories with a poor capacity to generate employment and a background of high levels of unemployment.

The projects financed in the Leader Approach Measures thus play an important role in mobilizing the endogenous potential of rural areas and in generating multiplier effects of the investments made by contributing in an integrated and complementary way to:

• Socioeconomic dimension: job creation; Development of the complex of tourism and leisure activities; Increasing accessibility to basic services; Improvement of local economic fabric density; Quality of life.

• Socio-Cultural Dimension: valorisation of the rural heritage; Economic and social attractiveness of the territory.

• Economic-Territorial Dimension: setting the population in rural territories; Transformation of endogenous resources into factors of competitiveness; Increasing the attractiveness of the territory; Potentiation of the territorial identity factor.

The subprogram 4 although having a small weight over the Program budget acted transversally over the agro-forestry complex. Indeed, the conception of this subprogram aimed at providing ProDeR with improvement tools at the levels of knowledge / innovation and qualification of human potential, developing a coherence and active complementary approach, mainly with Axis 1 – Improvement of Agricultural and Forestry Competitiveness. Considering the several Measures/Actions composing the subprogram (exception given to the Action 4.3.1.1 – Use of Advisory Services) a high demand was observed and therefore the interventions accomplished the abovementioned subprogram objectives.

The b (Cooperation to Innovation) provided support to R&D (Research & Development) activities towards a dominantly entrepreneurial domain to provide solutions to the needs of new product development, new processes and new technologies which provide better conditions of market appreciation with many of the supported applications aimed at developing new production techniques, in the case of agricultural sector, and developing new products for the case of agro-industry. A positive dynamic were created linking technological and scientific knowledge and entrepreneurial activities allowing incorporation of innovation and products diversification, energetic efficiency and overall improvement of production practices and processes.
A key role in the improvement of human potential was given to Action 4.2.1, a pivotal factor to ensure competitiveness and business sustainability (even after the support period). Reinforcement of qualifications is of particular importance for young farmers, allowing either the refreshment of previous qualifications or acquisition of others skills relevant for their business or, in the case of young farmers without specific qualification, acquisition of knowledge required to be well succeeded in their activities. The thematic networks for information and dissemination (Action 4.2.2) created are of utmost importance given their heterogeneity and cross-sectorial scope. The following Specific outcomes can be listed: a) implementing a new philosophy of information systematization for the agricultural, forestry and agro-industrial sectors; b) relevant technical information availability to producers hence contributing to knowledge and competitiveness improvement and c) high articulation and adequacy between knowledge oriented activities and their potential users outside R&D institutions. The support under Measure 4.3 (Support Services to Development) allowed the reinforcement of the technical and material conditions of producer’s associations and services provider’s entities ensuring a national network of excellence for producer’s support. Thematic areas under support were mainly focused on to cross-compliance, specialized aspects of production, management of natural resources and quality standards. The technical support provided is expected to return high sector competitiveness levels

**Recommendations**

The nature of the Ex-post Evaluation, in terms of the recommendations it may produce, is framed by the new programming instrument for rural development support (PDR 2020) that is already in force. Therefore, the following recommendations focus largely on aspects considered most relevant to the Evaluation in terms of the implementation and operationalization of the new Program.

From a strategic standpoint, and given the performance of the new Program might be conditioned by a set of political and regulatory national instruments that fall under the responsibility of entities outside of AG, it is important to promote dialogue and interinstitutional cooperation with these entities. Only by doing so it will be possible to potentiate the synergistic effects between the typology of supports granted under the Program and the political and regulatory instruments currently in effect.

Moreover, it deems relevant to promote interinstitutional dialogue and cooperation with other key entities to the implementation of the Rural Development Program, in a context of collective learning and working. In that sense, institutional articulation is considered to be pivotal to ensure success in the implementation of some support typologies, to promote a higher coherence and complementarity among implementation strategies for the different financing instruments.

From an operational standpoint, the decisive role of the management and monitoring model of ProDeR in achieving the high execution rates observed is here highlighted, reiterating the need for implementing mechanisms to speed up procedures, for close monitoring of Projects/Measures execution rates, and for a flexible management of the Program. In parallel, focusing on the Measures/Actions that registered less satisfactory levels of accession/execution, it is important to consider the adequacy of the regulatory framework.
Additionally, attention is given to the importance of Information Systems in the context of Program management, being advisable to potentiate the positive legacy of SIProDeR while accounting for the need to feed it with information stored in SIIFAP.

Moreover, it is considered relevant to promote a set of initiatives aiming at the dissemination of results achieved through ProDeR, and the assessment of long/medium term outcomes of the supported projects, e.g.:

- Dissemination of supported projects and respective main outcomes on the PDR2020 website, under the scope of Thematic Networks for Information and Dissemination e for Cooperation and Innovation;
- Assessment of the sustainability of the granted support for young farmers’ establishment.
- Analysis of impact regarding irrigation systems to the improvement of water use efficiency and introduction of crop systems with medium, low, or very low water requirements.
- Analysis of impact regarding changes in supported areas due to irrigation systems – e.g., the potential capacity of agricultural businessmen investing in irrigated crops.
- Analysis of the sustainability of created jobs, namely under the scope of Measures from Subprogram 3.