

Rural Development Programme (RDP) of Extremadura, Spain

Programa de Desarrollo Rural de Extremadura –
Rural Development Programme of Extremadura) **March 2010¹**

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Other useful links:

Rural Development Programme (RDP):
<http://ec.europa.eu/agriculture/rurdev/enrd/countryinformation/programming/index.en.htm>

National Strategy Plan (NSP):

http://www.mapa.es/es/desarrollo/pags/programacion/plan_estrategico/plan_estrategico.htm

Spanish National Rural Network (NRN):

<http://www.mapa.es/es/desarrollo/pags/RedRuralNacional/Presentacion/presentacion.htm>

General socio-economic situation in rural areas in the Extremadura region

Extremadura is located in the Southwest of Spain bordering Portugal and has a total surface of 41.634 km². The RDP provides baseline figures for Extremadura in 2005 and these state that: GDP per capita is 63.8 % of the EU average; there was high contribution of employment in agriculture (14.2% of the employment) if compared with the Spanish and EU average; and the value of the agricultural output accounts for 13% of the total regional output. Other RDP baseline data shows that: Extremadura was a predominantly rural region with 88.7% of its population living in rural municipalities which cover 98.5 % of the territory of the region; agricultural, forest and wetlands occupied a significant part of the territory (55.5%, 42.1% and 1.7% respectively); and Less Favoured Areas covered 91.9 % of the agricultural surface.

Socio-economic strengths include strong competitive advantages in pork production (makes up 37% of the agricultural production value), vegetable/fruits, olive oil and tobacco, agricultural products of competitive quality, important agro-food industry (contributes 2.4% to GDP and makes up 32% of employment in the industrial sector), hunting and fishing are booming economic activities, increased R&D efforts, improvements in education and training levels, rich cultural and urban-rural heritage.

¹ Latest updated RDP, following the adoption of the Health Check and European Economic Recovery Package and additional funds from Modulation.



Map of Extremadura
(© European Commission)

Weaknesses include slow demographic growth and significant population ageing (especially professional farmers), high dependency of the economy on the primary sector, an unemployment rate (17.2%) higher than the EU average, occupation and employment rates below the Spanish average, agricultural productivity slightly below national average, high number of very small agri-holdings, inefficient irrigation management, low productivity of the agri-food industry, deficiencies in rural infrastructures, lack of associative culture in the rural tourism sector, scarce participation of rural women in economic activities. The structure of the rural economy is characterised by the "Dehesa" agro-forestry production system of high ecological value, which combines the extensive use of crops, livestock, and silviculture. The "Dehesa" covers 45% of the forested area in Extremadura concentrated in the Central and Southern part of the region. Extremadura is rich in forest land and diversity of natural heritage, characterised by low contamination levels and a large part of the territory belongs to protected spaces. However, high risk of forest fires and progressive contamination and soil erosion processes exert pressure on the environment.

Following the CAP Health Check, in recognition of the greater emphasis now being given to the 'new challenges' facing agriculture and rural areas, the RDP was revised in 2009 to place additional emphasis on a new the tobacco sector in the Extremadura. All 'new challenges' were already adequately covered in the original RDP (renewable energy and water management were already key priorities of the RDP, the importance of the High Natural Areas in the region involved the incorporation of an important number of specific agri-environmental actions addressed to improve biodiversity, innovative technologies were a "horizontal" priority taken into account in the implementation of all the measures of the RDP, while broadband coverage reached 100% of the municipalities and local entities since 2006 with particular attention paid in recent years in the use of the ICTs in public administrations).

The new emphasis is driven by the current situation in the region, which concentrates 93% of the Spanish production of tobacco and needs restructuring in order to cope with the full implementation of the 2004 reform of the Tobacco CMO. That reform introduced partial decoupling in the tobacco sector (40% decoupling, 60% coupling), with the possibility for the Member State to opt for higher decoupling level. As from 2010, full decoupling applies, and direct payments to farmers will be reduced by 50%. Extremadura as a whole is classified as a tobacco 'producing region' according to the relevant EU legislation. The tobacco production, concentrated in the north of the Caceres province, is important both in terms of production output, employment contribution and for its cultural significance and long tradition. From a local and regional point of view, the tobacco production represents 37% of the final agricultural crop output of the province of Caceres and 12% of the whole region of Extremadura. The social significance of tobacco production is reflected in the high level of employment in the sector. Most tobacco producers are small-scale producers and 70% of them are specialised holdings which only produce tobacco. More than 20,000 families in Extremadura, directly or indirectly, depend on tobacco for income. In the northern Caceres, the broader socio-economic significance of tobacco is highlighted by the positive demographic trends in municipalities with a concentration of tobacco production. Also, the municipalities with a concentration of tobacco production have a much lower unemployment rate than the other municipalities with irrigated surface.

RDP strategic objectives

Priorities and objectives of this RDP comprise:

- 1) Improving the competitiveness of the agricultural, forestry and agri-food sectors;
- 2) Improving the environment and the rural environment;
- 3) Economic diversification and improvement of the quality of life in rural areas (improve local governance).

The formulation of the strategic objectives are consistent with identified strengths and weaknesses, such as the high degree of rurality of the region, the need to address demographic weaknesses and improve the quality of life, the importance of agriculture in the regional economy, the competitive potential of the agri-food industry, the high value of natural heritage, the need to reduce gender inequalities, the potential for research, development and innovation and for using new information and communication technologies (ICT) and the general intensification of a sustainable development process. The objectives are also in accordance with the national objectives of water resource management, increased value added of production, the provision of advisory services to farmers, the revitalisation of rural territories (through support for young farmers), mitigation of diversification and the protection of the Natura 2000 network.

Taking into account the additional financing in the revised RDP and the socio-economic context in rural areas, greater strategic priority is now given primarily to the restructuring of the tobacco sector. This strategic emphasis is a result of economic analysis which showed a trend of continuity of tobacco production. In fact, most of the current producers have started the process of adjusting their own holdings to adapt to the new economic context following the implementation of the 2004 tobacco reform. This has required an appropriate adjustment of the RDP of Extremadura in order to assist this process. As a result, a three-fold strategy is foreseen to provide the appropriate instruments to adapt the tobacco sector of Extremadura to a new context by acting in three areas: on the one hand, by promoting the modernisation of the sector by integrating the introduction of technological innovations in the holdings (Axis 1); by promoting environmentally-friendly agronomic practices in the area (Axis 2); and providing opportunities to the farmers which abandon this sector and diversify their activity (Axis 3 and 4).

Expected impact / outcomes of the policies

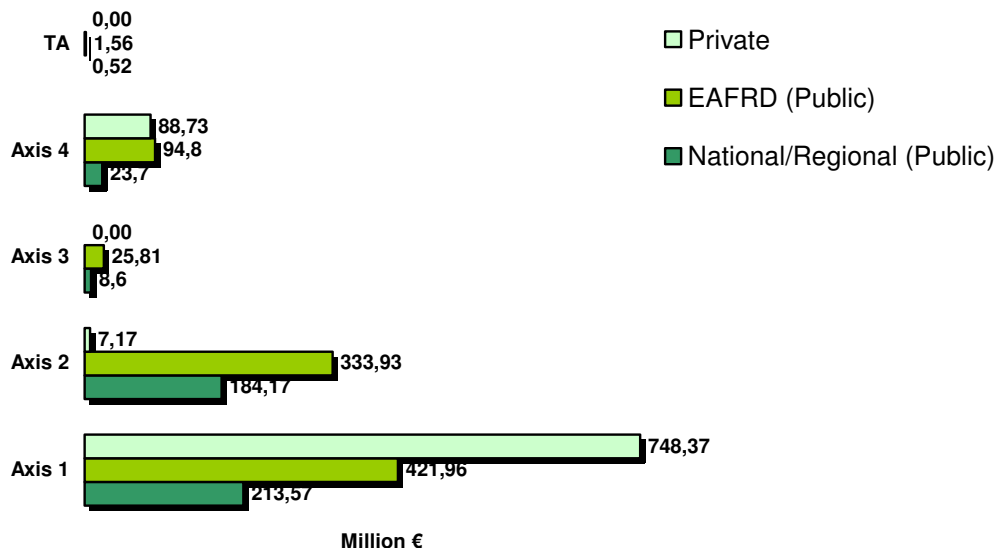
Outcomes in relation to the competitiveness of the agricultural sector and the agri-food industry include revitalisation of agrarian activity, improved entrepreneurial and adaptation capacity, increased value added of agricultural and forest products, more efficient management of water resources and improved rural infrastructure. Environmental outcomes include the valorisation of agricultural systems with high natural value such as the "Dehesa", increased forest surface, reduction of emissions, integration of environmental objectives in agricultural activities, reduction in the disappearance of marginalised agri-holdings (in disadvantaged areas), increased environmental awareness among farmers and the rural population in general. Socio-territorial outcomes include the fight against rural depopulation especially in less favoured areas, better access to basic services and infrastructure, rural diversification and employment creation, improved governance through the involvement of distinct socio-economic actors in the future of their territory. Expected impacts include:

- economic growth (237.032.347 of national value added)
- employment creation (4. 903 new employment posts)

- increases in labour productivity (4,020 euro per person occupied)
- reduction of biodiversity deterioration (100% change in the deterioration trend)
- maintenance of forest crops with natural value (e.g. 7.1% of surface protected by the Natura 2000 Network)
- Improvement in the quality of water (e.g. concentration of nitrates in surface waters: 10mg/l)
- Contribution to the fight against climate change.

Expected impacts from 2009's RDP amendment relate to reduction of the CO2 emissions in Extremadura as well as to the fight against depopulation, increase of the quality of life and conservation of the natural environment of the region. Furthermore, the introduction of integrated tobacco production contributes to biodiversity, generates a better efficiency in the irrigation, limits the use of phytosanitary products and increases the contents of organic material and nutrients in the soil. Modifications in output indicators of several measures have taken place and are described below under each axis.

RDP budget breakdown by axis: Total expenditure (including national/regional + EAFRD + private funding) of € 2,152,894,167



The RDP budget allocations are broadly divided into four main areas of expenditure, known as axes (namely: Improving the competitiveness of the agricultural and forestry sector; Improving the environment and the countryside; Quality of life in rural areas and diversification of the rural economy; and Leader). Approximately 64% of the overall RDP budget in Extremadura is allocated to axis 1 (€1,383,893.9 million); approximately 24% is allocated to axis 2 (€525,275.7 million), 2% to axis 3 (€34,412.9 million) and 10% to axis 4 (€207,232.1 million), with 0.1% available to fund Technical Assistance (€2,079.6 million).

Within axis 1, National/Regional public funding represents approximately 15% share of the axis funding; EAFRD 30%; and private funds 54%.

Within axis 2, National/Regional public funding represents approximately 35% share of the axis funding; EAFRD 64%; and private funds 1%.

Within axis 3, National/Regional public funding represents approximately 25% share of the axis funding; EAFRD 75%; and no private funds.

Within axis 4, National/Regional public funding represents approximately 11% share of the axis funding; EAFRD 46%; and private funds 43%.

Within technical assistance, National/Regional public funding represents approximately 25% share of the technical assistance funding and EAFRD 75%.

As a consequence of the RDP revisions in 2009, the Extremadura region has been assigned an additional budget from the HC and the EERP totalling €78,565,597 (including €70,709,037 of EAFRD and a further €7,856,560 of regional/national public funds) focused on the restructuring of the tobacco sector. A further additional €27,517,260 of EAFRD from the wine reform and modulation involves important financial increases in certain measures to deal with the tobacco restructuring as well as the modification of certain actions in order to adapt the RDP to the needs of the wine sector. Furthermore, a total additional €80,595,397 of EAFRD is used for: changes in the financial allocations of several measures in all axes, justified on the basis of the current level of execution detected as well as some adjustments in the number of actions foreseen; and the inclusion of new measures (in axes 1, 2 and 4). The RDP also includes adjustments and financial transfers among measures and axes, in order to adapt the RDP to the new needs detected. The financial transfers among measures also take into account the restructuring of the wine and tobacco sectors. Finally, there are several amendments of technical nature that intend to improve the implementation of the programme as well as the understanding of the measures by the beneficiaries, and to update legal references.

Axis Information²

Axis 1 objectives - Improving the competitiveness of the agricultural and forestry sector

The emphasis of this axis is on adding value to agricultural and forestry products (measure 123; 50% of total budget for axis 1), modernisation of agricultural holdings (measure 121; 17%), infrastructure related to the development and adaptation of agriculture and forestry (measure 125; 11%) and setting up of young farmers (measure 112; 11%).

Result targets for Axis 1 include increase in the value added of subsidised exploitations of enterprises (ranging from around €1,000,000 to €15,500,000, depending on the measure), between 70 and 8,800 (depending on the measure) agricultural holdings that have introduced new products and/or techniques, €2,445,655 value of agricultural production under recognised quality standards.

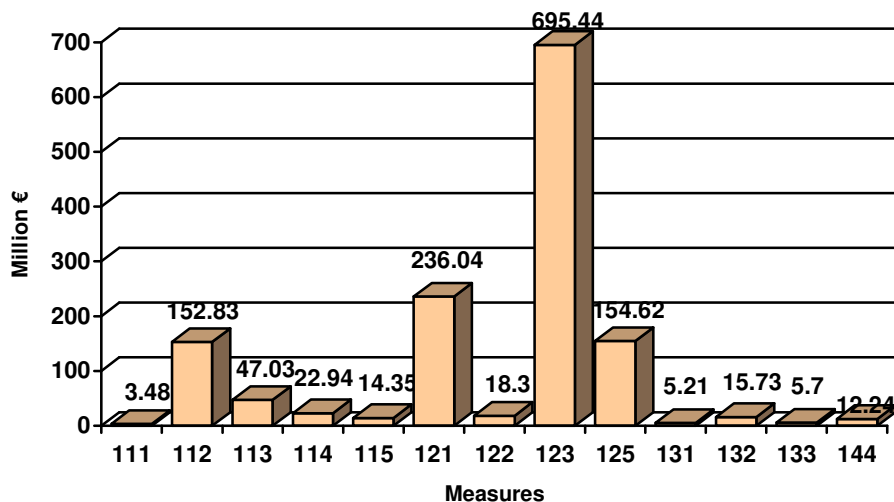
Specific modifications to output indicators mainly have been made in order to take account of the amendments to the RDP and relate to changes in the number of enterprises/agricultural holdings supported, in the surfaces covered and in the total volume of investments. There are

² Detailed information on the individual measures can be found in Annex I.

also changes to the number of participants to training activities and the number of advisory/management services. New additional result indicators are included for water management, such as total water savings because of the installations (12,122,000 m³), water savings from the transformation from gravity to sprinkler irrigation (1,200 m³/ha) and water savings from the transformation from sprinkler to drip irrigation (2,500 m³/ha). Finally, the new sub-measure 123 will allow to replace 60% of the 1,835 existing drier cells (units of treatment of the tobacco); also, it is foreseen to fund 4 industrial plants of transformation of agrarian biomass for the production of renewal energies. In general terms, all these investments will benefit 48 enterprises and will represent a total volume of investment of €85,000,000.

Strategic objectives	Specific objectives
Improve the knowledge and development of human resources	<ul style="list-style-type: none"> - Improve and adapt the capacity of human resources in rural areas. - Improve the productivity of human and rural resources.
Restructuring, development of the physical potential and innovation	<ul style="list-style-type: none"> - Diversify products and rural market services. - Promote innovation and technology in the agrarian and rural context. - Improve the efficiency in the use of agrarian and agro-industry resources. - Increase the generation of value added in the agri-food sector.
Improve the quality of products	<ul style="list-style-type: none"> - Promote and secure the differentiated quality of rural products. - Ensure the provision of services and basic infrastructure in rural areas.

Axis 1 budget breakdown by measure: Total allocated budget (including regional/national public funds + EAFRD + private funds) of € 1,383,893,969



Following the 2009 RDP update, the total budget for axis 1 is €1,383,893,969 including an additional €50,678,000 from the HC/EERP (€45,610,200 EAFRD + €5,067,800

regional/national public funds) that is targeted at the introduction of a new sub-measure 123.1 "Processing of agricultural/ forest biomass for renewable energy" under measure 123 (adding value to agricultural products). This new sub-measure is addressed to promote the use of renewable energies in the first transformation of the tobacco through two types of actions: investments addressed to create new collective plants of treatment of tobacco type Virginia or the adaptation of the existing ones, as long as the process eliminates the use of the fossil fuels and allows their substitution by renewable energies; investments related to the transformation of the agrarian or forestry biomass for the production of renewable energies. Furthermore, part of an additional €18,107,900 of EAFRD from the wine reform is addressed to measures 121 (modernisation of agricultural holdings) and 123 (adding value to agricultural products) and is associated with the inclusion of technical changes in the content of these measures in order to improve the targeting towards the sectors under restructuring (tobacco and wine). Finally, an additional €48,932,200 of EAFRD is used to change (increase or decrease) the financial allocations of several axis 1 measures (111, 114, 115, 121, 123, 125, 133) and to introduce a new measure 144 (restructuring of the tobacco sector). These changes are justified by either the higher than anticipated demand (resulting in an increase of financial allocations) or the lack of demand (resulting in a decrease of financial allocations) for these measures.

Axis 2 objectives - Improving the environment and the countryside

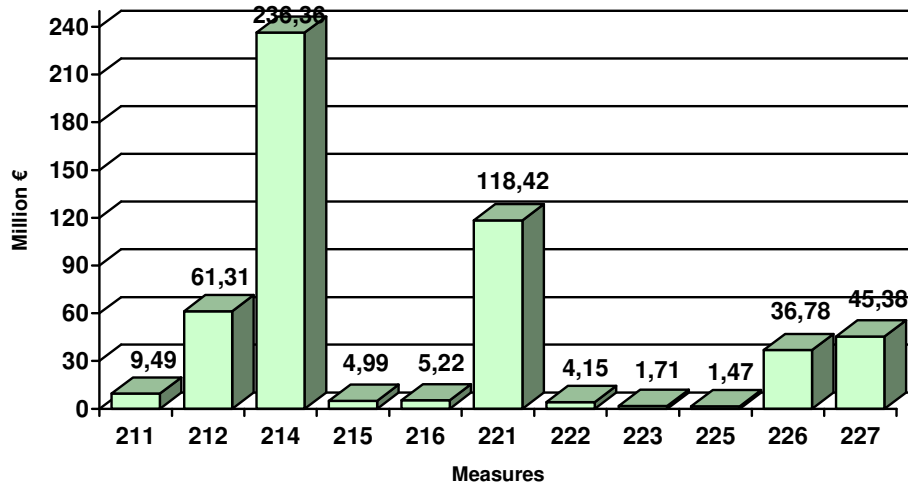
The emphasis of this axis is on agri-environment payments (measure 214; 45% of total budget for axis 2), first afforestation of agricultural land (measure 221; 23%), payments to farmers in areas with handicaps, other than mountain areas (measure 212; 12%) and restoring forestry potential and introducing prevention actions (measure 226 ; 7%).

Result targets for Axis 2 include a surface of between 1,200 and 436,000 hectares (depending on the measure) that contributes to improvement of biodiversity and agriculture of high natural value, improvement of water quality, fight against climate change, improvement of soil quality and avoiding land marginalisation and abandonment.

Specific modifications to output indicators mainly have been made in order to take account of the amendments to the RDP and relate to changes in the number of agricultural holdings, the surface receiving support and the total volume of investments. In addition, the introduction of the integrated production farming methods in the tobacco production in Extremadura (new sub-measure 214.2) will have important effects on biodiversity, water and soil quality. There are also new output indicators for the new measure 215 (animal welfare) that include as a target 350 new animal welfare contracts.

Strategic objectives	Specific objectives
Sustainable use of agricultural land	<ul style="list-style-type: none"> - Improve the defence capacity against natural risks and catastrophes. - Increase the value of agrarian and rural environmental services that are insufficiently remunerated by the market. - Promote the adoption of agricultural production methods that are compatible with the protection and improvement of the environment.
Sustainable use of forest land	<ul style="list-style-type: none"> - Protect, preserve and valorise systems of high natural value. - Contribute to the improvement of the environment, the prevention of forest fires and the fight against climate change through repopulation of forests.

Axis 2 budget breakdown by measure: Total allocated budget (including regional/national public funds + EAFRD + private funds) of €525,275,685



Following the 2009 RDP update, the total budget for axis 2 is €525,275,685 including an additional €27,887,597 from the HC/EERP (€25,098,837 EAFRD + €2,788,760 regional/national public funds) that is targeted at measure 214 (agri-environment payments) comprising the creation of a new sub-measure “integrated production for tobacco”. In the original RDP version, the sub-measure “integrated production” was limited to rice, fruits and olive trees. With the new modification, the sub-measure is enlarged with the inclusion of a new “type of operation” under “new challenges”, consisting on the “integrated tobacco production” to promote rotation in the tobacco cultivation, with the view to cope with the environmental problems due to intensive tobacco monoculture over many years. It also addresses the need to shift the intensification process existing in the tobacco holdings in the North of Cáceres. The financial allocation to the measure 214 is increased with the use of approximately €50,000,000 EAFRD funds coming from the CMO wine, modulation adjustments and a transfer resulting from reallocation of funds within axis 2. These new resources are targeted at integrated farming, organic farming and agrarian systems of special interest for the protection of steppe birds in Natura 2000 areas. A new measure 215 (animal welfare) has also been created responding to the need to increase animal welfare in the current holdings of pigs and poultry.

Axis 3 objectives - The quality of life in rural areas and diversification of the rural economy

Most of the emphasis of this axis is on conservation and upgrading of the rural heritage (measure 323; 81% of total budget for axis 3), followed by basic services for the economy and rural population (measure 321; 10%).

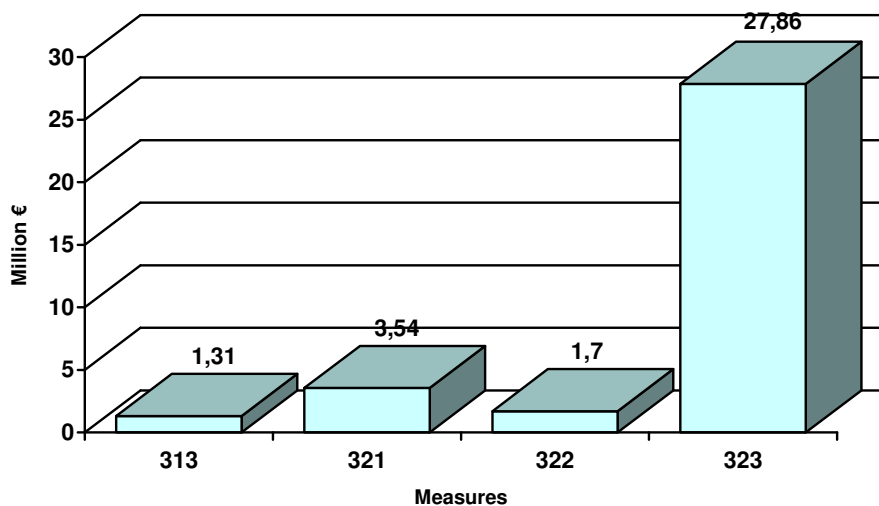
Result targets for Axis 3 include an increase in the non-agricultural value added of subsidised entrepreneurial activity (5.099.422 €), between 170 and 245 (depending on the measure) gross number of employment posts created, 10,000 additional number of tourists, 3% increase in internet access for the rural population, increase in the rural population benefiting from improved services (up to 600,000 people), 2,400 participants that have successfully

completed training activities.

Specific modifications to output indicators only have been made in order to take account of the amendments to the RDP and relate to changes in the targets for the numbers of supported enterprises, total volume and value of investments, total jobs created, number of tourism actions and numbers participants in training.

Strategic objectives	Specific objectives
Diversification of the rural economy. Improvement in the quality of life in rural areas.	<ul style="list-style-type: none"> - Promote associative culture and rural cooperation. - Encourage economic diversification in rural areas: create micro-enterprises and rural tourism.

Axis 3 budget breakdown by measure: Total allocated budget (including regional/national public funds + EAFRD + private funds) of €34,412,857



Following the 2009 RDP update, the total budget for axis 3 is €34,412,857 including an additional €2,729,449 EAFRD allocated to measure 323 (conservation and upgrading of rural heritage) taking into account new needs detected in the conservation and valorisation of rural paths.

Axis 4 objectives - Leader

The emphasis of this axis is on quality of life and diversification (measure 413; 69% of total budget for axis 4), competitiveness (measure 411; 20%) and running of local action groups (measure 431; 9%).

Result targets for Axis 4 include 3,000 gross employment posts created and up to 1,000 participants that have successfully completed training activities.

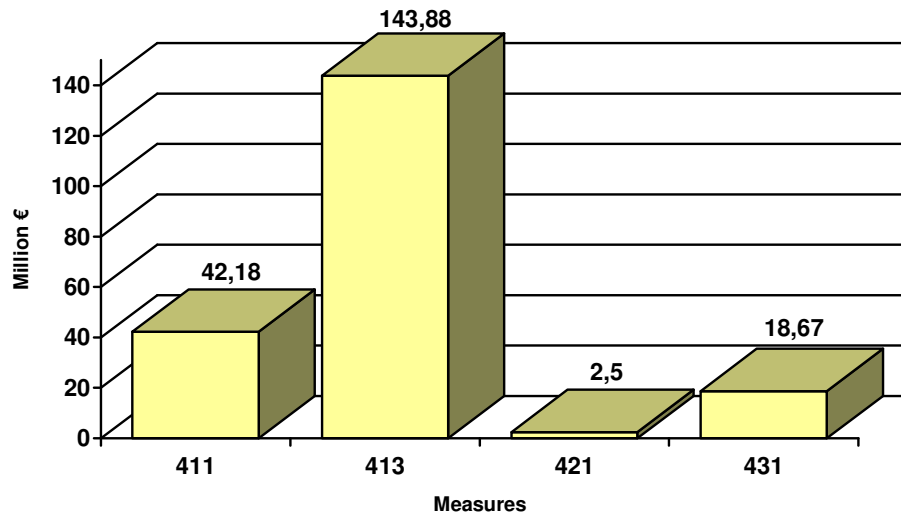
Specific modifications to output indicators only have been made in order to take account of the amendments to the RDP and relate to changes in the targets for the numbers of LAGs,

total area covered by LAGs, total population in these areas and number of projects financed by LAGs.

The main objectives of the application of the Leader approach comprise:

- Promote rural networking and cooperation;
- Extend the territorial coverage of Local Action Groups and guarantee their representativeness, transparency and effectiveness;
- Diversification of the economy;
- Improve the quality of life in rural areas: stimulate human potential and the capacity of local development.

Axis 4 budget breakdown by measure: Total allocated budget (including regional/national public funds + EAFRD + private funds) of €207,232,081



Following the 2009 RDP update, the total budget for axis 4 is €207,232,081 including an additional €3,200,001 EAFRD stemming from a relocation of the indicative financial contribution of the different axis 3 measures which are implemented through the Leader axis (in the original RDP version, the Leader approach only covered axis 3). This relocation is justified by the need to adapt the financial allocation of each axis 3 measure to the detected demands of Local Action Groups. The RDP states that the current economic crisis has involved a redefinition of the priorities of Local Actions Groups among the axis 3 measures. Furthermore, the growing interest of Local Action Groups in doing projects in the agro-food sector has allowed the Managing Authority to enlarge the scope of the Leader approach to axis 1. As a result, the RDP incorporates the new measure 411 (local development strategies on competitiveness). Under this new measure, the LAGs will be able to fund investments on the transformation and commercialisation of agricultural products. The scope of the Leader axis will therefore cover actions under measure 123. Furthermore, a financial transfer is foreseen from measure 413 (quality of life and diversification) to the new measure 411 (competitiveness).

Monitoring and evaluation strategy

The RDP's monitoring system provides information on programme implementation through financial, output and result indicators. The Monitoring Committee uses this information to propose necessary amendments of the RDP for subsequent years. The evaluation strategy comprises an interim and an ex post evaluation to be carried out by independent evaluators. The objectives of the evaluations are to improve the quality and increase the effectiveness and efficiency of programme implementation. The evaluation uses the output, results and impact indicators defined by the Common Monitoring and Evaluation Framework (CMEF) including some additional output, results and impact indicators defined for the purposes of this programme. Additional impact indicators that supplement the CMEF indicators include:

- Economic growth of the agrarian sector;
- Labour productivity in the agrarian sector;
- Improvement of biodiversity;
- Improvement of the quality of water;
- Economic growth of the non-agrarian sector;
- Dynamism of rural areas (through population density);
- Additional output and result indicators apply especially to several Axis 1 measures.

Communication and publicity

The communication plan comprises three components and target groups:

- a) Dissemination of the RDP to potential beneficiaries;
- b) Information to actual beneficiaries about the EU contribution;
- c) Dissemination of results and the role of the EU to the general public.

The first component aims to inform on the possibilities offered by the programme and related requirements in order to achieve maximum participation. Information will be distributed via the Council of Public Administration of Extremadura and other relevant stakeholders (local authorities, rural networks, social partners, NGOs, etc.), including distribution of programme copies upon request. The second component aims to inform on the EU support granted to them and the priority axis under which they are supported. Communication tools include mainly written communication. The third component aims to inform on the programme actions and results. Communication tools include periodic publication of the list of beneficiaries, specific campaigns via the most appropriate communication means (e.g. press and radio, publications), publicity signs/plaques, including the EU contribution (at beneficiary and Local Action Group premises).

Annex I – measure

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