

# INVEST IN AZORES

AZORES BUSINESS DEVELOPMENT SOCIETY

## Prorural+

For the period 2014-2020 the Autonomous Region of the Azores has several support Programs available to investment, such as the Program for Rural Development (PRORURAL +). This program aims at the growth of the agro-forestry competitiveness, the environmental sustainability and the dynamics of rural territories, with some measures deserving particular highlight given the advantages offered to potential investors.

This document focuses on Measure 4 (Investment on Physical Assets), Submeasure 4.1 (Investment in Agricultural Holdings).

## Measure 4 – Investments in Physical Assets Submeasure 4.1. – Investment in Agricultural Holdings

### Objectives

- a) To improve the holdings' technical, economical and environmental performance aiming at an increase in competitiveness;
- b) To contribute to the production's diversification;
- c) To increase the production of quality goods;
- d) To contribute to the asset's reinvigoration in the sector as a lever for the combat against unemployment, motivating young people to remain in the rural areas and to the generation of jobs.

### Covered sectors

Support for investment may be granted on the following sectors of the primary production of agricultural products:

- a) **Animal production:** beef, pork, horses, sheep, goats, poultry, cuniculture, apiculture, heliculture and worm farming;
- b) **Vegetable production:** horticulture, fruit-culture, floriculture, viticulture, seed potatoes, sugar beet and tea;
- c) **Mushroom production.**

### Recipients

Individual or collective people who are dedicated to the primary production of agricultural products listed in the Annex I of the Treaty on the Functioning of the European Union.

### Investment Projects' Typology

- a) **Micro projects:** proposed investments from 3,000.00€ to 25,000.00€ (without VAT);

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- b) **Small projects:** proposed investments exceeding 25,000.00€ and up to 100,000.00€ (without VAT);
- c) **Other projects:** proposed investments exceeding 100,000.00€ (without VAT).

## Ceilings for Investment Projects

Each recipient may present up to three investment projects during the application period of the current diploma, provided that:

- a) Each new investment project is presented on a date subsequent to the last application for payment referring to the last operation;
- b) The sum of the total eligible costs for the investment projects does not exceed the maximum limit of 500,000.00€

## Expenses Eligibility

1. Eligible expenses are those directly related to the activity to be developed and that concern:
  - a) The construction, acquisition or improvement of immovable goods;
  - b) The purchase or leasing of machinery and equipments;
  - c) The renovation and installation of multi-annual cultures;
  - d) General expenses, namely those concerning honoraries for architects, engineers and consultants, including liability studies;
  - e) The acquisition or upgrade of computer software directly related to the activity, acquisition of patents and licenses;
  - f) The acquisition of rustic buildings, eligible up to 10% of the total eligible cost, excluding the expenses foreseen in this subparagraph and as long as the purchase complies, cumulatively, with the following conditions:
    - i) To have a direct link to the productive investment;
    - ii) To aim at a reparable operation, except in the case of investment projects presented by young farmers benefiting from Submeasure 6.1. – Installation of Young Farmers.
2. Expenses mentioned in subparagraph d) of point number 1 are considered, up to a limit of 4% of the total eligible cost, not including the expenses relative to the purchase of land, and up to a maximum amount of 3,000.00€.
3. The acquisition of machinery and equipments in a holding that already possesses identical equipments will only be eligible if:
  - a) The holding's dimension technically justifies it, or;
  - b) The existing equipments have been in the recipient's possession for at least five year and their operating life has become surpassed, and as long as these investments improve the

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environmental conditions and/or the holding's agricultural production, taking into consideration one of the following situations:

- iii) They represent environmental advantages such as a reduction in the consumption and emission of CO<sub>2</sub>;
- iv) They improve safety and working conditions;
- v) They present innovation or technological improvements;
- vi) They increase the production capacity by at least 25%.

4. Contributions in kind may be considered eligible in case of usage of the recipient's own machinery and self or familiar work, voluntary and unpaid, its value being calculated on the basis of time spent and remuneration for equivalent work.

## Non-eligible Expenses

The following expenses are not eligible:

- a) Purchase of production rights;
- b) Payment rights;
- c) Purchase of animals;
- d) Purchase of annual plants and their plantation;
- e) VAT;
- f) Purchase of second-hand machinery and equipments;
- g) Pathways integrated in the public road network;
- h) Renewable energy when they surpass the limit of the necessary capacities for the normal functioning of the holding's activity.

## Form, rates and limits to the support

- a) The support is granted under the form of subvention.
- b) Support is granted up to a maximum of 500,000.00€ in eligible expenses.
- c) The support foreseen in this measure may not be combined with other supports granted for the same purpose.
- d) Support rates vary between 50% and 75%, according to the terms in Annex I that is integrant part of this document.

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## ANNEX I Support Rates

Sector/Recipient Type/Investment				Support Rate
Investments in the installation of renewable energies, water collection and/or storage	All sectors and all farmers			75%
Investments in the livestock farming sector destined to (1) (2): - Improvement of the environment - Improvement of the hygienic conditions in the livestock holding and animal Well-being	All farmers			70%
Other investments in the livestock farming sector (3)	Young farmers	Constructions		70%
		Acquisition of milking machinery and equipment		75%
		Pasture renovation and installation		70%
		Other investments		65%
	ATP farmers ( <i>Main Occupation Farmer</i> )	Constructions		60%
		Acquisition of milking machinery and equipment		75%
		Pasture renovation and installation		70%
		Other investments		55%
	Non ATP farmers ( <i>Non Main Occupation Farmer</i> )	Constructions		55%
		Acquisition of milking machinery and equipment		70%
		Pasture renovation and installation		65%
		Other investments		50%
Investments in the horticulture, fruit-culture and floriculture sectors	Young farmers	Fruit-culture and floriculture	Machinery and equipments	70%*
			Other investments	70%*
		Horticulture	Machinery and equipments	60%*
			Other investments	65%*
	Other farmers	Fruit-culture and floriculture	Machinery and equipments	65*
			Other investments	70%*
		Horticulture	Machinery and equipments	55%*
			Other	70%*

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			investments	
Remaining sectors (4)	Young farmers		Machinery and equipments	70*
			Other investments	70%*
	Other farmers		Machinery and equipments	60%*
			Other investments	65%*
Investments in quality schemes	All farmers	All sectors	Machinery and equipments	70%*
			Other investments	70%*
General expenses	All farmers	All sectors		50%

- (1) **Improvement of the environment:** Wastewater treatment plants (ETAR); construction of storage infrastructures for manure and slurry (nitre-beds and slurry tanks); construction of reservoirs for effluents treatment.
- (2) **Improvement of the hygienic conditions in the livestock holding and Animal well-being:** septic tanks, acquisition of manure scrapers, construction of canals for water and detritus collection, water plumbing, implementation of washing systems for the milking area or for the feeding area (when in a concrete park) and construction/acquisition of water storage tanks/reservoirs (for watering the animals, washing materials and constructions related to the milking process and milk hygiene).
- (3) **Livestock sector:** Beef, pork, horses, sheep, goats, cuniculture and poultry.
- (4) **Remaining sectors:** Apiculture, grapes and industrial cultures, heliciculture, worm farming and mushroom production.
- (5) **Quality schemes:** DOP, IGP and MPB.

\*Increased by 5% when the production is concentrated and traded by a recognized Group or Organization.

## **ATP – “Agricultor a Título Principal” (Main Occupation Farmer):**

- a) Individual person whose gross income originated in farming is equal or superior to 50% of his global income, and who dedicates at least 50% of his total working time to the same agricultural holding, on the understanding that these requirements cannot be met by any person benefiting from a retirement or invalidity pension, regardless of the social security regime applicable, or exercising an activity that occupies more than half of the professional working time that, under normal circumstances, would apply to the fulltime worker in this profession.

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- b) A collective person that, under the terms of its status, practices farming as a main occupation and, when it is the case, other secondary activities related to the main activity and whose managers, obligatorily individual people and partners of the collective person, dedicate at least 50% of their total working time to the agricultural holding where they practice farming and from which they collect the minimum of 50% of their global income, and as long as they hold together more than 50% of the share capital not benefiting from a retirement or invalidity pension, regardless of the social security regime applicable.

## **Young farmer:**

Any farmer over 18 and under 40 year of age at the date in which the support is requested or, in the case of collective people, their managing partners fulfilling the foreseen conditions for the young farmer as an individual.

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## **Disclaimer**

This document is for information purposes only. It partially reflects but does not disclose completely nor substitute the knowledge of the full legislation governing incentives in Portugal. SDEA is available to assess specific business plans and to determine how specific investments may qualify for incentives packages and what, if any, type of packages may be applicable to the investment.