Regional Innovation Monitor

Regional Innovation Report (Algarve Region)

To the European Commission
Enterprise and Industry Directorate-General
Directorate D – Industrial Innovation and Mobility Industries

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PREFACE

The Regional Innovation Monitor (RIM) is an initiative of the European Commission's Directorate General for Enterprise and Industry, which has the objective to describe and analyse innovation policy trends across EU regions. RIM analysis is based on methodologies developed in the context of the INNO-Policy Trendchart, which covers innovation policies at national level as part of the PRO INNO Europe initiative.

The overarching objective of this project is to enhance the competitiveness of European regions through increasing the effectiveness of their innovation policies and strategies. The specific objective of the RIM is to enhance the scope and quality of policy assessment by providing policy-makers, other innovation stakeholders with the analytical framework and tools for evaluating the strengths and weaknesses of regional policies and regional innovation systems.

RIM covers EU-20 Member States: Austria, Belgium, Bulgaria, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, the Netherlands, Poland, Portugal, Romania, Slovakia, Spain, Sweden and the United Kingdom.

This means that RIM will not concentrate on Member States where the Nomenclature of territorial units for statistics NUTS 1 and 2 levels are identical with the entire country (Estonia, Latvia, and Lithuania), Malta which only has NUTS 3 regions, Slovenia which has a national innovation policy or Cyprus and Luxembourg which are countries without NUTS regions.

The main aim of 50 regional reports is to provide a description and analysis of contemporary developments of regional innovation policy, taking into account the specific context of the region as well as general trends. All regional innovation reports are produced in a standardised way using a common methodological and conceptual framework, in order to allow for horizontal analysis, with a view to preparing the Annual EU Regional Innovation Monitor reports.

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1 http://www.rim-europa.eu
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List of acronyms
CCDR - Regional Coordination and Development Commission
COMPETE - Competitiveness Factors Operational Programme
CSF - Community Support Framework
NSRF - National Strategic Reference Framework 2007-2013
POPH – Human Potential Operational Programme
ROP - Regional Operational Programme
Executive Summary

1. Introduction: Main recent trends in the Regional Innovation System

The Algarve’s economy is concentrated on tourism, retail and wholesale, construction and agro-food. Important emerging sectors include maritime industries, renewable energies, health technologies and services and creative industries. 80% of the regional GVA comes from the tertiary sector, whilst only 14% from the secondary sector and 6% from the primary sector. The regional GDP per capita, which has enjoyed an impressive level of growth in the last decade, is the third highest amongst the Portuguese regions and reached 87% of the EU27 average. Due to the fact it surpassed the 75% threshold of the EU GDP per capita average, the region is now undergoing a reduction of about one third of ERDF funds compared to the period 2000-2006, known as a “phasing out” period (2007-2013). The regional unemployment rate has steadily increased in the last 10 years and Algarve currently has the highest unemployment rate among the Portuguese regions, at 14.7% in 2011. Whilst the overall qualification level of the labour force is in line with the national level, the region needs to address a number of shortcomings such as imbalances between the educational and vocational training systems leading to mismatches between available skills and company requirements and the difficult (re) integration of low-skilled workers into the labour market.

Algarve has carried out a number of exercises in order to develop a considered approach to innovation since the 1990’s, including a regional innovation strategy (RIS); a regional programme of innovative actions (RPIA); a regional innovation plan; and the regional development strategy 2007-2013. These strategies have successfully drawn attention to innovation and competitiveness matters over the last decade and have paved the way to bring regional actors closer together. Areas of particularly notable success include business innovation activities, population with tertiary education and innovative entrepreneurship. Research has also been carried out by the University of Algarve in a number of scientific fields that match the needs of local enterprise, which has created a good potential for increasing regional innovation and competitiveness.

The region is above the EU-27 average regarding non-R&D innovation expenditure, with many companies reporting product, service or process innovations without performing intramural R&D activities. This may suggest that the companies in the region, due to their size and lack of cooperation with R&D institutions, are increasing their innovation expenditures on acquiring existing technologies and expertise.

On the other hand, the region is underperforming compared to other Portuguese regions and Europe as a whole regarding most R&D indicators. The Higher Education Institutions (essentially the University of Algarve) are the main players regarding RTD activities in the region (76% of R&D total expenditure). The business expenditure, while has been increasing significantly, doesn’t account for more than 20% of total R&D expenditure. Regional weaknesses that need to be overcome in the field of innovation include insufficient cooperation among the relevant regional players and particularly between the science and business communities; poor innovation culture among the business community; lack of intermediary technological infra-structures working closer to the local firms; and lack of incubation institutions for innovative businesses.

2. Major innovation challenges and policy responses

Based on discussions with representatives of regional organisations and thorough analysis of several regional reports, the following challenges to the region have been identified as the most important:
Challenge 1: Boost knowledge and technology transfer.

In order to become a more competitive and innovative region, Algarve needs to harness the opportunities presented by existing stakeholders, and attract new actors both in the demand (companies) and supply (RTD and innovation support bodies) sides of innovation. The role of the Regional Innovation Centre (CRIA) should be reinforced and the establishment of new technology infrastructure organisations should be considered (e.g. technology centres) with relevant connections to the university but working closer to business activities. An effort should be made to expand the business base of the region with new technology-based companies, and to diversify the tourism sector. Furthermore, the main tourism companies could help to leverage the development and competitiveness of other important sectors such as agriculture, fisheries, aquaculture, agro-food, maritime industries, renewable energies and creative industries.

Challenge 2: Promote stronger linkages within the innovation system.

The region should bring the relevant regional actors together so that they can interact more effectively in the production, diffusion and use of new and economically useful knowledge. Better linkages between the scientific knowledge produced in the region and the needs of the main economic sectors is needed. Therefore, in order to strengthen innovation performance, the region should enhance its level of interaction (both in terms of intensity and regularity) among relevant actors, namely between the regional authority, the University of Algarve and its R&D centres and interfaces, state laboratories, business associations, financing institutions, different intermediary innovation support organisations and the relevant state agencies. It is also important for tools and structures designed to enhance interaction among stakeholders to be encouraged, such as networks, task-forces, events, publications and study visits. In this context, the creation of an “innovation forum” as planned in the regional innovation plan (2007) would be of the utmost importance.

Challenge 3: Support business internationalisation.

Considering the size of the region (and even of the country), Algarve’s economic actors need to enlarge their markets by establishing customer bases in other countries and by participating more actively in international markets. This highly demanding challenge is therefore issued to the region: to shape an innovation system oriented to help export and internationalisation. To achieve this ambitious goal, firms need to have strong innovation capabilities that ensure their goods and services are competitive and guarantee their physical presence in foreign markets. Further to the existing measures already available (e.g. the regional operational programme), combined actions would be needed to engage the state agencies that support internationalisation, business associations and companies involved in international markets. In particular, considering their significant weight in the regional economy and relevant international experience, the most important tourism companies could play a major role in this process by giving more visibility to the best regional products and services, thus helping the latter enter foreign markets.

3. Innovation policy governance

The design of science, technology and innovation policies is mainly the responsibility of central government. However, the Algarve region can implement its own regional operational programme in line with key national guidelines through the Regional Coordination and Development Commissions (Algarve CCDR), which have financial and administrative autonomy. Despite this partial autonomy, the need to address specific regional issues may be constrained by the requirement for regional operational programmes in Portugal to include very similar innovation support measures, while in turn ensuring some coherence with national policies.
The bodies set up to implement the regional operational programme (ROP Algarve), such as the Strategic Advisory Committee and the Monitoring Committee, bring together many regional actors and are important forums for the discussion of regional development issues, but are not concerned exclusively with innovation-related topics. The Regional Council was created under the Algarve CCDR as an advisory body to follow the development of CCDR activities, and can discuss topics related to innovation but there is no evidence that this happens regularly.

The preparation of the Regional Operational Programme 2007-2013 (“PO Algarve 21”) is one of the best recent examples where significant involvement of key regional players can be seen in the design of regional strategies. This process was carried out at the same time as the preparation of the new Regional Spatial Planning ( PROT Algarve), which contributed to the involvement of a wider number of players and the creation of synergies between the two strategies. Central and regional public administration representatives, business associations, trade unions, cultural and social associations, regional and local development agencies, the university and NGOs were among the participant organisations.

In the framework of the 2007 regional innovation plan a governance model was proposed representing the way the regional actors interact with each other. However, relevant elements that were planned in the context of this model, such as the “innovation forum” and the “technological pole”, have so far not been implemented.

Governance coordination mechanisms between the national and the regional levels are guaranteed by the combined interaction between the NSRF 2007-13 national programmes and the regional operational programmes. Regarding inter-regional governance mechanisms, it is worth mentioning that the Algarve CCDR regularly meets with representatives from other Portuguese regional operational programmes (ROPs) at meetings organised by the NSRF authorities, which can be seen as an opportunity to share experiences about the implementation of the respective ROPs. Furthermore, the Algarve CCDR is one of the nine partners of the European Enterprise Network (EEN) Portugal, being the only Portuguese CCDR that is part of EEN.

As far as transnational governance is concerned, the Algarve region is developing a “strategic plan for cooperation” in conjunction with the neighbouring Spanish region of Andalusia aiming at implementing a range of measures, including coordinated actions on territorial management, identification of priorities for investment and shared actions for private actors (e.g. markets access, territorial marketing, acquisition of raw materials and equipments). As a matter of fact, regular cooperation has often been established with Andalusia in the framework of the INTERREG III A programme, not only involving the Algarve CCDR but also other institutional and private actors.

Further practices that could be considered to strengthen interactive governance processes in Algarve include:

- Developing new coordination mechanisms such as an innovation forum, networks, task-forces, innovation steering and advisory groups, innovation communication plans, and new executive bodies;
- Social capital building through increased stakeholder participation in sharing tasks, engagement of regional champions and creation of consensus;
- Increasing the number of client-oriented innovation measures supported by innovation demand surveys and market intelligence actions;
- Creating stronger linkages between regional innovation policy and other policy domains; and
- More systematic use of intelligence policy tools, such as benchmarking and foresight.
4. Conclusions: future actions and opportunities for innovation policy

Algarve has evolved in a positive direction over the last decade in the field of innovation. The measures that have been implemented at national and regional levels have allowed the region to achieve better results in aspects such as business innovation activities (particularly those not based in R&D), population with tertiary education and high-tech entrepreneurship, among others. However, the region has not yet achieved an innovation performance suitable for a knowledge-based economy that is in line with its impressive economic growth in the last few decades. Important weaknesses that need to be overcome include insufficient cooperation among the relevant regional players, particularly between the science and business communities; reduced innovation culture among the business community; lack of intermediary technological infra-structures working with local firms; low number of specialised professionals dedicated to innovation activities; and lack of incubation infra-structures for innovative, high-tech businesses.

In order to strengthen the regional innovation profile and boost the local innovation system, a number of actions could be considered:

• Create more innovation support organisations, in particular specialised technological organisations with links to the university but acting closer to the regional firms, and establishment of more appropriate hosting areas for innovative business incubation;

• Reinforce the role of the University of Algarve’s technology transfer body (i.e. CRIA - Regional Innovation Centre) by refocusing its mission on the commercialisation of science and technology;

• Implement active measures towards the emergence of innovative companies through the appearance of newly established technology-based firms and the attraction of technology-based businesses from other national regions and countries (FDI);

• Promote a strong innovation culture amongst the business community;

• Engage and coordinate different regional actors in the preparation and implementation of new actions in the field of innovation, including the creation of new bodies such as task-forces, steering groups and innovation forums;

• Establish strong leadership throughout the process of preparation, implementation and evaluation of new regional innovation strategies to help promote innovation awareness and mobilise regional groups for innovation activities;

• Benchmark similar top international touristic regions through comparative evaluation of statistics, policy measures, best practices, etc.; and

• Support the internationalisation of regional companies.
1. Main Trends and Challenges in the Regional Innovation System

1.1 Recent trends in regional economic performance

Figure 1-1 Key indicators of economic and innovation performance

With a peripheral location in the extreme southwest of Europe, the Algarve region spreads over 5,000 km² and is home to about 430,000 inhabitants, which accounts for about 4% of the Portuguese population.

Recognised worldwide as a holiday destination, Algarve is the main touristic area of the country. The region, which annually hosts about 10 million visitors, accounts for about 37% of registered overnight stays and 31% of the total hotel revenues in the country.² Tourism, retail and wholesale, and construction are the Algarve’s central economic activities, when measured against both labour force and wealth generated. However, the economic activity in Algarve is not limited to these sectors as agriculture, fisheries and some industries (e.g. metallurgy, wood processing and cork industry) are also relevant, although they are loosing relative importance in the regional economy.

A number of economic activities have been gradually increasing in importance in the region such as real estate and agro-food. Nevertheless, the regional economic activities are strongly based in the tertiary sector. All in all, 80% of the regional GVA comes from the tertiary sector, 14% from the secondary sector, and 6% from the primary sector.

In the last three decades, the Algarve region has undergone deep economic restructuring. From a depressive and isolated region, suffering from a low quality of life and an economy based on traditional agriculture and fisheries activities, Algarve became one of Portugal’s most developed regions, well endowed with public infrastructures (e.g. air/sea/road/rail transport; water and sanitation; energy; broadband communication networks; urban development etc) and capable of attracting labour force from other regions of the country and from abroad.

However, the regional economy has been concentrated on a few activities (mainly tourism) leading to a relative stagnation of the others. On the other hand, there has been a significant concentration of economic activities on the regional coastline (about 20% of the whole Algarve’s territory), where two thirds of the inhabitants live. This has caused considerable desertification of the inland areas that are now characterised by rather low demographic densities, population ageing and predominance of rural activities.

Algarve’s GDP per capita is the third highest amongst the Portuguese regions, just after the Lisbon and Madeira regions. Regional GDP increased almost 46% in the period 2002-2008, although in 2009 it decreased by 3.3% compared to the previous year. Nevertheless, Algarve's GDP per capita reached 87% of the EU27 average in 2009, which was above Portugal’s national average (80%).

Due to the fact that regional GDP per capita surpassed the 75% threshold of the EU GDP per capita average, Algarve is now undergoing a phasing out period (2007-2013) where ERDF funds allocated to the region are reduced by approximately a third compared to the previous period 2000-2006. After 2014, the Algarve region may be covered by the Regional Competitiveness and Employment Objective of the European Structural Funds, which may entail an even more significant decrease in the EU Structural Funds.

The current economic performance of the Algarve region must be considered in the context of difficulties faced by the Portuguese economy as a whole regarding economic growth, convergence to the European Union and state budget consolidation. The region currently has the highest unemployment rate among the Portuguese regions (14.7% in the second quarter of 2011). In fact, regional unemployment has steadily increased in the last 10 years. In the period 2000-2010, the regional unemployment rate rose considerably from 3.6% to 13.4%. This trend can be explained by structural employment problems observed across the country, which are related to the restructuring of the national economy that affected particularly low productivity businesses in medium- and low-tech sectors. The most recent financial and economic international crisis also contributed to a worsening of the unemployment situation in the region, affecting core business sectors such as tourism and construction. At the national level, from 2009 to 2011, the unemployment rate registered as one of the highest increases in the EU area and the Algarve region has unsurprisingly suffered from this trend. The rather weak economic growth foreseen for the country in the next few years will not help the regional employment recovery.

Whilst the overall qualification level of the labour force is in line with the national level, the region needs to address a number of difficulties such as insufficient provision of technological and vocational training, relatively high early school leaving rates at all levels of education and the difficult (re) integration of low-skilled workers into the labour market.

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4 The region did not qualify for ERDF Objective 1 status in the 2007-2013 period, as it surpassed the 75% threshold of the EU GDP per capita average. Therefore, the Algarve will receive degressive Structural Funds assistance until the end of 2013.
1.2 Recent trends in regional innovation performance

The Algarve region - as the country at large - has benefited over the past 10-12 years from the increased importance placed on national policies oriented towards the development of a knowledge economy, reinforcing the investment in research and technological development (RTD), innovation and human capital.

Algarve has carried out a number of exercises in order to develop and implement regional innovation strategies since the 1990’s, for example, the Regional Innovation Strategy (RIS ETTIRSE, 1998-2001); Regional Programme of Innovative Actions (INOVALGARVE, 2002-2004); Regional Innovation Plan (PRIAlgarve, 2007); Regional Development Strategy 2007-2013 (2007). Whilst these strategies have been somewhat irregular, they have drawn attention to knowledge, innovation and competitiveness matters and have paved the way for the establishment of valuable schemes that have been put into practice in the last few years.

The creation in 2003 of CRIA – the Algarve Regional Innovation Centre (part of the University of Algarve) has been an important measure to help boost innovation activities in the region, namely in the fields of intellectual property protection, technology transfer and innovative entrepreneurship. The fact that the University of Algarve is increasingly supplying key skills that are connected to regional strategic economic fields (e.g. in the maritime sciences, biotechnology and health sciences), and the increasing demand for more added value tourism services related to the sea, environment and culture, are major positive developments that will contribute to enhancing regional competitiveness.

However, the region is far from fully exploiting its innovation potential and is still underperforming compared to other Portuguese regions and Europe as a whole. According to the last European Regional Innovation Scoreboard (EIS 2006), Algarve was ranked last but one among the five Portuguese mainland regions and was only placed 190th in the overall European ranking.

Despite the progress achieved in the last 10 years in terms of innovation performance, a number of shortcomings have not been satisfactorily overcome. These include insufficient cooperation between the scientific infrastructure and the economic players, and imbalances between the educational and vocational training systems leading to mismatches between available skills and companies’ skill requirements. On the other hand, Algarve encompasses a number of limitations that hamper its innovation performance, namely little critical mass due to the size of the region and dominant economic activities with low innovation requirements. In fact, the central economic activities have not so far needed significant investments neither in innovation and technologies, nor in qualified labour force (which is why the region has for many years attracted low qualified foreign labour force).

Compared to other Portuguese regions, Algarve is underperforming in most of the RTD indicators. The region has only 2% of the total number of RTD units in the country and accounts for 1% of the total national expenditure in R&D activities. The Higher Education Institutions are the main players regarding RTD activities in the region: 76% of the expenditure in R&D is made by activities implemented by Higher Education Institutions (i.e. basically the University of Algarve); 20% by business activities; 3% by the national government; and 1% by private non profit institutions.6

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The region has lower numbers of PhDs in Science in Technology (S&T), as well as tertiary graduates in S&T areas, in comparison to most of the Portuguese regions. The share of the economically active population with at least tertiary education in the region is 12.4% (2008), having consistently risen in previous years (from 9.3% in 2003) but being below the national (15%) and the European (almost 30%) averages.

Compared to the EU27 average, the region is underperforming in all the main R&D indicators: total R&D expenditure; business R&D expenditure; government R&D expenditure; and Higher Education R&D expenditure. With the exception of the business R&D expenditure, which rose 133% (from 0.03 to 0.07% of GDP), those indicators have had a small increase in the period 2000-2007: total R&D expenditure (+12%) and Higher Education R&D expenditure (+12%). The government R&D expenditure experienced negative growth over the same period (-67%).

Regarding non-R&D innovation expenditure, the region is somewhat above the EU-27 average, with many companies reporting product, service or process innovations without performing intramural R&D activities. This may suggest that many firms in the region, due to their size and lack of cooperation with R&D institutions, are increasing their innovation expenditures on acquiring existing technologies and expertise, so as to maintain their competitive edge with smaller innovation budgets. Therefore, while not spending as much as their counterparts in the EU on R&D, the companies in the region report higher innovation efforts in terms of investment in equipment, machinery, software and acquisition of external expertise.

Of the innovation performance indicators presented, the region performs least well compared with the EU27 average in terms of EPO patent applications. While the number of EPO patents per million inhabitants has steadily increased in the last years and passed from 0.33 (1999) to 1.17 (2005), it is still rather lower than the EU average. Traditional insufficient investment in R&D (both private and public) and lack of an “IP protection culture”, particularly among businesses and Higher Education Institutions, are among the main reasons that may explain this result. Nevertheless, as a consequence of the central government’s higher investment in IP protection through the creation of the GAPI - Industrial Property Offices network which involve around 25 universities, technological centres, business associations and science parks, and the launch of SIUPI – Industrial Property Use Incentive System that helped support the costs related to patents (including EPO patents), the number of patents is expected to grow significantly in the region in the coming years.

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7 Eurostat (2010).
8 Eurostat (2010).
1.3 Identified challenges

Based on a comprehensive analysis of several regional reports, and discussions with representatives of regional institutions, the following challenges were identified to be amongst the most relevant for Algarve:

**Challenge 1: Boost knowledge and technology transfer.**

The Algarve region seems to face the so called “innovation paradox”: on the one hand, there is a need to invest in innovation to promote economic development and competitiveness; on the other hand, the region may have limited capacity to absorb such investments. In order to become a more competitive and innovative region, Algarve needs to harness the opportunities presented by existing stakeholders, and attract new actors both in the demand (companies) and supply (RTD and innovation support bodies) sides of innovation. The scientific expertise of the University of Algarve (the only public university in the region) is vast and seems to match the needs of most of Algarve’s relevant economic sectors. The role of the Regional Innovation Centre (CRIA) should be reinforced and refocused on purely technology transfer and entrepreneurship activities. The region could also benefit from the establishment of new innovation support organisations (e.g. technology centres) that would be able to work closely with the University of Algarve and local enterprises. Due to the size of the regional markets, such technological organisations could have a multi-sector profile and work together with the regional sectors that show highest potential, such as agro-food, maritime industries, creative industries, ICT, and health services. The planned science park that is expected to be launched in the next few years could help to tackle this issue, as could the creation of more business incubation areas for innovative, technology-based firms.

As the local economy is strongly dominated by tourism (by its nature a low innovation-intensive sector), an effort needs to be made to expand the business base of the region with new technology-based companies. An effort is also needed to innovate and diversify the regional tourism activities in the context of very aggressive international competition. This has to do with managerial and process innovation activities but also with investment in new tourism fields such as the senior tourism, health tourism, international events, water sports, ecotourism, and cultural tourism. Then the powerful tourism sector could be used to leverage the development and competitiveness of other sectors, integrating the various upstream and downstream activities of the value chain, particularly regarding the interface between tourism and agriculture, fisheries, aquaculture, agro-food, maritime industries, manufacturing industries, renewable energies and creative industries. If the region succeeds in this very demanding challenge, it would also be in a better position to attract national and foreign intensive knowledge companies.

**Challenge 2: Promote stronger linkages within the innovation system.**

Setting up networking initiatives involving actors that may contribute to local innovation may be crucial to enhancing regional competitiveness. The region therefore needs to bring the relevant regional actors closer together so they can interact more effectively in the production, diffusion and use of new and economically useful knowledge. Better linkages between the scientific knowledge produced in the region and the needs of the main economic sectors is needed. Therefore, in order to strengthen its innovation performance, the region needs to enhance its level of interaction (both in terms of intensity and regularity) among relevant actors, namely between the regional authority, the University of Algarve and its R&D centres and interfaces, state laboratories, business associations, financing institutions, different innovation support intermediary organisations and the relevant states agencies. The use of available research and technological resources to address economic and businesses needs remains a challenge for the region.
This is not only important for medium- and low-tech sectors (e.g. tourism, agro-food) but is also particularly relevant for activities where innovation is strongly induced by research activities, such as biotechnology, health sciences, renewable energies or software engineering. It is important to encourage and implement tools and structures for enhancing such interaction among stakeholders, and for keeping continuous cooperation and flow of information, such as networks, clusters, task-forces, events, publications and study visits. In this context, the creation of the “innovation forum” as planned in the Regional Innovation Plan (PRIAlgarve), would be of utmost importance if it could establish interlinked groups that would define global and sectoral strategies promoting the innovation of the most competitive businesses.

**Challenge 3: Support business internationalisation.**

Considering the size of the region (and even of the country), Algarve’s economic actors need to enlarge their markets by establishing customer bases in other countries and by participating more actively in international markets. This highly demanding challenge is therefore issued to the region: to shape a regional innovation system oriented to help and develop export and internationalisation. To achieve this ambitious goal, firms need to have strong innovation capabilities that ensure their goods and services are competitive and guarantee their physical presence in foreign markets.

Further to the existing measures under the regional operational programme, additional combined actions between state agencies that support internationalisation processes (e.g. AICEP Portugal Global - Portugal’s Investment and External Trade Agency, and IAPMEI - SME and Innovation Support Institute), business associations and companies involved in international markets (e.g. tourism) are indispensable in helping to create new markets abroad for the most competitive businesses, including innovative SMEs. In this context, the region should strengthen its international image and reinforce its position in international business networks. In particular, considering their significant weight in the regional economy and relevant international experience, the most important tourism companies could play a major role in this process by giving more visibility to the best regional products and services, thus helping the latter entering in foreign markets.
2. Innovation Policy Governance

2.1 Degree of institutional autonomy

Portugal is not a regionalised country, apart from two autonomous regions, Azores and Madeira. The Portuguese State has been one of the most centralised in Europe, without any strong intermediate political powers between central and local governments. In fact, the regional dimension of public administration in mainland Portugal has lacked political weight and is mostly relegated to the State's decentralised administration bodies: regional directorates, Regional Coordination and Development Commissions (CCDRs), and groups of municipalities (“inter-municipal communities” that form the NUTS III regions). In practice, the need to adjust to the instruments of European Union regional policy is perhaps the most critical factor underlying the current configuration of the country’s regional dimension, on account of the need to manage the Structural Funds and implement projects funded by them.

In the last two decades, the main public policies and strategies for regional development were essentially the result of national guidelines, and most of them did not have a truly regional dimension and rarely considered regional specific needs. This issue included policies in science, technology and innovation, which were indistinguishable in the scope of successive Community Support Frameworks (CSFs). A study conducted a few years ago (Godinho, M.M. and Simões, V.C., 2006) presented an historical analysis of these policies and, apart from the traditional centralisation, identified another significant weakness: the separation between science and enterprise policies through the implementation of different national operational programmes, which made it difficult to deliver an integrated and transversal innovation policy.

In view of these shortcomings, in the last few years central governments have made an effort to implement, on the one hand, a regionally decentralised management model under the current National Strategic Reference Framework (NSRF 2007-2013) and, on the other hand, to bring science and enterprise policies closer together, so as to foster a more coordinated and systemic approach to innovation policy.

The number of operational programmes has been reduced in the framework of the current NSRF for the 2007-2013 period, with key innovation policy schemes concentrated into a single national thematic programme – the Competitiveness Factors Operational Programme (COMPETE). Furthermore, the NSRF 2007-2013 includes regional operational programmes for all seven Portuguese NUTS II regions (furthering some decentralised processes initiated within the Community Support Framework 2000-2006), which encompass regional initiatives designed to stimulate RTD and innovation activities that were managed at the national level in previous framework funding programmes.

Thus, like all the other NUTS II regions in the country, Algarve has a specific regional operational programme – “PO Algarve 21”, an instrument of the NSRF 2007-2013, which exclusively applies to the Algarve region.

The design of science, technology and innovation policies is mainly the responsibility of the central government. However the regions, through the respective CCDRs, which have financial and administrative autonomy, are entitled to implement their own regional operational programmes (ROPs) in line with key national policies. All the ROPs have a rather similar configuration and content in order to match the national policy priorities, but the regions (in the framework of their ROPs) are able to take into account their specific needs in allocating the available funding.
The overall investment for the “PO Algarve 21” regional operational programme is about €352m (covering the 2007-2013 period); about 49.7% of this amount is provided by EU funding through the European Regional Development Fund (ERDF). The Algarve regional programme includes four main priorities. “Priority 1”, dedicated to the topic “Competitiveness, Innovation and Knowledge”, accounts for approximately 54% of the total programme budget.

2.2 Institutional-set up, co-ordination and implementation mechanisms

As stated above, innovation policy is mostly designed at national level but is partly delivered at regional level by central government decentralised bodies – the Regional Coordination and Development Commissions (CCDRs). In the last decade, CCDRs managed the Regional Programmes of Innovative Actions (RPIA), some of them leading to the launch of relevant regional initiatives in the innovation field, and have taken higher responsibilities in the context of CSF III 2000-2006 as some decentralisation was introduced, namely through the establishment of regional operational programmes (one for each of the five mainland regions and two for the Madeira and the Azores autonomous regions), which included actions aimed at promoting local innovation.

The challenges facing the Portuguese regions are of two kinds: some correspond to national challenges (e.g. low productivity performance, limited high-tech manufacturing, insufficient R&D business expenditure, unsatisfactory lifelong learning, worryingly high early school leaving rates etc), while others are specific to one or more particular regions.

In order to address region-specific challenges, the central government is promoting synergies and interaction between regional operational programmes and national thematic programmes through the National Strategic Reference Framework for the EU Structural Funds (NSRF) 2007-2013. New decentralised mechanisms in the NSRF management allow regions to take more responsibility for decisions on the use of the available funding.

Another important aspect in the current implementation of innovation policies, both at national and regional levels, is an attempt to overcome the traditional division between science policy and enterprise policy. Traditionally, research and enterprise policies have been assigned to different Ministries: the Ministry for Economy, which supports firms’ growth and investment, including innovation; and the Ministry for Education and Science, which looks after higher education and research policy issues. Measures to promote science and business competitiveness have now been brought together under the same national thematic programme (i.e. the COMPETE programme), and the same orientation is being followed by all the regional operational programmes in the context of the NSRF, as these programmes all give priority to knowledge, innovation and competitiveness.

As a result, improved synergy is being achieved between the three thematic national operational programmes (particularly COMPETE) that address national weaknesses at large, and the regional operational programmes in all the mainland NUTS II regions (including Algarve) that tackle specific regional issues.

The Algarve regional operational programme 2007-2013 (“PO Algarve 21”) includes four main governance bodies:

- **Political Committee**: This coordinates the global implementation of all operational programmes (national and regional) and comprises the contribution of several central government ministries: economy, environment, health and education.
• **Strategic Advisory Committee:** This monitors the implementation of the ROP “PO Algarve 21” and issues strategic opinions and recommendations to enhance the running of the programme. It is headed by the minister responsible for regional development (i.e. Minister for Economy) and includes the president of the Algarve Regional Coordination and Development Committee (CCDR), a representative from Higher Education Institutions based in the region, a representative from the business associations, a representative from the trade unions and a representative from each NUTS III inter-municipal association. Although not responsible for direct management, the Committee supervises the regional operational programme, issues recommendations to the Managing Authority, and appraises the appropriateness of the supported actions.

• **Managing Authority:** This is responsible for the operational and financial management of the regional operational programme (ROP). The Managing Authority includes a **Steering Committee**, appointed by the central government and composed of the president of the Algarve Regional Coordination and Development Committee (CCDR) and four members appointed by the Political Committee and the National Association of Portuguese Municipalities, and a **Technical Secretariat** that supports the Steering Committee in the implementation of the ROP.

• **Monitoring Committee:** This follows the implementation of the ROP and approves its activity reports, as well as the final report. The Monitoring Committee is headed by the president of the CCDR and includes members representing, among others, the other ROP bodies, business associations, trade unions, Regional Council, regional development agencies, European Commission, NSRF observatory, and thematic national operational programmes.

Another important entity to take into consideration when analysing regional governance is the Regional Council. This is an advisory body of the Algarve CCDR. Headed by one of the mayors from within the region, it brings together various relevant stakeholders, namely the mayors of all the municipalities from the region; representatives from higher education institutions; representatives from the national association of the regions of tourism; NGOs and representatives of several national ministries. Occasionally, other stakeholders with specific expertise may also be invited to the meetings. The Council normally meets twice a year to follow the development of the CCDR activities and to provide advice on matters such as operational programmes funded by the European Union, regional development plans and activity reports, and investments and financing from the central government. However, there is little evidence that topics related to science, technology and innovation are discussed at Algarve’s Regional Council. In fact the Council has been set up to examine and advise on a wide range of matters related to regional development, and not particularly on innovation.

The preparation of the Regional Operational Programme 2007–2013 (“PO Algarve 21”) is one of the best, recent examples where key regional players can be seen to have been significantly involved in the design of regional strategies. This process was carried out at the same time as the new Regional Spatial Planning (PROT Algarve) was being prepared, which contributed to the creation of synergies between the two strategies and the involvement of a wider number of players – including central and regional public administration representatives, business associations, trade unions, cultural and social associations, regional and local development agencies, the university and NGOs.
This process took place from November 2005 and December 2006 and was developed around five key phases:

- **Diagnosis.** This phase was carried out by a technical team supported by four external consultants that interacted with about 90 regional entities working in key economic, social and cultural sectors in order to collect their opinions on items such as strategic priorities, main investments, evaluation indicators etc. After gathering this information, a diagnosis report was written, which was subject to a wider discussion at four thematic meetings (i.e. innovation and business competitiveness; human resources and employment; urban development and economic/social infrastructures; and environment). About 40 further formal contributions to the document were received from those participants, which helped support the design of the strategies that would be developed afterwards.

- **Strategy definition.** The definition of the regional development strategy followed the same methodology of the previous phase but focused more on sectoral discussion. In April and May 2006, sectoral meetings took place in areas such as municipalities; tourism; environment and rural development; infrastructures and equipments; associations: vocational training and social development; and economy and finance. As many as 67 entities and 117 people contributed with ideas to the establishment of priority actions and projects to be implemented in the period 2007-2013.

- **Strategy validation.** Based on the above-mentioned inputs received, a strategy proposal was drafted. It obtained 15 further requests for changes (most of them accepted). The final strategy was formally adopted and published on the CCDR website in August 2006.

- **Public participation in broad thematic areas.** Under the Regional Spatial Planning (PROT Algarve), prepared alongside the regional development strategy, a number of debates were organised that were opened to the public at large with the participation of regional, national and international experts. These debates focused on key areas of the regional development strategy such as the “sea” (about 250 participants); “innovation” (about 200 participants); and “social inclusion” (about 100 participants). Suggestions were collected in due course from each of these events, not only for PROT but also for the regional development strategy.

- **Development of regional guidelines.** In conjunction with key regional actors, an effort was made to establish orientation plans and priorities for future investments. This process has led to the following strategic documents:
  - **Regional Innovation Plan** - developed in conjunction with CRIA - Algarve’s Regional Innovation Centre (University of Algarve), as well as companies and business associations.
  - **Strategic Plan for Cooperation** - developed in conjunction with Algarve’s neighbouring regions of Alentejo (Portugal) and Andalusia (Spain).
  - **Strategic Plan for the Arade area** - (Algarve’s sub-region located along the Arade river), in conjunction with the Arade Development Agency that brings together public and private investors, the University of Algarve and a number of municipalities.
  - **Strategic Plan for the Guadiana area** - (Algarve’s sub-region located along the Guadiana river), in conjunction with the Guadiana Development Association (Odiana) that brings together public and private investors and some municipalities.

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- **Maritime Strategic Plan** - involving all public authorities with experience in this field, including: the University of Algarve, IPTM - The Port and Maritime Transport Institute, South Maritime Department, IPIMAR - Portuguese Institute of Sea and Fisheries Research (South Regional Centre), South Regional Directorate of Fisheries and Aquaculture, and ICNB - Institute for Nature Conservation and Biodiversity.

- **The Technical Group to study Algarve's mobility system** (created by the Secretary of State of Transport).

In the framework of the regional innovation plan established in 2007, a governance model was proposed. According to our interviewees, this model represents the way that regional actors endeavour to interact with each other. However, relevant elements that were planned in the context of this model, such as the “innovation forum” and the “technological pole” (future science park), have so far not been created.

Figure 2-1 Algarve's innovation governance model (Regional Innovation Plan, 2007).

Whilst, as mentioned above, the synergy between the national and regional innovation strategies is being promoted through the combined interaction between the COMPETE national thematic programme and the regional operational programmes, the situation is rather different for inter-regional (within the country) and trans-national coordination.

Inter-regional governance practices among the Portuguese regions seem to be rather limited. However, the representatives of the various regional operational programmes do meet regularly at meetings organised by the NSRF national authorities in order to make sure that national guidelines are followed by all the ROPs, which has been an opportunity to share experiences about the implementation of their operational programmes.
It is interesting to note that the Algarve CCDR is one of the nine partners of the European Enterprise Network (EEN) Portugal, being the only Portuguese CCDR that is a part of EEN. As the institution that represents the network in Algarve, the Algarve CCDR plays a relevant role in helping companies based in the region to establish international partnerships for innovation and technologically related activities.

As stated above, the Algarve region has developed a “Strategic Plan for Cooperation” in conjunction with the neighbouring regions of Alentejo (Portugal) and Andalusia (Spain). This plan is designed to facilitate the implementation of inter-regional actions, such as the exchange of information and mutual learning; territorial management coordination; identification of priorities for investment; and shared actions for private actors (e.g. markets access, territorial marketing, acquisition of raw materials and equipments).

In relation to trans-national coordination mechanisms, the role of the Portuguese regions is very restricted. They may express common viewpoints to the European institutions, or may leave this entirely to the central government. Contrary to common practice by many European regions, there are no Portuguese regions with permanent offices in Brussels. In the case of Algarve, regular cooperation has been established with Andalusia often in the framework of the INTERREG III A programme. This participation has been relevant for obtaining financial resources for the creation of RTD and innovation infrastructures and for investment in intangible actions (e.g. know-how). Apart from the Algarve CCDR, other institutional and private actors have benefitted from their participation in the INTERREG III-A programme together with their counterpart organisations in Andalusia.

It is also important to bear in mind that Algarve was part of the first transnational RIS (Regional Innovation Strategy) project carried out in Europe. From 1998 to 2001, in conjunction with the neighbouring Province of Huelva (Spain), the RIS Algarve-Huelva (ETTIRSE project) was carried out with the aim of developing common activities vis-à-vis the preparation of technology transfer and innovation strategies for both territories. It was one of the very few trans-national RIS/RITTS projects carried out in Europe to date.

The Algarve region also participates in the Conference of Peripheral Maritime Regions of Europe (CPMR), which brings together about 160 regions in order to deliver an integrated maritime policy. In particular, the CCDR takes part in two geographical commissions: the “Atlantic Arc” commission to discuss how to make the western European coastline more dynamic, and the “Inter-Mediterranean” commission to discuss how to look after the interests of the Mediterranean regions in the framework of European policies.

Regarding trans-national collaboration, the role of the University of Algarve must be highlighted as an institution that is well integrated in RTD international cooperation networks.

2.3 Availability and use of policy intelligence tools

The use of policy intelligence tools in the region has been rather limited. Intelligence instruments such as foresight or benchmarking, which could provide the regional decision-makers with comprehensive and forward-looking information, have basically not been implemented in the last years.

Nevertheless, the Regional Dynamic Observation Centre and the evaluation exercises (including ex-ante, mid-term and ex-post evaluations) of the most recent regional operational programmes are worth noting in this field.
The Algarve Regional Dynamic Observation Centre, which runs under the aegis of the Algarve CCDR, was set up under the governance model set for the National Strategic Reference Framework (NSRF) 2007-2013. The central government considered that the diversity of challenges faced by the Portuguese regions required the collection and processing of relevant information to support decision-making. In practice, the principal function of these centres is to monitor and assess the regional impact of the use of the structural funds in the context of the respective regional operational programmes. The implementation of the Regional Dynamic Observation Centre is of the responsibility of the Algarve CCDR under the supervision of the Ministerial Coordination Committee responsible for the NSRF in cooperation with the Strategic Advisory Committee of the regional operational programme.

Apart from the ROP “Algarve 21”, the Algarve Regional Dynamic Observation Centre monitors the regional situation regarding a number of economic and social aspects. Its action focuses particularly on the following activities:

- Monitoring the Regional Operational Programme through the publication of quarterly and annual reports.
- Publication of quarterly reports on issues such as the labour market (employment/unemployment), public policies, social support, business environment and sectoral information such as tourism, construction and housing, and transports.
- Monitoring sustainable development indicators. About 130 regional indicators are monitored by the Centre, which are divided into 22 categories such as economic development, employment, education, governance, and research and technological development.

In the framework of the last two regional operational programmes (ROPs 2000-2006 and 2007-2013), the region has endeavoured to implemented appropriate monitoring and evaluation exercises in line with the national guidelines. This has included:

- ROP monitoring, which has essentially been done through ongoing data collection to assess the quantity and timeliness of inputs and outputs. The monitoring analyses are under the responsibility of ROP bodies such as the Managing Authority, Monitoring Committee and Strategic Advisory Committee. The periodic reports published by the Algarve Regional Dynamic Observation Centre have significantly helped to disseminate the ROP monitoring results.
- Ex-ante evaluation. It was carried out by external evaluators at the design stage of the current ROP and was useful to help to improve proposed interventions and to allocate funding more suitably.
- Mid-term evaluation. It is foreseen to be put in place in the current ROP (planned for 2011, it is facing one-year delay) and will be helpful to review progress and to refocus interventions. It will mainly encompass statistical data analysis.
- Ex-post evaluation. It was carried out after the ROP 2000-2006 to measure its impact and outcomes. The ex-post evaluation, which was made by external evaluators, was an important contribution to the design of the current ROP.

When referring to policy intelligences practices, it is also worth highlighting a strategic thinking exercise that was carried out in Algarve to assist in the development of a Regional Development Strategy for the period 2007-2013. Apart from establishing a long-term vision for Algarve, the Regional Development Strategy was also useful because it helped to pave the way to the new Regional Operational Programme 2007-2013 “PO Algarve 21”, namely by identifying priorities and respective action lines.
The preparation of the regional development strategy 2007-2013 had significant involvement from key regional players in its design phase. The Algarve CCDR promoted a participative process where approximately 40 sectoral and thematic meetings were organised to assist with its design. These meetings were attended by representatives from about 60 regional entities, including municipalities, business associations, regional development agencies, public enterprises, cultural associations, the Algarve Metropolitan Area\textsuperscript{10}, government regional offices (several ministries), business incubators, energy and environment agencies, training and consulting companies, local employment centres, trade unions, University of Algarve, Regional Innovation Centre (CRIA) etc.

2.4 Key challenges and opportunities

The Algarve region has, in the last decade, enhanced interactive processes related to the design and implementation of strategies and schemes. Efforts to improve regional coordination in the framework of the regional operational programme should be noted. Some measures supported in the framework of the ROP “Algarve 21” and the activities that have been launched by the Algarve Regional Innovation Centre (CRIA) are also contributing to bringing innovation actors together. Another good example was the preparation of the “regional development strategy 2007-2013”.

Nevertheless, as innovation is currently considered to be a key requirement for the efficient response to the demands of knowledge based economy in all the most recent regional strategies and programmes, new and reinforced governance practices in the science, technology and innovation (STI) field are needed to stimulate regular and systematic cooperation among STI players. Despite the fact that the CCDR Regional Council or the ROP Algarve committees (e.g. Strategic Advisory Committee and the Monitoring Committee) encompass STI stakeholders, there is no evidence that they address innovation issues in a systematic manner.

Further practices could therefore be considered in order to strengthen interactive governance processes throughout the full innovation policy cycle (i.e. preparation, implementation, monitoring, evaluation and follow up).

These practices could include:

- New coordination mechanisms that would facilitate the innovation performance of Algarve and at the same time address issues on the engagement of the various stakeholders and the synchronisation of different policy domains. For example, the creation of a permanent innovation forum that could include subgroups has been proposed in the Regional Innovation Plan (PRIAlgarve) but not been implemented yet, and would be an excellent step forward. Other measures that could be considered for enhancing coordination in this field include the development of networks (including informal networks and sectoral networks), task forces, innovation steering and advisory groups, innovation communication plans, and new executive bodies.

\textsuperscript{10} The Algarve Metropolitan Area (AMAL) is an association that brings together all the 16 municipalities that are part of the Algarve region.
• Social capital building through increased stakeholder participation in sharing tasks, engagement of regional champions, creation of consensus, more intensive communication and networking, and deployment as far as possible of suitable financing and human resources to these activities.

• More client-oriented innovation measures, because the innovation needs of enterprise should be systematically reappraised in order to promptly mobilise the right actions and resources from both the Algarve CCDR and the various innovation providers towards new or fine-tuned support. Such needs could be identified using tools such as innovation demand surveys and market intelligence actions.

• Stronger linkages between innovation policy and other policy domains. The central government and the Algarve CCDR face the challenge of combining their efforts to promote knowledge creation, diffusion and use in many policy domains. There is great potential for linking regional innovation policy and strategies with other policy areas.

• More systematic use of intelligence policy tools, such as benchmarking and foresight that could help the region regarding decisions on RTDI funding, provision of RTDI infra-structures, technology transfer and innovation dissemination mechanisms.
3. Innovation Policy Instruments and Orientations

3.1 The regional innovation policy mix

The 2007-2013 programming period of Structural Funds brought a new framework to Algarve, which is now designated as a “phasing out” convergence region. This new context of “phasing out” has brought new challenges for the Algarve region and required the concentration of efforts and investments in innovation and competitiveness factors. This reality is reflected in the ROP “Algarve 21” (2007-2013), in which innovation and competitiveness emerged as clear priorities.

Due to funding limitations, the ROP “Algarve 21” focuses on the support of rather specific actions, in order to target the particular factors considered crucial to regional competitiveness. The priorities established under the programme are directly connected to three specific objectives set up in the framework of the Regional Development Strategy 2007-2013 (plus one concerning the programme technical management):

- **Priority 1**: Competitiveness, innovation and knowledge (about 54% of ROP total investment). This priority was recognised as a key to promoting regional competitiveness in European and global contexts. In particular, the creation of innovation and knowledge networks and the coordination among the various regional actors, namely university and its research centres, business incubation centres, state agencies and firms, was seen of special interest.
- **Priority 2**: Environmental protection and development (about 10% of ROP total investment).
- **Priority 3**: Exploitation of territorial and urban development (about 35% of ROP total investment).
- **Priority 4**: Technical assistance (about 1% of total investment), which is to ensure the smooth running of the regional operational programme (management, monitoring, assessment and communication).

The ROP Algarve has a total budget of about €352m (2007-2013). The funding provided by the European Union through the European Regional Development Fund (ERDF) amounts to some €175m.

Compared to the previous ERDF programming cycle, the regional operational programme presents one significant novelty: the inclusion of incentive systems dedicated to businesses, which are included in the ROP “Priority 1”. These incentives focus on actions to promote the local competitiveness through innovation and knowledge-intensive activities. The incentive schemes dedicated to businesses account for about 40% of the global financial amount allocated to “Priority 1”.

The main action lines within the competitiveness, innovation and knowledge axis (Priority 1) of the ROP are as follows:

- **Promoting competitiveness and innovation.** This action line covers most of the economic sectors in the region, but focuses on intangible factors essential to reinforcing competitiveness and the development of research and innovation in companies. There are three types of support schemes that work in an integrated way: 1) the development of RTD activities in companies through cooperation with institutions of the scientific and technological system and with other companies and European entities; 2) the production of new goods and services or the up-grading of current production processes through the transfer and application of new knowledge; 3) encouraging SMEs to use intangible competitiveness factors, such as enhanced quality, management, distribution, marketing and design processes, information and communication technologies, safety and health, and energy efficiency.
• Encouraging the development of economic activities. The new planning of Algarve’s territory requires reordering its economic activities and relocating some of them (particularly heavily polluting industries) from urban centres and tourist areas. Support is provided to industrial, commercial and service companies to transfer their production units to proper entrepreneurial spaces. This mechanism partially funds costs related to transportation, transport insurance, equipment installation, and construction of new production plants.

• Improving the environment for business innovation. One of the major weaknesses of the regional innovation system is the reduced critical mass for RTD activities. These should therefore be strengthened, along with links to other RTD units in other Portuguese regions as well as internationally. The main types of actions supported include applied research projects; activities for the transfer and dissemination of technologies; infrastructure building and purchase of equipment; creation of a regional network of business parks; and the launch of actions to promote the region and its economy, particularly through business collective actions and participation in international fairs.

• Valorisation of the “Tourism and Leisure” cluster. This action line includes an integrated set of measures designed to extend the tourism cluster to complementary business areas (e.g. sports and health) aiming to develop new tourism products.

• Modernisation and upgrading of Public Administration / Development of a knowledge Society. This intervention is designed to enhance the relationship between public services and the business community and citizens, and to ensure widespread access to broadband infrastructure. This includes support to increase access to online public services (e-government); development of information systems and decision support mechanisms in public administration; training and qualification of human resources at the regional and local administration; and consolidation of the “Algarve Digital” programme particularly regarding the strengthening of the regional broadband infrastructure.

• Institutional promotion of the region. This encompasses actions to disseminate and promote Algarve’s brands and products at different national and international public initiatives.

The measures implemented within the ROP “Algarve 21” that have had a higher allocation of funds are the incentives for enterprises, including:

• Incentives for RTD activities promoted by companies (“SI I&DT”). This measure aims to promote the development of RTD and demonstration projects at an individual company or consortium level.

• Incentives for innovation activities (“SI Inovação”). This measure aims to support business strategies based on innovation and through the production of new goods, services and processes. The stimulation of entrepreneurship in new areas with growth potential is also a target.

• Incentives for the qualification and internationalisation of SMEs (“SI Qualificação”). This measure aims at supporting investment projects promoted by companies at an individual or consortium level, as well as by public entities and associations working with SMEs, in view of innovation, modernisation and internationalisation activities.

All the above measures are included within ROP Priority 1 (“competitiveness, innovation and knowledge”). Of these three measures, the incentives for innovation activities (“SI Inovação”) are the highest total investment (up to 66% of the total investment of ROP Priority 1). The above measures are mostly dedicated towards the implementation of RTD and innovation activities in companies and are well within the following categories of support measures:

• Research and Technologies;

• Creation and Growth of Innovative Enterprises;

• Markets and Innovation Culture.
There are no measures within the ROP “Algarve 21” dedicated to *Governance and Horizontal Research and Innovation Policies*. There are also no measures exclusively dedicated to *Human Resources* (education and skills) but within the above schemes it is possible for an enterprise to contract highly skilled personnel to develop RTD activities or be involved in more market and/or innovation related activities.

Table 3-1 Overview of the regional innovation policy mix

<table>
<thead>
<tr>
<th>Title of Support Measure</th>
<th>Governance and horizontal research and innovation policies</th>
<th>Research and Technologies</th>
<th>Human Resources</th>
<th>Creation and Growth of Innovative Enterprises</th>
<th>Markets and Innovation Culture</th>
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<tbody>
<tr>
<td>Incentives for RTD activities promoted by companies (“SI I&amp;DT”)</td>
<td>`-'</td>
<td>2.2.3 R&amp;D cooperation (joint projects, PPP with research institutes)</td>
<td>3.3.2 Recruitment of skilled personnel in enterprises</td>
<td>`-'</td>
<td>2.2.2 Knowledge transfer (contract research, licences, IPR from research base)</td>
</tr>
<tr>
<td>Incentives for Innovation Activities (“SI Inovação”)</td>
<td>`-'</td>
<td>`-'</td>
<td>4.2.1 Support to innovation management and advisory services</td>
<td>`-'</td>
<td>4.1.1 Support to sectoral innovation in manufacturing</td>
</tr>
<tr>
<td>Incentives for Qualification and Internationalisation of SMEs (“SI Qualificação”)</td>
<td>`-'</td>
<td>`-'</td>
<td>3.3.2 Recruitment of skilled personnel in enterprises</td>
<td>`-'</td>
<td>4.2.2 Support to organisational innovation (incl. e-business, new forms of work etc)</td>
</tr>
<tr>
<td>Support to innovation financing and risk sharing (SAFPRI)</td>
<td>`-'</td>
<td>`-'</td>
<td>3.3.2 Recruitment of skilled personnel in enterprises</td>
<td>4.3.2 Support to risk capital</td>
<td>1.3.3 Other horizontal policies (ex. society-driven innovation)</td>
</tr>
<tr>
<td>Support to digital economy and knowledge society</td>
<td>`-'</td>
<td>`-'</td>
<td>`-'</td>
<td>4.3.1 Support to innovative start-ups (incl. gazelles)</td>
<td>4.2.2 Support to organisational innovation (incl. e-business, new forms of work etc)</td>
</tr>
<tr>
<td>Promotion and institutional capacity building</td>
<td>`-'</td>
<td>2.2.3 R&amp;D cooperation (joint projects, PPP with research institutes)</td>
<td>`-'</td>
<td>`-'</td>
<td>4.1.2 Support to innovation in services</td>
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<td>1.3.3 Other horizontal policies (ex. society-driven innovation)</td>
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</table>
**Research and Technologies:** The Priority 1 of the ROP Algarve aims to stimulate the development of RTD innovation activities in businesses, especially in SMEs, as well as to promote science-business cooperation networks. The typologies of projects eligible under the scheme “Incentives for RTD activities (“SI I&DT”)” regarding research and development are: support for the development of RTD activities; support for demonstration and technology transfer activities; support for the creation of RTD centres in companies; support for the upgrade of existing RTD centres in companies; and support for RTD vouchers.

**Markets and innovation culture:** When analysing business innovation activities in the region, the information available mainly points to incremental innovations in processes or management, suggesting that product innovation is of minor relevance. The larger companies, which represent a small part of the regional economic structure, demonstrate behaviours more open to RTDI activities. The ROP Algarve is oriented towards promoting and supporting an innovation culture and innovation activities in businesses (particularly in SMEs). These activities are to be implemented in the context of two incentive systems also oriented towards businesses: Incentives for Innovation Activities (“SI Inovação”) and Incentives for Qualification and Internationalisation of SMEs (“SI Qualificação”).

The main project areas eligible under the scheme “Incentives for Innovation Activities” (“SI Inovação”) related to ‘markets and innovation culture’ are concerned with the production of new goods, services and processes that support a companies’ progression through the value chain.

The main project areas eligible under the scheme “Incentives for Qualification and Internationalisation of SMEs” (“SI Qualificação”) related to “markets and innovation culture” are, among others, the introduction of new organisational models, ICT development, and redesign and layout improvement; quality, R&D and innovation certification; energy efficiency through the use of renewable resources; better environmental performance through investments in emission controls, waste management, noise reduction and use of eco-efficient technologies; capacity building on sales and marketing, distribution and logistics; internationalisation and increased knowledge of the markets, development and promotion of international brands, and strengthened presence in international markets.

Within the “markets and innovation culture” item one can also include the measure on “Promotion and institutional capacity building”. This measure aims to support innovative initiatives related to the promotion and training of key regional institutions so that they can improve their activities such as studies and research, provision of information, and the socio-economic promotion of the region and its products.

**Creation and growth of innovative businesses:** Encouraging entrepreneurship (particularly female entrepreneurship) is seen under the ROP Algarve as very important to regenerate the fabric of the regional economy. One of the ROP strategic objectives is therefore to provide support to the creation of (or to recently established) technology-based companies. This support is provided under the scheme “Incentives for Innovation Activities” (“SI Inovação”), which includes an initiative dedicated to the establishment of technology-based start-ups (particularly led by women).

**Human resources (education and skills):** The most recent regional strategic documents recognise the importance of education and training of human resources working in RTD activities and innovation processes, as this is perceived to be crucial to achieving the objectives regarding the expenditure in RTD activities as percentage of regional GDP. In this context, the award of PhD and Master grants and the mobility of skilled researchers between RTD infrastructures and businesses should be stimulated.
However, these objectives cannot be supported directly by the ROP Algarve, as activities related to the enhancement of human resources skills in the country are included in the national thematic programme “Human Potential Operational Programme (POPH)”, which includes a specific priority for the Algarve region (“POPH Priority 8”) that has as many as 29 different action lines. Training courses in the field of “innovation and management” and “entrepreneurship” (particularly female entrepreneurship) are two of these action lines.

The POPH operational programme has targeted individuals reaching secondary education as a priority, but the programme also supports vocational training schemes related to RTD and innovation activities, through “Priority 4” regarding advanced training (e.g. researchers at S&T institutions and businesses) and “Priority 5” concerning support to entrepreneurship. Furthermore, it part-funds doctoral and post-doctoral work, together with national funding supplied by the Ministry for Education and Science. These grants are provided through the Science and Technology Foundation (FCT) that work under the aegis of the Ministry for Education and Science. FCT also award research grants (directly or indirectly through R&D projects and R&D units), doctoral degree grants in enterprises, and doctoral grants awarded in the context of international partnerships with universities (e.g. Massachusetts Institute of Technology, Carnegie Mellon University, and University of Texas at Austin, which have cooperated with the University of Algarve).

**Target groups:** With regard to ROP “Priority 1”, businesses are the main target group, followed by entities belonging to the national science and technology system. Other actors targeted are business associations, not-for-profit private institutions and public law entities.

Since the beginning of the NSRF 2007-2013 until the end of the third quarter of 2011, the ROP Algarve launched 122 calls and received 596 project proposals. 283 projects were approved, with an eligible investment of €226.5m and an ERDF funding of €92.2m.

**Trends:** The current regional operational programme, particularly the measures included in “Priority 1” on competitiveness and innovation, is in line with a clear trend observed in the region over the last 10-15 years. From the 1990’s to the beginning of the millennium, ERDF investment focused mostly on RTD and innovation infrastructure, and also a number of initiatives referring to the need for enhanced cooperation among regional players such as the Regional Innovation Strategy (RIS) Algarve (ETTIRSE project), and the Regional Programme for Innovation Actions (INOVALGARVE project) and to some extent the previous regional operational programme. However, the current ROP prioritises investment on intangible actions such as knowledge transfer, entrepreneurship, networking and internationalisation.

Another significant change compared to the preceding regional programmes concerns the profile of the beneficiaries that obtain public funding. While in the past only a limited range of public and private not-for-profit organisations was eligible to apply for public funding, companies can now also be beneficiaries. Furthermore, while ERDF funding for innovation remains available for individual organisations, investment in enhanced interaction among the regional actors has become increasingly important.

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<th>Title</th>
<th>Duration</th>
<th>Policy priorities</th>
<th>Budget</th>
<th>Organisation responsible</th>
<th>More information</th>
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<tbody>
<tr>
<td>Incentives for RTD activities promoted by companies (SI I&amp;D)</td>
<td>2007-2013</td>
<td>2.2.3 R&amp;D cooperation (joint projects, PPP with research institutes)</td>
<td>€5m</td>
<td>Algarve CCDR - Regional Coordination and Development Commission</td>
<td><a href="http://www.rim-europa.eu/index.cfm?q=p.support&amp;n=14182&amp;r=PT15">Link</a></td>
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<td></td>
<td></td>
<td>2.3.1 Direct support of business R&amp;D (grants and loans)</td>
<td></td>
<td>IAPMEI - Portuguese SME and Innovation Support Institute</td>
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<td></td>
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<td>2.2.2 Knowledge transfer (contract research, licences, IPR from research base)</td>
<td></td>
<td>AdI – Portuguese Innovation Agency</td>
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<td></td>
<td>AICEP - Agency for Investment and Foreign Trade of Portugal</td>
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<tr>
<td>Incentives for Innovation Activities (SI Inovação)</td>
<td>2007-2013</td>
<td>4.1.1 Support to sectoral innovation in manufacturing</td>
<td>€19m</td>
<td>Algarve CCDR - Regional Coordination and Development Commission</td>
<td><a href="http://www.rim-europa.eu/index.cfm?q=p.support&amp;n=14188&amp;r=PT15">Link</a></td>
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<td>4.2.3 Support to technology transfer between firms</td>
<td></td>
<td>IAPMEI - Portuguese SME and Innovation Support Institute</td>
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<td></td>
<td></td>
<td>4.3.1 Support to innovative start-ups (incl. gazelles)</td>
<td></td>
<td>AICEP - Agency for Investment and Foreign Trade of Portugal</td>
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<td>Portugal's Tourism Institute</td>
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<tr>
<td>Incentives for Qualification and Internationalisation of SMEs (SI Qualificação)</td>
<td>2007-2013</td>
<td>4.2.2 Support to organisational innovation (incl. e-business, new forms of work etc)</td>
<td>€9m</td>
<td>Algarve CCDR - Regional Coordination and Development Commission</td>
<td><a href="http://www.rim-europa.eu/index.cfm?q=p.support&amp;n=14191&amp;r=PT15">Link</a></td>
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<td></td>
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<td>4.2.1 Support to innovation management and advisory services</td>
<td></td>
<td>IAPMEI - Portuguese SME and Innovation Support Institute</td>
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<td>5.3.3 Support to the innovative use of standards</td>
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<td>AICEP - Agency for Investment and Foreign Trade of Portugal</td>
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<td>Portugal's Tourism Institute</td>
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<td>Support to innovation financing and risk sharing (SAFPRI)</td>
<td>2007-2013</td>
<td>4.3.2 Support to risk capital</td>
<td>€25m</td>
<td>Algarve CCDR - Regional Coordination and Development Commission</td>
<td><a href="http://www.rim-europa.eu/index.cfm?q=p.support&amp;n=14204&amp;r=PT15">Link</a></td>
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<td>4.3.1 Support to innovative start-ups (incl. gazelles)</td>
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<td>Portugal's Tourism Institute</td>
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<td>Support to digital economy and knowledge society</td>
<td>2007-2013</td>
<td>1.3.3 Other horizontal policies (ex. society-driven innovation)</td>
<td>€2.4m</td>
<td>Algarve CCDR - Regional Coordination and Development Commission</td>
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<td></td>
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<td>4.2.2 Support to organisational innovation (incl. e-business, new forms of work etc)</td>
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<td>IAPMEI - Portuguese SME and Innovation Support Institute</td>
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<td>4.1.2 Support to innovation in services</td>
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<td>Portugal's Tourism Institute</td>
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<tr>
<td>Promotion and institutional capacity building</td>
<td>2007-2013</td>
<td>1.3.3 Other horizontal policies (ex. society-driven innovation)</td>
<td>€1.9m</td>
<td>Algarve CCDR - Regional Coordination and Development Commission</td>
<td><a href="http://www.rim-europa.eu/index.cfm?q=p.support&amp;n=14738&amp;r=PT15">Link</a></td>
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3.2 Appraisal of regional innovation policies

Generally speaking, the support schemes included in the ROP “Algarve 21” seem to adequately address the regional constraints in the innovation field.

An ex-ante evaluation of the ROP (Pimão et al., 2007), which was carried out by external experts, came to the following main conclusions:

- The objectives and priorities set for the ROP Algarve are coherent with the diagnosis and SWOT analyses. The problems, needs and challenges are all well identified and described.

- The suggested lines of action and respective measures were considered adequate to address the weaknesses and threats identified in the SWOT exercise. The ROP objectives are also coherent with the objectives set in the framework of the regional development strategy 2007-2013.

- The priorities set for ROP Algarve are in line with the general objectives set in the National Strategic Reference Framework (NSRF 2007-2013), namely in key aspects such as the promotion of immaterial aspects of competitiveness and regional specialisation. Coherence has also been found between the ROP general goals and the other main national policies and instruments in the fields of RTD and innovation.

- The ROP objectives are consistent with the main EU policies and strategies (namely the Lisbon Strategy), particularly the importance given to innovation (ROP Axis 1 on “competitiveness, innovation and knowledge”).

The external evaluators found that the reduction of financial resources caused by the ERDF “phasing out” status forces the region to concentrate the ROP budget in crucial areas for its competitiveness and development, which has been done appropriately. However, the financial resources available were considered insufficient to tackle the problems of the region. The evaluators recommended the regional authority and other regional actors to apply to other national (e.g. NSRF 2007-2013) and European sources of funding (e.g. European Social Fund (ESF), Seventh Framework Programme (FP7), Competitiveness and Innovation Programme (CIP), European Agricultural Fund for Rural Development (EAFRD), European Fisheries Fund (EFF)). Due to the scarce funding very rigorous selection criteria should be adopted for project funding.

In the ROP governance model the evaluators called for a higher involvement of the CCDR Algarve’s Observation Centre of Regional Dynamics.

The evaluators, after analysing the results and impact of the previous ROP (ProAlgarve 2000-2006), came to the conclusion that the objectives set for the innovation and competitiveness areas were not met satisfactorily. They suggested that the regional actors applying to these types of measures found in the new ROP (basically the measures that are part of the Axis 1 on Competitiveness, Innovation and Knowledge), and particularly companies, should be specifically supported by certified consultants in order to be helped before submitting their proposals. It was suggested that a working group made up of such certified consultants should be set up so as to look after this issue. The working group would attract new business initiatives particularly those coming from emergent economic areas, and facilitate networking processes involving the most innovative and/or important companies in given sectors.

The evaluators expressed the opinion that some positive discrimination should be given within the ROP to a number of emergent economic areas that are fundamental for regional competitiveness, as well as to already consolidated areas that may have significant multiplier and accelerator effects in the economy of the region, such as tourism and leisure. In fact, the ROP encompasses general incentive systems for businesses’ innovation and competitiveness but none specifically for the tourism and leisure cluster.
As far as the ROP Axis 1 (Competitiveness, Innovation and Knowledge) is concerned, the evaluators considered that innovation support measures should be made more relevant to entrepreneurship, namely through the creation of university spin-off companies.

According to the ex-ante evaluators, the ROP evaluation plan was correctly established. This includes a mid-term evaluation that is to be launched by the ROP Managing Authority to analyse the mid-term programme context (2007-2010), performance and impact (this is now to be published by the end of the first semester 2012); an overall evaluation of the ROP as part of the overall evaluation of the implementation of the NSRF in the period 2007-2011 that is to be launched by the NSRF Observatory and published by the end of 2012\(^\text{12}\); and an ex-post evaluation.

Most of the recommendations issued by the evaluators were eventually adopted by the regional operational programme.

When debating the effectiveness of past and current regional innovation policy mix, it should be noted that there have been significant investments at national and regional levels in the fields of science, technology and innovation in the last 10-12 years. The Algarve region has benefited from these investments and has achieved some progress in, for example, expenditure in R&D (particularly private expenditure), innovation in businesses, tertiary education and high-tech start-ups.

The innovation support measures included in the current ROP are in line with the trends observed in the last decade concerning innovation support measures for businesses, from RTD projects to broader strategic innovation-related activities. However, since the ROP was launched in 2008, it is still too early to assess the effectiveness of the innovation support schemes, as so far only limited evidence on results has been obtained.

Although the current policy mix addresses some of the problems faced by the region, the ROP innovation measures seem to need some fine-tuning in order to tackle all of the regional challenges effectively.

The various supporting schemes (i.e. “incentive systems”) included in the ROP do reinforce RTD activities oriented to business needs, technology transfer, new-technology based firms, SMEs qualification, business innovation etc. However, as mentioned earlier, the current regional operational programmes running in the Portuguese regions all basically have the same format and content, including the measures related to the promotion of innovation and competitiveness. While ensuring coherence between the national and regional supporting instruments, this restricts the extent to which account is taken of dissimilar region-specific needs and challenges.

There is currently considerable diversity in the funding of the various ROP measures. Under the ROP “Priority 1” there are different incentive systems to fund “RTD activities”, “innovation”, “qualification and internationalisation”, “scientific and technological infra-structures”, “science parks and technology-based business incubators”, “collective actions”, among others. As a consequence of this broad distribution of funding, some of the incentive schemes have very little money with which to achieve any significant impact. A number of these schemes, in spite of being part of the programme, have not opened any calls for proposals yet.

\(\text{12 NSRF Observatory (2009).}\)
The region could therefore benefit from higher selectivity concerning incentive schemes and funded projects. The number of incentive systems could be reduced, so as to focus on a reduced but more effective number of key schemes capable of responding to regional challenges.

Hence, it could be advantageous for the region’s operational programme and investments to be fine-tuned and focused in order to fully harness regional potential. Some of our interviewees felt that the region would also benefit from a more flexible use of the ROP funding, in order to leverage the rather limited ERDF funding.

This could, for instance, allow the reorganisation of the regional territory by removing certain industrial units from areas with intensive touristic activities and their re-installation in appropriate industrial areas, thus avoiding the high dispersion of industrial and logistics units throughout Algarve’s landscape; specific incentive systems to regional strategic sectors (e.g. tourism); the provision of support to universities and companies in order to better protect their intellectual property rights at the international level; or the purchase of market intelligence from world-class consulting services in order to help regional actors in their internationalisation processes.

Finally, when appraising the results and effectiveness of the ROP innovation support measures, it should be noted that the current global economic and financial crisis might have a negative impact on the implementation of the ROP and its funded projects in a way that is not yet entirely clear. The incentive systems under the ROP that are intended for companies need approximately 50% of private financing to be fully implemented and it should be expected that many companies will re-evaluate investment strategies and eventually decide not to participate. This situation has already forced the central government and the regional authorities (i.e. CCDRs) to intervene in the regional operational programmes by providing more flexibility in the use of Structural Funds, in order to ease the implementation of incentive schemes oriented to businesses.

The innovation strategies that have been developed and implemented over the last 12-15 years have contributed to an increasing awareness of RTD and innovation matters in the region. These strategies encompass the first Regional Innovation Strategy (RIS Algarve, 2001) and the Regional Programme of Innovative Actions (RPIA Algarve, 2002), which have focused on the creation of innovation infra-structure (e.g. establishment of the innovation regional centre) and the exchange of practices with other European regions, as well as the most recent strategies such as the regional innovation plan (2007) or the regional development strategy (2007) that have focused on more intangible competitiveness factors such knowledge networks and intra- and inter-sectoral cooperation bringing the different stakeholders closer together.

The success achieved by these strategies may not always have been obvious, and certain intermittence and low continuity may have happened in conjunction with insufficient participation by some of the most relevant regional innovation players (Pinto et al., 2007). Nevertheless, all the exercises have helped to pave the way for the RTDI activities in the region to evolve in a positive direction and enhance regional innovation performance.

3.3 Good practice case

Around the year 2000, when Algarve’s Regional Innovation Strategy (RIS) and Regional Programme of Innovative Actions (INOVALGARVE) were being developed, it became evident that a liaison element was missing in the regional innovation system to connect the main stakeholders and to contribute to more coordinated actions. In particular, the insufficient cooperation between the science and business communities, the limited technology transfer activities between the University of Algarve and the regional economic sectors, the lack of actions to protect intellectual property rights, and the need to promote innovative, technology-based entrepreneurship were among the regional weaknesses that needed to be addressed.
Bearing these shortcomings in mind, the Algarve Regional Innovation Centre (CRIA) was launched within the Regional Programme of Innovative Actions (INOVALGARVE project, 2002-2004). With a total budget of about €0.5 m (80% funded by ERDF), the establishment phase of CRIA involved four main regional stakeholders: the Regional Coordination and Development Commission (Algarve CCDR), the University of Algarve, the National Association of Young Entrepreneurs (ANJE), and the Algarve Business Association (NERA).

Eight years after its foundation, CRIA has currently a dedicated team of 15 staff members. In the field of technology transfer, the Centre helps researchers transfer their research results to market, and offers technological and innovation solutions for companies through the scientific expertise available at the University of Algarve.

CRIA has so far participated in 19 RTD projects with the industry, scouted and promoted about 10 technologies with market potential, licensed 3 technologies and contributed to the development of 3 technologies towards the market. It has often organised innovation fairs and brokerage events, bringing researchers and entrepreneurs together. Through its Industrial Property Office (GAPI), the Centre is helping about 50 users (both researchers and businesses) every year in protecting technologies and inventions through patents, trademarks and registered designs. In the last few years, it has supported the registration process of 43 patents from the University of Algarve. In all these knowledge and technology transfer activities, CRIA has in total involved about 40 researchers and 60 companies.

As regards entrepreneurship, CRIA is regularly organising business ideas competitions that offer support for business planning and company creation, as well as awareness raising events on entrepreneurship that are frequently organised at the University of Algarve for students and researchers. The Centre has also launched promotional activities on entrepreneurship in the regional media, including a programme at a regional radio station. Since the beginning of its activity, it supported 450 entrepreneurs and helped create 35 innovative start-ups.

CRIA has also been active in the provision of information to the regional players on regional, national and trans-national funding programmes on RTD, innovation and entrepreneurship and has itself been strongly involved in trans-national projects in those areas. In 2010, CRIA became formally part of the University of Algarve with the new naming “CRIA – Entrepreneurship and Technology Transfer Office”.

3.4 Portfolio of innovation support measures

Science, technology and innovation (STI) public policies in Portugal are mainly decided by the central government. Until very recently, these policies did not have any significant regional dimension and very rarely considered region-specific needs.

In the context of the National Strategic Reference Programme (NSRF - 2007-2013), a number of innovation support schemes were included in the regional operational programmes (ROPs). The ROPs of the Portuguese mainland regions (i.e. Algarve, Alentejo, Centro, Lisbon, Norte) have a rather similar format and content in order to match the national policy priorities. Nevertheless, the regions are entitled to use the available funding for their ROPs according to regional needs.

The main funding instrument for innovation support measures is the National Strategic Reference Programme (NSRF - 2007-2013), which is implemented through the following operational programmes:

- **Thematic Operational Programmes**: Competitiveness Factors (COMPETE), Human Potential (POPH), and Territorial Enhancement, co-financed respectively by the European Regional Development Fund (ERDF), European Social Fund (ESF), and jointly by the ERDF and Cohesion Fund.
• **Mainland Regional Operational Programmes**: These are applied to the regions of the Algarve, Alentejo, Centro, Lisbon and Norte. These programmes are co-financed by the ERDF.

• **Operational Programmes for the Autonomous Regions**: These are applied to Azores and Madeira, and are co-financed by the ERDF and European Social Fund.

• **Operational Programmes for Territorial Cooperation**: Cross-border (Portugal – Spain); Transnational (Atlantic Area, Southwest Europe, Mediterranean, and Madeira – Azores – Canary Islands); and Inter-regional and Inter-regional Cooperation Networks, co-financed by the ERDF.

The **Competitiveness Factors Thematic Operational programme (COMPETE)** is the main national programme covering RTD and innovation activities. It is under the COMPETE programme that key innovation incentive systems are delivered, such as RTD activities ("SI I&DT"), innovation ("SI Inovação"), qualification and internationalisation ("SI Qualificação"), and collective actions ("SIAC"), among others.

The incentives directed towards businesses (e.g. “SI Inovação”, “SI I&DT”, “SI Qualificação”) are managed both at regional and national level. However, in the case of Algarve, due to its status of ERDF “phasing-out” region, these incentives are available only through the regional operational programme.

These incentives available at **Algarve’s Regional Operational Programme** include support to RTD projects promoted by companies that involve industrial research and/or experimental development leading to the improvement or creation of new products, processes or systems. They can be implemented at an individual company level or in a consortium with other companies and entities of the science and technology (S&T) system.

The RTD support incentives also encourage integrated projects ("projectos mobilizadores") that promote the development of capabilities and scientific and technological competencies with high technological content and innovation with significant impacts across different sectors, clusters, and competitiveness and technology centres. “RTD vouchers” are also available, which are available exclusively to SMEs for the acquisition of RTD services from qualified S&T suppliers. Finally, there are dedicated RTD incentives to help SMEs enhance their in-house RTD capabilities either through the creation of RTD units within the company, or by creating RTD centres that are promoted by companies that have already developed structured RTD activities but wish to go further.

Collective RTD projects can also be promoted by business associations following the identification of RTD problems and needs shared by a large number of companies.

The innovation support incentives aim to support investment projects for the production of new goods and services or improvements over the current production process through knowledge transfer; adoption of new or significantly improved processes or new methods for manufacturing and logistics, as well as for new marketing and organisational methods; and expansion of the production capacity in activities of high technological content and/or high international dynamics.

The qualification and internationalisation measure aims to support investment projects promoted by companies, at an individual or consortium level, as well as by public entities and associations working with SMEs in view of innovation, modernisation and internationalisation. The types of activities eligible under this measure are: industrial property protection; introduction of new organisational models, ICT development, redesign and layout improvements; certification in quality systems, management, products and services; capacity building on sales and marketing, trade, marketing, distribution and logistics; and hiring of consulting services in the innovation field through “innovation vouchers”.

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The “Support Scheme for Entities within the National Scientific and Technological System” ("SAESCTN") aims to help S&T organisations enhance their competitiveness and streamline their relationship with other knowledge centres and enterprises both at a national and international level. The SAESCTN is a national level programme and is therefore not available in the ROP Algarve framework.

Collective business development actions are also being promoted under the COMPETE programme. Some incentives apply to initiatives for implementing “collective efficiency strategies” ("EECs") through the support given to the development of clusters or Centres of Competitiveness and Technology (PCTs) at the regional and national levels. As of the beginning of 2011, there were as many as eleven PCTs and eight clusters established.

There are two other relevant innovation-related support measures that are managed exclusively at the regional level:

- The “Knowledge Society and Digital Economy” scheme, which aims to create the conditions for general access to the Internet and for the production of online content;
- The “Promotion and Institutional Capacity Building” scheme, which aims to support the development of strategic partnerships for the implementation of innovative initiatives for territorial development. These initiatives focus on areas such as foresight and planning; provision of information to support development; tourist promotion; promotion of regional products or production sectors; enhancement of heritage, culture and crafts; and support for organisational innovation.

Regarding innovation financing, the “Support Scheme for Innovation Funding and Risk Sharing (SAFPRI)” is also being implemented through the ROP Algarve. SAFPRI supports companies (particularly younger and smaller companies) to develop their innovation and internationalisation strategies through the use of venture capital.

The “Human Potential Operational Programme (POPH)” is implemented at national level within the NSRF (so it is not included in regional operational programme). It supports vocational training schemes related to RTDI activities, namely through “Priority 4” regarding advanced training (e.g. researchers at S&T institutions and businesses) and “Priority 5” concerning support to entrepreneurship. The POPH programme, in conjunction with FCT - Science and Technology Foundation (under the aegis of the Ministry for Education and Science), is also supporting doctoral degree grants in enterprises to stimulate the mobility of researchers between universities and other research entities, and companies. A specific priority of the POPH programme addresses the specific needs of Algarve, including training actions on innovation management and entrepreneurship.

The Operational Programmes for Territorial Cooperation encompass funding opportunities for the Algarve regional players in fields such as innovation and RTD cooperation, science-business consortia, technology transfer, innovation activities in SMEs, financial engineering instruments for innovation etc. The Algarve-based actors are involved in the following operational programmes:

- Atlantic Area Transnational Programme - territorial coverage of this programme includes Portugal’s entire mainland territory; the Atlantic coastal regions of Spain, the United Kingdom and France; and all of Ireland’s territory.
- Southwest European Area Transnational Cooperation Programme (SUDOE) - which includes the whole continental territory of Portugal and Spain, and the NUTS II region of the French Pyrenees.
• **MED Transnational Programme** - this programme aims to build transnational partnerships to enhance regional competitiveness in the Mediterranean area.

• **INTERREG IVC Inter-regional Cooperation Programme** - this programme covers the whole of the European Union.

As well as access to the above European Territorial Cooperation programmes, the Algarve region may also gain some compensation for the loss of funds for science, technology and innovation under ERDF through the greater involvement of businesses and other regional stakeholders in the 7th EU Framework Programme for RTD, as well as in the Competitiveness and Innovation Programme (CIP).

Outside the scope of the NSRF 2007-2013, but also important in this context, is the “Tax Incentive System for R&D activities (SIFIDE)” launched about five years ago by the central government though the Ministry for Economy. This system provides tax breaks for companies willing to invest in research and development activities.

### 3.5 Towards smart specialisation policies

Our interviewees reported that there has been no debate on regional specialisation strategies and there is no evidence that the topic is perceived to be a priority for the region. As mentioned above, the region needs to enhance interactive processes of collective learning among individuals and organisations, with more intensive cooperation between firms and other entities such as the university and its research units, state laboratories, financing institutions, business associations, regional authority and central government agencies. The lack of such intensive interaction may be seen as a barrier to the debate on regional specialisation strategies.

Another relevant issue that may help to understand the situation regarding a hypothetical smart specialisation exercise is the traditional lack of sectoral policies at national and regional levels.

The recent creation and formal recognition by the COMPETE national programme (NSRF 2007-2013) of 11 Competitiveness and Technology Poles (PCTs) (intended to have national coverage) and eight Clusters (more regionally oriented) is a promising step ahead towards the definition of some competitive areas in the country and in the regions. However, none of these PCTs or Clusters is headed by an institution based in Algarve, even if there are regional actors participating in some of these networks (e.g. PCT “Tourism 2015” and the cluster on “Sea Knowledge and Economy”).

In order to strengthen the international competitiveness of its relevant economic sectors, the region would benefit from the development of specialisation strategies, which at the same time tackle the challenges of overcoming the fragmentation of the innovation system and the need to stimulate collaborative efforts between firms within similar business sectors, and between the latter and innovation support organisations. Such strategies should then focus on the development of knowledge intensive activities, connected to the strongest regional economic areas and to the best research developed in the University of Algarve.

Regional specialisation strategies could make sense in a number of areas where the region can be competitive at the national and international levels: tourism (the central sector of the regional economy); agro-food (including agriculture (horticulture, fruit-culture), aquaculture and industrialisation of the primary sector products), creative industries and information and communication technologies (ICT); maritime sciences; and life/health sciences.
Looking at the regional specialisation production profile, the tertiary activities – tourism, real estate and commerce (wholesale and retail) – play a very relevant role. As far as industrial sectors are concerned, construction and agro-industry are worth noting. One may say that a significant part of the regional competitiveness is based on the following sectors:

- **Mature sectors:**
  - tourism and leisure;
  - wholesale and retail;
  - construction;
  - real estate;
  - agriculture, fisheries/aquaculture and agro-food;
  - manufacturing industries (particularly metallurgy, wood processing and cork industry);
- **Emergent sectors:**
  - creative industries (including ICT and software engineering);
  - health technologies and services.

A good correlation between the existing level of scientific expertise and the needs of the various economic sectors has been achieved in the region. This does not necessarily mean that these linkages have been well exploited. The University of Algarve has excellent competencies in research fields such as economic sciences, maritime sciences, health sciences and biotechnology, which could be of great importance for the most important economic activities such as the tourism, commerce, primary sector activities and agro-food, and creative industries. As stated above, the links between the scientific and technological knowledge and the needs of the main businesses in the region could be reinforced through the creation of organisations such as new technology and competence centres operating closer to business activity, and new business incubation areas linked to knowledge centres.

An action that could be considered by the regional authority (Algarve CCDR), together with relevant regional stakeholders in the innovation field, would be the development of a smart specialisation exercise, to allow the knowledge institutions based in the region to focus on research fields where they may be competitive at international research markets and that, at the same time, correspond to the specific needs of the international, national and regional economies.

These research fields could to some extent be connected to knowledge and technological areas in mature industries and services where the region has accumulated relevant experience (or has high potential), such as tourism/leisure, agro-food, health technologies and services, and creative industries.

Looking at the strongest regional RTD areas that could possibly be suitable for providing a good basis for smart specialisation strategies, the following ones could be pointed out:

**Tourism:** The University of Algarve, through the Faculty of Economics, holds significant scientific knowledge to support innovation activities in the tourism and leisure sector. This includes, in the framework of graduate and master degrees, studies on tourism law, tourism organisations management, and tourism resort development and management. Specific doctoral degree studies in tourism are also offered and research activity in the tourism domain is carried out. There is a dedicated R&D centre on tourism and leisure (CIT&L).
**Marine sciences:** The University of Algarve, through the Faculty of Sciences and Technology, is internationally renowned for its competencies in the marine sciences field. Two important R&D centres carry out research in this domain:

- **CCMAR – Centre of Marine Sciences.** This centre has about 200 researchers and together with the R&D centre CIMAR from the University of Porto, have established the CIMAR – Centre of Marine and Environmental Research that is the largest Portuguese R&D organisation in the marine sciences field covering ocean and coastal dynamics; biology and marine biotechnology; ecology, biodiversity and aquatic ecosystems; and aquaculture management.

- **CIMA – Centre for Marine and Environmental Research.** This centre is a multi-disciplinary unit that explores the connections between environments, processes and human populations. The research activity of the centre focuses on marine processes (e.g. transfer phenomena in the ocean, chemical dynamics in the ocean, marine microbial dynamics and foodwebs); marine morphosedimentary processes (e.g. shelf sedimentary dynamics and coastal dynamics); large scale geological processes and their local record; and impacts of environmental change.

**Agro-food industry:** For the agro-food industry (meaning here the production of agricultural products and their industrialisation), the University of Algarve carries out relevant research to help local producers (aquaculture, horticulture, fruit-culture etc) be innovative and competitive. There is more than one R&D centre at the university capable of supporting agricultural and agro-industrial activities in the region. For instance, the Centre for Molecular and Structural Biomedicine (CBME) located at the Faculty of Sciences and Technology covers research fields such as biotechnology and agricultural sciences. Regarding innovation in agriculture, it is also worth noting the role played by the Regional Agriculture Directorate of Algarve (DRAALG) that has helped local producers implement new production techniques, such as irrigation systems, biological agriculture procedures, eco-efficiency, and genetic diversity protection. In the fisheries activity, it is also worth highlighting the contribution of IPIMAR - Portuguese Institute of Sea and Fisheries Research to improve the species, increase fish stocks, and create new products. All these economic activities will have higher growth potential if linkages are forged with the tourism sector (e.g. gastronomy and wine).

**Creative industries:** This encompasses a wide range of economic activities that are concerned with the generation and/or exploitation of creativity, knowledge and information (e.g. advertising, art, crafts, design, fashion, music, performing arts, publishing, software, media etc) and can be supported by numerous departments and R&D centres at the University of Algarve and by other higher education institutions based in the region. This is another field that can establish important synergies with tourism activities.

**Health technologies and sciences:** The Centre for Molecular and Structural Biomedicine (CBME) located at the Faculty of Sciences and Technology of the University of Algarve carries out research in biomedical sciences and university-hospital interactions. The cross-disciplinary expertise gathered by CBME enables the integration of knowledge from molecular, structural and cell biology, biochemistry, biotechnology, genomics, gene targeting and bioinformatics. The integration of medical teams working in hospital environments provides the centre with the necessary clinical research expertise. The work developed by the Centre of Electronics, Optoelectronics and Telecommunications (CEOT, Faculty of Sciences and Technology of the University of Algarve), a research unit working with ICT, optical communication networks, and organic electronics subfields may also be important in this context considering its experience in the development of biosensing and optical medical devices.
Taking into account the critical mass of the region, it would be wise to consider the establishment of collaboration with other neighbouring regions (Andalusia and Alentejo) with the aim of achieving sufficient economies of scale. The current “strategic plan for cooperation” with the above-mentioned neighbouring regions demonstrates that a good dialogue exists between them, which may help to build such synergies.

3.6 Possible future orientations and opportunities

The Algarve region has evolved in a positive direction over the last decade in the field of innovation. The measures that have been implemented at national and regional levels have allowed the region to achieve better results in aspects such as business innovation activities, population with tertiary education, and innovative entrepreneurship, among others. The research carried out in the University of Algarve match the needs of regional economic actors in a number of scientific fields and has created good potential for increasing innovation and competitiveness. A number of regional initiatives (e.g. Regional Plan for Innovation and Regional Development Strategy 2007-2013) have provided more suitable conditions for bringing the relevant stakeholders together in order to create a more favourable innovation environment and to discuss the implementation of appropriate measures to foster innovation in businesses.

However, the region is still far from achieving an innovation performance that is compatible with its impressive economic growth in the last 30 years and that is needed to achieve a knowledge-based economy. Shortcomings that need to be overcome include insufficient cooperation among the relevant regional players and particularly between the science and business communities; poor innovation culture among the business community; not enough investments in applied research addressing businesses’ needs; lack of intermediary technological infra-structures working close to local firms; low number of specialised professionals dedicated to innovation activities; lack of incubation infra-structures for innovative businesses; and a still modest number of high-tech firms (besides positive evolution).

In order to strengthen the regional innovation profile and boost the local innovation system, a number of actions could be considered:

- The region seems to need more innovation support organisations. In particular, there would be room for specialised technological organisations acting closer to the regional firms. Such organisations could have links with the main university and the business associations and, considering the relatively small size of the regional market, could develop a flexible profile so as to endeavour to meet the needs of several economic sectors. The long-awaited Algarve science park that would encompass both RTDI organisations and appropriate spaces for innovative business incubation, would indeed be an important step forward to boost an innovation-friendly environment and to allow closer interaction between research groups, intermediary institutions and companies. Due to the unfavourable economic situation of the country and the region, the establishment of such organisations should be considered a priority in order to apply the respective investment in a very selective manner.

- In order to better exploit the knowledge created by the University of Algarve, the role of its technology transfer body – the Algarve Regional Innovation Centre (CRIA) – should be reinforced. This would entail more focused activity by CRIA on the commercialisation of science and technology. The specialisation of CRIA in such activities would help to identify innovation needs in regional firms, as well as to provide RTD services from the university to address these needs.
• When talking about new actors in the region to promote innovation this also means... new innovative companies! This refers to both newly established firms and the attraction of business from other regions and countries (FDI). Concerning the creation of university spin-off companies and other innovative start-ups, a noteworthy job is already being done by CRIA. Nevertheless, more efforts are necessary from other institutions (e.g. business associations). Physical infrastructures for hosting and supporting emergent businesses are lacking. As regards the attraction of foreign businesses, this has happened mainly in the tourism and wholesale fields and to a lesser extent in high- or medium-technology fields. The creation of attractive business hosting areas (e.g. Science Park) could help to catch the interest of foreign firms, as well as firms from other Portuguese regions.

• The stimulation of RTD and innovation activities in existing companies (particularly in the most important regional sectors) seems to be another important challenge for the region. Regarding this particular aspect, Algarve could look at the actions taken by other regions which, facing a similar issue, have implemented a wide range of initiatives in order to help create an environment where innovation is encouraged and becomes a part of individual and organisational culture. Such actions could include creativity and entrepreneurship training actions, communication campaigns at the media, road shows, exhibitions, innovation days, innovation awards, networks of innovation champions, multimedia products etc.

• Engagement and coordination of different regional actors in the preparation and implementation of new actions. It is important to bring the regional players that are part of the innovation support infrastructure subsystem closer together (university, other higher education institutions, regional innovation centre, business associations, financing institutions, training organisations etc), as well as to improve the relations between the actors included in the regional production structure subsystem, which consists mainly of firms. Then, higher interaction between the two subsystems could be considered through, for instance, public-private partnerships, innovation networks or clustering approaches (reinforcing for instance the action of the tourism and the maritime clusters). The creation of new bodies such as steering groups, task forces or an innovation forum could also be considered.

• Establishment of strong leadership throughout the process of preparation, implementation and evaluation of the regional innovation strategies. A clear role could be played by the regional authority (Algarve CCDR), but the involvement of regional leaders (public and private, institutions and individuals) is crucial to help promote strong innovation awareness and ability to mobilise regional groups for innovation activities.

• Benchmarking similar regions at the international level, especially the top tourism regions. Algarve encompasses all the conditions needed to be amongst the best tourism performing regions. While the economic, institutional and historical context is very important, it is possible to learn from other regions. Through strengthened trans-regional cooperation, the region could benefit from the transfer of successful initiatives. The Observation Centre of Regional Dynamics could enlarge its mission and establish comparative analyses to other European regions similar to Algarve. This work should not be limited to statistical comparisons but could also include benchmarks of instruments, measures, policies, best practices etc.
• Support to **internationalisation** in order to strengthen the competitiveness and presence of regional businesses in international markets. Further to the existing measures, the region could consider internationalisation to be part of its strategy to enhance competitiveness, and progressively merge internationalisation and innovation under the same regional supporting mechanisms. It would be important to raise awareness among firms, particularly SMEs, on the need to internationalise and prepare a set of measures to help overcome the barriers to internationalise, including the establishment of synergies among local stakeholders, and the provision of training and information. In the long term, it would be helpful to promote in the Algarve region an environment conducive to increasing the number of international skilled entrepreneurs via the extensive introduction of entrepreneurship in academic curricula.
Appendix A Bibliography


Pimpão, Adriano; Covas, António; Barreira, Ana Paula; Andraz, Jorge; Norte, Nélia; and Mestre, Kristel (2007), “Ex-ante Evaluation of the Algarve Regional Operational Programme 2007-2013”, Faculty of Economics, University of Algarve.


Websites:
Algarve Regional Innovation Centre (CRIA), 2011, official website: http://www.cria.pt/
Appendix B Stakeholders consulted

1. Ms Catarina Cruz, Director, Regional Development Directorate, Algarve Regional Coordination and Development Commission (date of interview: 7 November 2011)

2. Ms Josiane Martins, Head of Unit, Planning Unit, Regional Development Directorate, Algarve Regional Coordination and Development Commission (date of interview: 7 November 2011).


4. Mr Paulo Bota, Enterprise Europe Network - Portugal, Algarve Regional Coordination and Development Commission (date of interview: 7 November 2011).

5. Mr Luis Rodrigues, Project Manager, CRIA - Algarve Regional Innovation Centre, University of Algarve (date of interview: 7 November 2011).

6. Mr Hugo Pinto, Science and Technology Manager, CRIA - Algarve Regional Innovation Centre, University of Algarve (date of interview: 7 November 2011).
Appendix C RIM Repository information
Baseline regional profile

- PORTUGAL
- CONTINENTE
- Region Algarve Region of Portugal
- NUTS Code PT15

Regional Profile

Introduction

The Algarve region is located in the south of Portugal, bordered on the north by the Alentejo region, on the east by the Spanish region of Andalusia, and on the southern and western areas by the Atlantic Ocean. The region is spread over 5,000 km$^2$ and is home to about 430,000 inhabitants, which accounts for 4% of the Portuguese population. Taking into account the GDP per capita (2007) expressed in purchasing power standards (PPS), Algarve has the third highest figure in the country (79.6%), slightly above the Portuguese average (75.6%) (EU 27 average = 100). Recognised world-wide as a holiday destination, Algarve is the main tourist area of the country. The regional economy is mainly based in three key sectors: tourism (accommodation and catering), retail and wholesale, and construction.

Repository

Support measures

- Incentives for RTD activities (SI&DT)
- Knowledge Society and Digital Economy
- Incentives for Innovation Activities (SI Inovação)
- Incentives for Qualification and Internationalisation of SMEs (SI Qualificação)
- Support to innovation financing and risk sharing (SAFPRI)
- Promotion and institutional capacity building

Policy documents

- Algarve Regional Innovation Plan - PRIAlgarve
- Algarve Regional Operational Programme (2007-2013) - “PO Algarve 21”
- Algarve Regional Development Strategy (2007-2013)

Organisations

- University of Algarve
- Regional Innovation Center (CRIA) - University of Algarve
- Algarve Regional Coordination and Development Commission (CCDR-Alg)

Economy
The Algarve region is located in the south of Portugal, bordered on the north by the Alentejo region, on the east by the Spanish region of Andalusia, and on the southern and western areas by the Atlantic Ocean. The region is spread over 5,000 km² and is home to about 430,000 inhabitants, which accounts for 4% of the Portuguese population.

Taking into account the population dynamics, the region is characterised by a rather low population density (86 inh/km²), which is below the national average and among the regions with lowest regional population density in Portugal. In terms of GDP per capita (2007) expressed in purchasing power standards (PPS), Algarve has the third highest figure in the country (79.6%), slightly above the Portuguese average (75.6%) (EU 27 average = 100). Algarve is currently the Portuguese region with the highest unemployment rate (13.6%) (first quarter 2010) and has the third highest labour force productivity in the country, which is also above the national average.

Recognised world-wide as a holiday destination, Algarve is the main tourist area of the country. The regional economy is mainly based in three key sectors: tourism (accommodation and catering), retail and wholesale, and construction. These sectors are Algarve’s central economic activities, considering both the people employed and the income generated. However, the economic activity is not limited to these sectors as industry, agriculture and fisheries are also relevant, although losing relative importance in the regional economy. In contrast, the economic activities that have gradually been increasing importance are real estate, agro-food and biotechnology.

**Research, Development & Innovation**

Algarve has relatively low resources and investment in Research and Development (R&D) activities when compared to other Portuguese regions. The region has a total of 58 R&D units (2007), which accounts for just about 2% of the total number of RTD units in Portugal. The region has also lower number of PhDs in Science in Technological areas when compared to other Portuguese regions, and has the second lowest average expenditure in RTD activities per RTD unit.

The regional GERD - gross expenditure in Research and Development (R&D) - activities represents about 1% of the total GERD activities in the country. The Higher Education Institutions are the main players regarding RTD activities in the region and are responsible for more than 2/3 of the R&D expenditure in the region. In fact, 76% of the expenditure in R&D corresponds to Higher Education Institutions activities; 20% to business activities; 3% to the national government; and 1% to private non profit institutions.

Within the regional business fabric, RTDI activities are primarily found in sectors such as trade, catering and housing and construction. The indicators available point mainly to incremental innovations in processes or management, being product innovation of minor relevance.

The regional RTDI competencies, are associated to the specific indigenous
resources available, which reflect good opportunities for the development of RTD activities in the region, namely:

- **Agriculture and agro-food, aquaculture and biotechnology sectors:** production of agricultural food products, fruit and vegetable products and the agro-biological cultures. Also the recovery of specific productions with tradition in the region (cork, sea salt, shellfish and bivalves) and of regional products (e.g. dried fruit, regional sweets, honey, liqueurs etc).
- **Construction sector:** operating, maintaining and managing systems of environmental protection and renewable energy.
- **Wholesale and retail trade:** enhancement of e-commerce.
- **Tourism sector:** diversification of products taking into consideration the global trends such as: activities related to sports, including golf, senior leisure and health components are emerging areas.
- **Health sector:** due to the existing competencies and the potential for developing research in the regional health system.

**Governance**

Portugal is not a regionalised country, except for the autonomous regions of the Azores and Madeira. For the five continental regions there are members of the central government with responsibility for regional development and there are regional administrations. These regional administrations are performed by the Regional Coordination and Development Committees - CCDRs, which are decentralised bodies of central government with administrative and financial autonomy.

The Algarve Regional Coordination and Development Commission (CCDR-Alg) is to implement governmental policies with regard to Regional Planning and Development, Environment, Land Management, Inter-Regional and Cross-Border Cooperation. Although some RTDI initiatives have a regional dimension and may be delivered regionally, research and innovation policies are defined at a national level and not on a regional basis. The CCDRs also now act as Regional Dynamic Observation Centres, which aim at carrying out strategic analysis on economic and social development, and monitoring the implementation of public policies in the respective regions, in particular those that are subject to EC co-financing.

From 2005 to 2006, the CCDR-Alg devised a regional development strategy, which resulted in a structured analysis of the region and a proposal of measures for regional development. Its results provided a basis for preparing the Algarve Regional Operational Programme 2007-2013 ("PO Algarve 21") (€175m, exclusively through ERDF funding), which is part of the NSRF - National Strategic Reference Framework (2007-2013) (€20.2b).

Due to budget limitation, the "PO Algarve 21" programme focuses its support on rather specific actions, in order to ensure stronger impact in factors considered crucial to the competitiveness of the region. The "PO Algarve 21" is structured around the following four priority axis:
- Axis 1 - Competitiveness, innovation and knowledge.
- Axis 2 - Environmental protection and development.
- Axis 3 - Exploitation of territorial and urban development.
- Axis 4 - Technical Assistance to "PO Algarve 21".

The budget dedicated by the "PO Algarve 21" programme to the priority axis on "competitiveness, innovation and knowledge" amounts to approximately 53% of its total budget.

Policy

A strategic thinking exercise for the Algarve region was carried out during the period 2005-2006 for the development of a regional development strategy for the period 2007-2013. Apart from establishing a long-term vision for the Algarve region, the regional development strategy was also useful to pave the way for the new Regional Operational Programme 2007-2013 "PO Algarve 21", namely by identifying priorities and respective action lines. Knowledge and innovation were recognised as a key factors to promote regional competitiveness in European and global contexts. The Algarve Regional Innovation Plan plan presents four areas for strategic intervention, namely the focus on:

- Upstream innovation processes and the generation of the critical mass of infrastructures and funding necessary, which provides the conditions for the creation and development of innovative companies.
- Promoting direct relationship with businesses, including the incentives to launch innovative investment projects and internationalisation of business.
- Building skills in advanced high-tech fields for renewal of the pattern of specialization of the region. Also support the employment of qualified jobs with emphasis on scientific jobs.
- Establishing strategic national and international cooperation networks.

The overall innovation policy mix has improved and includes measures, among other, related with incentives for RTD activities, internationalisation and innovation of enterprises, promotion of digital economy and knowledge society, development of industrial and technological science parks, financial instruments to support entrepreneurship, as well as, the support to collective efficiency strategies projects. In 2009, following a competitive national call for proposals, the list of approved Clusters and Centres of Competitiveness and Technology (equivalent to the "French Pôles de Compétitivité") within the framework of the Collective Efficiency Strategies of the NSRF (2007-2013) were published. In the framework of these initiatives, the cluster relevant to the Algarve region is for instance the one named "Knowledge and economy of the sea". The centres of competitiveness and technology that are of relevance to the region are, among other, the ones specialised in the tourism sector, energy, health and agro-industry.

Support measure
Support Measure

Title of measure
Incentives for RTD activities (SI&DT)

Full title
Sistema de Incentivos à Investigaçao e Desenvolvimento Tecnologico nas Empresas (SI I&DT)

Duration
From: 2007
To: 2013

Policy objectives

- 2.2.3. R&D cooperation
- 2.3.1. Direct support of business R&D (grants and loans)
- 4.2.3. Support to technology transfer between firms

Presentation of the measure

The Algarve region has given over the past decade an increased importance to the development of a knowledge economy, reinforcing investment in research and technological development (RTD) activities. However, the region still presents some disadvantages in terms of the RTD and innovation activities in comparison to other European regions which in part could be explained from an over-specialisation in activities with low demand for innovation; a strong focus on economic activities related with the tourism sector; and the fact that the growth of public funding has led to the expansion of R&D activities in RTD centres that have not always been oriented to economic valorisation. There has been a lack of coordination between demand and supply of RTD in the region (except in the tourism sector), although the University of Algarve has research centres with the potential to establish linkages in other business areas related, for instance, with marine sciences, intelligent systems, health sciences and biotechnology. The measure is therefore aimed to strengthen RTD in businesses, as well as the relationship between companies and knowledge centres, accelerating the transfer of RTD results to companies. The measure also aims at supporting
activities in companies related to training and capacity building of internal RTD competencies by promoting the creation of internal research units or supporting existing ones.

The main objectives of this measure are to:

- Stimulate RTD activities in companies.
- Promote RTD projects between companies and entities of the scientific and technological system.
- Create new knowledge to enhance companies’ competitiveness.
- Encourage demonstration, technological experimentation, dissemination and technology transfer to the business sector.

This measure aims to promote the development of RTD and demonstration projects at an individual or consortium level of projects led by companies or business associations (representing the interests and needs of a large number of enterprises).

The beneficiaries of the measure are: enterprises; entities of the scientific and technological system; and business associations (in the case of collective RTD projects).

**Keywords**

- Science-industry cooperation

**Budget, source and type of funding**

**Currency:** EUR

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**Form of funding provided**

- Grants
- Other

**Policy learning**

**Extent to which the measure can be considered as a success and worthy of policy learning**

It is too early to judge the success of the measure (e.g. results of first call for proposals still not known).

**Evaluation report links**
2007, Ex-ante evaluation of the NSRF (2007-2013)

Evidence of outcomes based on evaluation and other evidence

One of the positive factors that favours the implementation of the measure is the high-quality of the scientific and technological base available in the region, namely in universities, RTD centres and technological centres.

As a negative factor impacting on the measure success, it must be pointed out the external constraints induced by the global financial and economic crisis, which may have slowed down businesses' participation.

The amount of information required for administrative and financial reports (both at the project application and project implementation phase) may also discourage SMEs to apply to the measure.

Do's and Don'ts

There is a need to ensure the implementation of a set of complementary policies in order to guarantee that supported activities could be covered along the whole "supply-chain" (from fundamental research until RTD commercialisation, including funding of more broader innovation related activities). An effective programme management and interaction with beneficiaries is needed, namely by simplifying procedures related to reporting and costs claim approval and reimbursement. The distribution of pre-financing at the beginning of the contract is very important for the smooth progress of the funded projects. Timeframe between proposal submission and contract commencement, should be as short as possible.

This measure is recommended as an example of regional good practice to policy-makers from other regions:

Yes

Organisation(s) responsible

- Algarve Regional Coordination and Development Commission (CCDR-Alg)
- National Innovation Agency, SA (Adi)
- Institute to Support Small and Medium Sized companies (IAPMEI)

Support measure
Support Measure

Title of measure

Knowledge Society and Digital Economy

Full title

Economia Digital e Sociedade do Conhecimento

Duration

From: 2007
To: 2013

Policy objectives

1.3.3. Other horizontal policies

Presentation of the measure

The impact of the Internet in society has achieved significant aspects and unprecedented personal and social development in areas such as education, communication, economy and labour market, and even the new information industries. Furthermore, it is widely recognised that it is necessary to develop a knowledge society accessible to all citizens. This measure aims to create the conditions for the general access to the Internet and for the production of online content to enable the achievement of the objectives defined under the national public policies for the areas of a knowledge and information society contributing to the competitiveness of the Algarve region.

The following types of projects can be supported under this measure:

- projects to increase awareness, mass distribution and promotion of the use of Broadband Internet access in public spaces;
- projects in terms of content and platforms for mass distribution and promotion of High Broadband Internet Speed in establishments of education and training within the Technological Plan for Education;
- projects aimed at integrating ICT in the teaching and learning processes within the Technological Plan for Education;
- projects for promoting digital literacy, especially those projects based on close relationships with e-excluded groups;
projects for the growth of new services of a community character;
projects for the creation and digitization of thematic contents and content
development and scientific applications, educational and cultural;
projects to develop content and applications aimed at improving processes
and internal efficiency;
projects for creating and developing content and applications targeted at
people with special needs.

The beneficiaries of the measure are:

• The bodies of the Central Public Administration;
• The bodies of the Local Public Administration and their
associations; Metropolitan areas;
• Public municipal companies, metropolitan, inter-municipal and municipal
services;
• Public and private non-profit institutions that promote or develop
educational, social, cultural, scientific or technological activities;
• Agencies or national, regional and local consortia composed mostly by public
capital.

Keywords

• Information and communication technologies

Budget, source and type of funding

Currency: EUR

Source of funding  2010  2011  2012  2013
National public funds 337,800
Regional public funds
EU Structural funds  337,800 687,400 687,400 687,400
Private funds
Other
Form of funding provided

• Grants

Policy learning

Extent to which the measure can be considered as a success and
worthy of policy learning

It is too early to judge the success of the measure (e.g. results of first call for
proposals still not known).

Evidence of outcomes based on evaluation and other evidence
So far, the results of the measure in terms of submitted application forms have been positive. During one of the calls, there was a joint proposal of 16 Municipalities through the Association of these municipalities. This project was related to an intervention within the Technological Plan for Education. This proposal was seen as a good practice as it involved a concerted action and only one proposal (instead of 16 individual proposals).

Until the end of 2009, 19 projects were approved within this measure, which is well within the initial quantitative targets of financing just about 54 projects until the end of 2013.

**Do's and Don'ts**

Since this is a measure primarily targeted to public bodies, regional stakeholders should try to develop concerted actions as the one mentioned, involving for instance a reasonable number of municipalities and/or other public bodies as a way of achieving a greater impact of the initiative and measure.

**This measure is recommended as an example of regional good practice to policy-makers from other regions:**

Yes

Organisation(s) responsible
- Algarve Regional Coordination and Development Commission (CCDR-Alg)

**Support measure**

- PORTUGAL
- CONTINENTE
- Region Algarve
- NUTS Code PT15

**Support Measure**

Title of measure
Incentives for Innovation Activities (SI Inovação)

Full title
Sistema de Incentivos à Inovação (SI Inovação)

Duration

From: 2007
To: 2013

Policy objectives

- 4.3.1. Support to innovative start ups incl Gazelles
- 4.2.1. Support to innovation management and advisory services
- 4.2.2. Support to organisational innovation incl e-business
- 4.2.3. Support to technology transfer between firms

Presentation of the measure

When analysing the economic fabric of the region, one can observe a diminished pace of innovation, even in core sectors such as trade, catering, accommodation and construction, where few of the indicators available point mainly to innovations of incremental nature in processes or in management, assuming product innovation clearly less importance. This culture of innovation and enhancement of quality is the key to the competitiveness of the region in a globalised world. The current stage of development of the regional economy and its integration into an international competitive market, makes it crucial to launch incentives aiming to increase business productivity and competitiveness. This can be achieved by supporting business strategies based on innovation, and through the production of new goods, services and processes. The stimulation of entrepreneurship in new areas with growth potential is also a target of this measure. The measure supports the following types of projects and activities:

- Production of new goods and services or significant improvements over the current production process through knowledge transfer.
- Adoption of new or significantly improved processes or new methods for manufacturing and logistics, as well as for new marketing and organisational methods.
- Expansion of the production capacity in activities of high technological content and/ or high international dynamics.
- Creation of businesses endowed with skilled resources or that are active in sectors with strong dynamic growth.
- Introduction of improved technologies with relevant impact on the productivity, product, exports, employment, industrial safety or energy efficiency and environmental sustainability.
- Support businesses existing for less than 3 years endowed with skilled resources or that are active in sectors with strong dynamic growth.

The beneficiaries of the measure are companies, which could develop a project at an individual level or at a consortium level. The measure also promotes women entrepreneurship and young entrepreneurship. Applications submitted by companies promoted by women or people under 35 years old, have additional weight during the evaluation of the proposals.
Keywords

- Innovation support services
- Entrepreneurship

Budget, source and type of funding

Currency: EUR

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Form of funding provided

- Grants

Policy learning

Extent to which the measure can be considered as a success and worthy of policy learning

It is too early to judge the success of the measure (e.g. results of first call for proposals still not known).

Evaluation report links


Evidence of outcomes based on evaluation and other evidence

As a negative factor impacting on the measure success, it must be pointed out the external constraints induced by the global financial and economic crisis, which may have slowed down businesses’ participation. The amount of information required for administrative and financial (both at the project application and project implementation phase) reports may also discourage companies to apply to the measure.

Do's and Don'ts
The delivery of large number of communication actions and events is important to make the measure known to potential stakeholders.

This measure is recommended as an example of regional good practice to policy-makers from other regions:

Yes

Organisation(s) responsible

- **Turismo de Portugal, I.P.**
- **Algarve Regional Coordination and Development Commission (CCDR-Alg)**
- **aicep Portugal Global (AICEP)**
- **Institute to Support Small and Medium Sized companies (IAPMEI)**

Support measure

- **PORTUGAL**
- **CONTINENTE**
- Region Algarve
- NUTS Code PT15

Support Measure

Title of measure

Incentives for Qualification and Internationalisation of SMEs (SI Qualificação)

Full title

Sistema de Incentivos à Qualificação e Internacionalização de PME (SI Qualificação)

Duration

From: 2007
To: 2013

Policy objectives

- 5.3.2. Consultancy and financial incentives to the use of IPR
- 2.3.1. Direct support of business R&D (grants and loans)
- 4.2.1. Support to innovation management and advisory services
- 4.2.2. Support to organisational innovation incl e-business
**Presentation of the measure**

Although some of the regional larger companies, which represent a small part of the regional fabric, present behaviours that are more open to changes, the majority of entrepreneurs (e.g. micro and small and medium sized companies) in the region prove to be little disposed to assume the risks of innovation. This culture of innovation and enhancement of quality is the key to the competitiveness of the region in a globalised world, so it is crucial to launch incentives aiming to increase business productivity and competitiveness. In addition, the internationalisation of companies in the region is a major strategic priority particularly the encouragement of exports of goods and services. The objectives of this measure are to promote business competitiveness through increased productivity and active presence of SMEs in the global markets (internationalisation). The measure aims at supporting investment projects promoted by companies, at an individual or consortium level, as well as by public entities and associations working with SMEs, in view of innovation, modernisation and internationalisation through the use of dynamic factors of competitiveness. The types of activities eligible under this measure are:

- Industrial Property protection.
- Introduction of new organisational models, ICT development, redesign and layout improvements.
- Certification in quality systems, management, products and services.
- Hiring of consulting services in the innovation field.
- Enhancement of energy efficiency through the use of renewable resources.
- Enhancement of investments in emission controls, waste management, noise reduction, and introduction of eco-efficient technologies.
- Capacity building on sales and marketing, on trade, marketing, distribution and logistics.
- Internationalisation, development and promotion of international brands and exploitation of the presence in international markets (including studies and presence in international fairs).

The beneficiaries of the measure can be SMEs and public entities with specific expertise in public policies for SMEs.

**Keywords**

- Small and medium-sized enterprises

**Budget, source and type of funding**

Currency: **EUR**

<table>
<thead>
<tr>
<th>Source of funding</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>National public funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional public funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU Structural funds</td>
<td>700,556</td>
<td>995,507</td>
<td>847,436</td>
</tr>
</tbody>
</table>
Private funds 979,471,174,999,984,196
Other

Form of funding provided
- Grants
- Other

Policy learning

**Extent to which the measure can be considered as a success and worthy of policy learning**

It is too early to judge the success of the measure (e.g. results of first call for proposals still not known).

**Evaluation report links**

- [2007, Ex-ante Evaluation of the NSRF (2007-2008)]

**Evidence of outcomes based on evaluation and other evidence**

As a negative factor impacting on the measure success, it must be pointed out the external constraints induced by the global financial and economic crisis, which may have slowed down businesses' participation.

The amount of information required for administrative and financial (both at the project application and project implementation phase) reports may also discourage SMEs to apply to the measure.

**Do's and Don'ts**

There is a need to ensure the implementation of a set of complementary policies in order to guarantee that supported activities could be covered along the whole "supply-chain" (from RTD projects to broader innovation strategic related activities). An effective programme management and interaction with beneficiaries is needed, namely by simplifying procedures related to reporting and costs claim approval.

The distribution of pre-financing at the beginning of the contract is also very important for the smooth progress of the funded projects. There is a need to have large number of communication actions and events on the measure, to make it known to potential stakeholders.
This measure is recommended as an example of regional good practice to policy-makers from other regions:

Yes

Organisation(s) responsible

- Algarve Regional Coordination and Development Commission (CCDR-Alg)
- Aicep Portugal Global (AICEP)
- Institute to Support Small and Medium Sized companies (IAPMEI)

Support measure

- PORTUGAL
- CONTINENTE
- Region Algarve
- NUTS Code PT15

Support Measure

Title of measure

Support to innovation financing and risk sharing (SAFPRI)

Full title

Sistema de Apoio ao Financiamento e Partilha de Risco da Inovação (SAFPRI)

Duration

From: 2008
To: 2013

Policy objectives

- 4.3.1. Support to innovative start ups incl Gazelles
- 4.3.2. Support risk capital

Presentation of the measure

The SAFPRI measure is being implemented through the Finova programme - Support Fund to Finance Innovation, which was created by Decree-Law No 175/2008 of 26 August, as a privileged instrument for achieving the objectives of the SAFPRI measure (Finance Support and Sharing risk). This program was established under
the National Strategic Reference Framework (NSRF), whose donors are the Competitiveness Factors Operational Programme (COMPETE) and the Regional Operational Programmes of Lisbon and the Algarve regions. The Finova is an autonomous fund devoted to financing companies and projects of innovative nature.

The SAFPRI measure aims to help companies (particularly younger and smaller companies) develop their innovation and internationalisation strategies. It also aims to boost the creation and dissemination of financial instruments that provide better conditions to support business investment projects bearing in mind the following objectives:

- Encourage the involvement of venture capital in supporting SMEs.
- Strengthen the mutual guarantee system and promote the enlargement of the assistance to businesses and projects that by their risky and innovative nature have greater difficulties in obtaining bank financing.
- Promote contracts with the financial system to facilitate access to finance by SMEs.
- Encourage entrepreneurship by ensuring equity for initiatives of higher risk.
- Increase young and female entrepreneurship.

The beneficiaries of this measure are for instance: Public institutions providing support to SMEs, Business angels and Venture capitalists. The SMEs receiving support via the measure will be the final beneficiaries.

**Keywords**

- Entrepreneurship

**Budget, source and type of funding**

**Currency:** EUR

**Source of funding**

<table>
<thead>
<tr>
<th>Year</th>
<th>National public funds</th>
<th>Regional public funds</th>
<th>EU Structural funds</th>
<th>Private funds</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2,794,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>7,115,333</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>7,115,333</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>7,115,333</td>
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</tr>
</tbody>
</table>

**Form of funding provided**

- Grants
- Venture capital (including subordinated loans)
- Other

**Policy learning**

**Extent to which the measure can be considered as a success and worthy of policy learning**
It is too early to judge the success of the measure (e.g. results of first call for proposals still not known).

**Evaluation report links**

- [2007, Ex-ante evaluation of the NSRF (2009-2013)](#)

**Evidence of outcomes based on evaluation and other evidence**

A positive factor is the existence of a good S&T base in the region and a sound portfolio of S&T based companies with potential to be supported. As a negative factor impacting on the measure success, it must be pointed out the external constraints induced by the global financial and economic crisis, which may have slowed down businesses' participation.

**Do's and Don'ts**

For the measure to be effective, the region needs to have established a rather solid cooperation among a wide number of regional actors (e.g. financial authorities, intermediary organisations and public institutes supporting SMEs). A firm commitment of the political level is of crucial importance.

An effective programme management and interaction with beneficiaries is needed, namely by simplifying procedures related to reporting and costs claim approval. Timeframe between proposal submission and contract start should be as short as possible.

**This measure is recommended as an example of regional good practice to policy-makers from other regions:**

Yes

**Organisation(s) responsible**

- [Algarve Regional Coordination and Development Commission (CCDR-Alg)](#)
- [Institute to Support Small and Medium Sized companies (IAPMEI)](#)

**Support measure**

- [PORTUGAL](#)
- [CONTINENTE](#)
- Region Algarve
Support Measure

Title of measure
Promotion and institutional capacity building

Full title
Promoção e capacitação institucional

Duration
From: 2007
To: 2013

Policy objectives
- 1.3.3. Other horizontal policies

Presentation of the measure

The measure aims to support innovative initiatives of high demonstration effect related to the promotion and training of key regional institutions allowing for a better implementation of their activities such as studies and research, provision of information, socio-economic promotion of the region and its products and inter-institutional and inter-regional cooperation, as well as the promotion at regional level of available national and community funding instruments.

The projects that are eligible for funding under this measure are the ones that involve the preparation of strategic partnerships for the implementation of innovative initiatives for territorial development and the promotion of projects of innovative high demonstration effect. These initiatives could focus on areas such as foresight and planning; provision of information to support development; tourist promotion; promotion of regional products or production sectors; enhancement of heritage, culture and crafts; promotion and enhancement of schools and educational qualifications as drivers of regional development; actions that promote the interface between schools and local actors such as business, management institutions of cultural and leisure activities; external cooperation and promotion; exploitation of natural resources and environmental awareness; regional promotion and content production; and support for organisational innovation.

The beneficiaries of the measure can be:
- Municipalities, Associations of Municipalities and Metropolitan Areas;
- Municipal public enterprises;
Regional Development Agencies; Other public entities; Other legal persons and private non-profit, as well as other public and private entities.

**Keywords**

- Service
- Budget, source and type of funding

Currency: EUR

<table>
<thead>
<tr>
<th>Source of funding</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td>National public funds</td>
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<td>EU Structural funds</td>
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<td>991,130</td>
<td>7,602</td>
<td>298,793</td>
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<td>Private funds</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>20,577</td>
<td>100,118</td>
<td>2,534</td>
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</table>

Form of funding provided

- Grants

**Policy learning**

**Extent to which the measure can be considered as a success and worthy of policy learning**

It is too early to judge the success of the measure (e.g. results of first call for proposals still not known).

**Evidence of outcomes based on evaluation and other evidence**

Until the end of 2009, there were only two calls for proposals and the information on the outcomes of the measure are still not available.

**Do's and Don'ts**

These actions only make sense if they ensure broad access of S&T results to society, showing benefits acquired through S&T, as well as access to the expertise and knowledge that exists in the region/country.

These actions are effective if aiming at fostering the sharing of information and experiences between institutions of a region/country, thereby promoting the creation of new networks and strengthening existing ones.
Training programmes for the agents that are to disseminate and popularise science and technology, such as journalists, museum staff, cultural intermediaries etc, should be considered in such a measure.

An effective programme management and interaction with beneficiaries is needed, namely by simplifying procedures related to reporting and costs claim approval. The distribution of pre-financing at the beginning of the contract is very important for the smooth progress of the funded projects. Timeframe between proposal submission and contract start should be as short as possible.

This measure is recommended as an example of regional good practice to policy-makers from other regions:

Yes

Organisation(s) responsible

- Algarve Regional Coordination and Development Commission (CCDR-Alg)
- Institute to Support Small and Medium Sized companies (IAPMEI)

Policy document

- PORTUGAL
- CONTINENTE
- Region Algarve
- NUTS Code PT15
The Regional Plan for Innovation of the Algarve region (PRIAlgarve) describes the strategic direction that the region should follow in terms of innovation activities. It presents a structure of cross-cutting programs and possible funding sources to act on key issues for regional innovation. Moreover, it presents a comprehensive set of proposals for sectoral actions to be stimulated by public-private partnerships. The plan presents four areas for strategic intervention:

- Focus on upstream innovation processes and on the generation of the critical mass of infrastructures and funding necessary that could provide the conditions for the creation and development of innovative companies.
- Focus on the direct relationship with businesses, including the incentives to launch innovative projects, establishment of new investment projects and internationalisation.
- Focus on building skills in advanced high-tech fields for renewal of the pattern of specialization of the region. Also support the employment of qualified jobs with emphasis on scientific jobs.
- Focus on the establishment of strategic national and international cooperation networks.

Year of publication

2007

Link to website

Link: http://www.cria.pt/cria/admin/app/CRIA/uploads/prialgarve_1m ...

Policy document

- PORTUGAL
- CONTINENTE
- Region Algarve
- NUTS Code PT15

Policy Document

Algarve Regional Operational Programme (2007-2013)- “PO Algarve 21”
Organisation responsible

Algarve Regional Coordination and Development Commission (CCDR-Alg)

Content

The Algarve region has its specific Regional Operational Programme Programme that is called "PO Algarve 21". This programme is an instrument of the NSRF - National Strategic Reference Framework (2007-2013). The Algarve Regional Operational Programme 2007-2013 seeks to answer to the central challenges identified in the framework of the Regional Development Strategy. Due to funding limitation (exclusively through the ERDF), the Algarve Regional Operational Programme "PO Algarve 21" focuses its support on specific actions, in order to ensure stronger impact in factors considered crucial to increase the competitiveness of the region. Therefore, the priorities established under the programme are directly connected to three specific objectives set in the framework of the Regional Development Strategy:

1 - Competitiveness, innovation and knowledge.
2 - Environmental protection and development.
3 - Exploitation of territorial and urban development

Priority 1 - Competitiveness, innovation and knowledge - has the majority of the budget allocated in the regional programme, which is equal to approximately 55% of the total ERDF funding.

Year of publication

2007

Link to website


Policy document

- PORTUGAL
- CONTINENTE
- Region Algarve
- NUTS Code PT15
Policy Document

Algarve Regional Development Strategy (2007-2013)
Estratégia de Desenvolvimento do Algarve (2007-2013)

Organisation responsible

Algarve Regional Coordination and Development Commission (CCDR-Alg)

Content

A strategic thinking exercise was carried out during the period 2005-2006 for the long-term vision and development of a Regional Development Strategy for the period 2007-2013. The regional strategy, promoted by the Algarve Regional Coordination and Development Commission (CCDR-Alg) defined a set of policies and measures to boost regional competitiveness, addressing principally three key topics: competitiveness, innovation and knowledge; environmental protection and development; and exploitation of territorial and urban development. The competitiveness, knowledge and innovation theme was recognised as a key factor to promote regional competitiveness in European and global contexts. In particular, the creation of innovation and knowledge networks and the coordination of activities among the various regional actors, namely universities, research centres, business parks, state agencies, and businesses, was seen of special interest.

Year of publication

2006

Link to website

Link: http://www.ccdr-alg.pt/ccdr/parameters/ccdr-alg/files/File/d ...

Organisation

• PORTUGAL
  CONTINENTE
• Region Algarve
• NUTS Code PT15
University of Algarve
Universidade do Algarve


Reitoria Campus de Gambelas
FARO,
8005-139

Mission

The University of Algarve is a young state university located in the southeastern part of Portugal. It was established in 1979 and over the years the institution has acquired a sound international reputation. The University has witnessed significant growth in terms of its student population, modern facilities and the quality and diversity of programmes/courses it offers.

The University's student population is close to 10 000 and employs over 700 academics. It has three faculties and four schools, offering a range of quality undergraduate and postgraduate courses. It is an important centre for cultural, scientific and technological development, with strong regional, national and international ties, offering students the opportunity to explore various careers.

Activities

Organisation

- PORTUGAL
  CONTINENTE
- Region Algarve
- NUTS Code PT15

Organisation

Regional Innovation Center (CRIA) - University of Algarve
Centro Regional de Inovação do Algarve (CRIA)- Universidade do Algarve


Campus de Gambelas, Pavilhão A5
Faro,
8005-139

Mission

CRIA - Regional Center for Innovation of the Algarve - is the body created at the
University of Algarve to facilitate technology transfer and the creation of an Entrepreneurial Culture in the Academy. CRIA is an interface entity created to promote relations between universities and businesses, support the establishment of new companies (start-ups and spin-offs), to popularize the use of mechanisms of Industrial Property and to promote (outside the university campus), places of agglomeration in thematic technological fields, allowing to valorise the fields of scientific research of the region.

Activities

The activities of CRIA include to promote the:

- Creation of an environment conducive to innovation in the region.
- Creation of an 'innovation culture' in the University.
- Initiatives that will bring together businesses and academia.
- Initiatives to promote projects of applied research and technology transfer.
- Emergence of technology-based enterprises.
- Creation of a network of cooperation with other centers of innovation.
- Creation of channels of cooperation with businesses.

Organisation

- PORTUGAL
  - CONTINENTE
- Region Algarve
- NUTS Code PT15

Algarve Regional Coordination and Development Commission (CCDR-Alg)
Comissão de Coordenação e Desenvolvimento Regional do Algarve (CCDR-Alg)
Praça da Liberdade, 2
Faro,
8000-164

Mission

The Algarve Regional Coordination and Development Commission (CCDR-Alg) is a
decentralised body of the central government. Its mission is to promote the conditions for an integrated and sustainable development of the Algarve Region (NUT II), thereby contributing to the national cohesion. CCDR-Alg, a body which has administrative and financial autonomy, is tasked with coordinating and promoting, in the Portuguese Algarve Region, governmental policies with regard to Regional Planning and Development, Environment, Land Management, Inter-Regional and Cross-Border Cooperation and also support Local Government and Inter-Municipal Associations. The body's fields of intervention also encompasses the management of regional operational programmes financed by European Union (EU) funds, as well as other regional development financing instruments.

Activities

In light of the current legislation, the CCDR-Alg is a peripheral service of central government endowed with administrative and financial autonomy in charge of developing in the Algarve (NUT II) Region of Portugal a set of tasks in the following areas:

- Regional development and strategic planning;
- Environment and nature conservation;
- Management of EU funds;
- Support for local authorities and their associations;
- Coordination of decentralised services of the Central Government.

The main activities of the CCDR-Alg, among others, are to:

- Contribute to define regional development policies, fostering and participating in strategic planning processes of a territorial base and to encourage partnerships between regional actors and the establishment of integrated programmes aimed at territorial cohesion and competitiveness.
- Implement, monitor and evaluate, at regional level, policies related to environment, conservation of nature and territorial planning.
- Ensure the monitoring and evaluation of the instruments for territorial management and guarantee its articulation with the National Programme of Territorial Development.
- Promote inter-regional and trans-regional cooperation and ensure coordination among institutions under direct administration of the state and local authorities, contributing to the integration of the regional territory and the strengthening of its competitiveness, based on sustainable development strategies of regional and local levels.
- Provide technical support to local authorities, municipalities and their associations.
Appendix D  Statistical data

Innovation and Economic Performance Indicators – Algarve (PT15)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Algarve (PT15)</th>
<th>Algarve (PT15)</th>
<th>Algarve (PT15)</th>
<th>EU27</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2000 or around</td>
<td>Previous year</td>
<td>Most recent</td>
<td>Most recent</td>
</tr>
<tr>
<td>GDP per capita (PPP)</td>
<td>16800</td>
<td>21900</td>
<td>21500</td>
<td>25100</td>
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<tr>
<td>Change in GDP per capita</td>
<td>4.20</td>
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<td>3.74</td>
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<td></td>
<td>2000-03</td>
<td>2006-07</td>
<td>2005-08</td>
<td>2005-08</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>4.25</td>
<td>6,275</td>
<td>8,125</td>
<td>6,98</td>
</tr>
<tr>
<td>Change in unemployment rate</td>
<td>-1,25</td>
<td>-0,90</td>
<td>-1,85</td>
<td>-0,30</td>
</tr>
<tr>
<td>Tertiary education</td>
<td>0.07</td>
<td>0.16</td>
<td>0.16</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>2000</td>
<td>2009</td>
<td>2010</td>
<td>2010</td>
</tr>
<tr>
<td>Government R&amp;D expenditure</td>
<td>0.03</td>
<td>0.02</td>
<td>0.01</td>
<td>0.24</td>
</tr>
<tr>
<td>Non-R&amp;D innovation expenditure</td>
<td>0.62</td>
<td>0.62</td>
<td>0.58</td>
<td>0.41</td>
</tr>
<tr>
<td>Patents (per mln population)</td>
<td>1.8</td>
<td>0.8</td>
<td>0.8</td>
<td>115.1</td>
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<tr>
<td>Business R&amp;D expenditure</td>
<td>0.03</td>
<td>0.07</td>
<td>0.06</td>
<td>1.21</td>
</tr>
<tr>
<td>Higher education R&amp;D expenditure</td>
<td>0.23</td>
<td>0.16</td>
<td>0.30</td>
<td>0.44</td>
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</table>

Source: Eurostat and Community Innovation Survey.