

European Cohesion Policy in Portugal

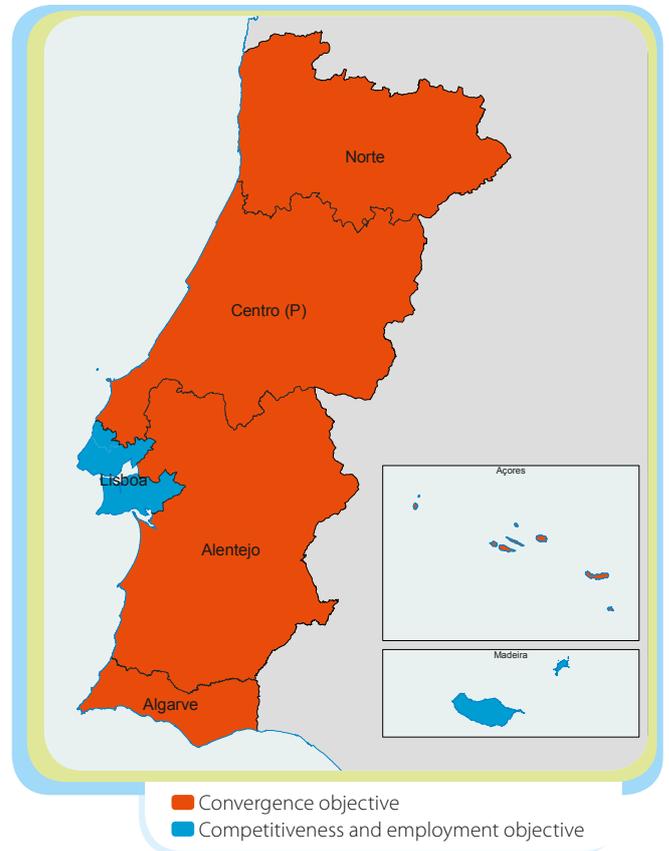
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The European Union (EU) comprises 27 Member States forming a community and single market of 493 million citizens. However, great economic and social disparities still remain among these countries and their 271 regions. European Cohesion Policy is at the centre of the effort to improve the competitive position of the Union as a whole, and its weakest regions in particular.

Through the European Regional Development Fund (ERDF) and the European Social Fund (ESF), otherwise known as the Structural Funds, as well as the Cohesion Fund, it invests in thousands of projects across all of Europe's regions to achieve its primary task: to promote economic and social cohesion by reducing these disparities between Member States and regions. With a budget of **€347 billion** for 2007–13, Cohesion Policy represents the single largest source of financial support at EU level for investment in growth and jobs, designed to enable *all regions* to compete effectively in the internal market.

However, as the challenges facing Europe's regions have changed over time, so too has the policy. Against a background of momentous change in the Union as a result of enlargement and of increasing globalisation, concerns about energy supplies, demographic decline, climate change and more recently, world recession, the policy has evolved, in step, as a key part of the response to meet these new realities.

Cohesion Policy 2007–13



IMPACT AND RESULTS OF COHESION POLICY IN PORTUGAL

- Between 1995 and 2004, Cohesion Policy helped to increase the density of the motorway network in Portugal by 200%.
- Cohesion Policy is also estimated to have curbed the increase in unemployment by between 1.7% and 2.1% in 2004 and between 0.1% and 1.0% in 2006.
- Cohesion Policy has helped to reduce the number of days needed to start a business from 60 to 12.

A SNAPSHOT OF ACHIEVEMENTS

- 200% increase in density of motorway network with the help of the funds
- Helped stem the rise of unemployment

EUROPEAN INVESTMENT IN PORTUGAL – 2007–13

For the 2007–13 programming period, Portugal has been allocated almost **€22 billion** in total under the Convergence¹, Regional Competitiveness and Employment, and European Territorial Cooperation Objectives.

¹ The Convergence Objective concerns regions characterised by low levels of GDP and employment, where GDP per head is less than 75% of the EU average as it stood between 2000 and 2002. It applies to 99 regions representing 35% of the EU-27 population and aims to promote conditions conducive to growth and ones which lead to real-time convergence in the least-developed Member States and regions. The Regional Competitiveness and Employment Objective is applicable to the rest of the EU, or to 172 regions, representing 65% of the EU-27 population. It aims to enhance the competitiveness and attractiveness of regions, as well as boost their employment levels. It should be noted that the rural development and fisheries policy are separate and do not form part of this brochure.



Portugal has 14 programmes: three thematic programmes ('Factors of Competitiveness', 'Human Potential' and 'Territorial Development'), nine regional programmes and two 'technical assistance' programmes. Nine of the programmes are financed by the ERDF, four by the ESF and one by the ERDF and the Cohesion Fund.

For the 2007-13 period, the North, Centre, Alentejo, Azores and Algarve regions are eligible under the Convergence Objective. Both Madeira and Lisbon fall under the Regional Competitiveness and Employment Objective.

FUNDS FOR PORTUGAL IN BILLION € 2007-13

Objective	Fund	EU	National Public	National Private	Total
Convergence	CF	3.1	1.3	-	4.4
	ERDF	11.2	3.4	3.4	18
	ESF	6.2	2.5	-	8.7
Total Convergence		20.5			
Regional Competitiveness and Employment	ERDF	0.6	0.3	0.2	1.1
	ESF	0.3	0.2	-	0.5
Total Regional Competitiveness and Employment		0.9			
Total European Territorial Cooperation*	ERDF	0.1	-	-	0.1
TOTAL		21.5	7.7	3.6	32.8

Figures have been rounded up

* Each Territorial Cooperation programme includes a minimum of 15% co-financing from each participating Member State.

DELIVERING THE LISBON STRATEGY FOR GROWTH AND JOBS

The relaunch of the Union's Lisbon Strategy in 2005 aimed to bolster the competitive position of EU regions in the world economy by placing growth, jobs and competitiveness at the top of the Union's agenda. For the 2007-13 period, European Cohesion Policy has attached increasing importance to delivering the so-called 'Lisbon objectives'.

For the 2007-13 period, Portugal has adopted a more strategic approach towards cohesion policy than in previous periods. A significant amount (82%) of Structural and Cohesion Fund contributions will be invested in the Portuguese priorities relating to the Lisbon Strategy of growth, competitiveness and jobs. Acknowledging the importance of promoting human capital along with internationalisation and improved competitiveness and specialisation in the economy, Portugal has defined five national strategic priorities for Community assistance in 2007-13: to develop the skills of Portuguese men and women, to promote sustainable growth, to guarantee social cohesion, to ensure development throughout the Portuguese territories, and to improve the efficiency of governance.

MAIN PRIORITIES OF COHESION POLICY IN PORTUGAL, 2007-13

Portugal plans to spend over €5 billion of Structural Funds (24% of its total Community allocation) on promoting **Research & Development (R&D) and innovation**.

Considerable investments (€452 million) are also planned to reinforce **advanced training in sciences and technologies**, and research and innovation, in an effort to close the scientific and technological gap, a move which is considered a condition for economic and social progress.

Portugal plans to invest €2.8 billion of its Structural Funds in **transport infrastructure and accessibility**. Large investments will be made in trans-European transport network (TEN-T) projects (€1.2 billion), such as high-speed train links (Lisbon-Madrid, Lisbon-Porto), a new airport in Lisbon, a new freight train line Sines-Badajoz, and the development of Sines harbour.

Support for **entrepreneurship**, especially **small and medium-sized enterprises (SMEs)**, will represent €1.5 billion of Structural Funds. It is planned to allocate €100 million to the establishment of a JEREMIE fund (Joint European Resources for Micro to Medium Enterprises) to be managed by the European Investment Fund (EIF). This facility is aimed at improving access to finance for small and medium-sized enterprises (SMEs) and support business creation.

€693 million is to be allocated to **improving information and communication technologies (ICT) infrastructure and services**.

€5.32 billion will be focused on training, education and increasing flexibility labour market. Over €55 million will be set aside to support measures promoting the integration of migrants.

Over €5 billion of Structural Funds is targeted on improving the **environment**, promoting **sustainable growth** and combating **climate change** in Portugal in the 2007-13 period.

THE ESSENTIALS, 2007-13

- Over €5 billion for research and development
- Over €5.3 for training, education and increasing flexibility in the labour market
- Over €5 billion to protect the environment, promote sustainable growth and fight climate change
- €2.8 billion to improve transport infrastructure

■ BUILDING BRIDGES BETWEEN NEIGHBOURS

In Europe today, economic success is often dependent on a region's capacity to develop networks with other regions. Cooperation and sharing experience between regions can be a key trigger in stimulating a dynamic, forward-looking regional development process. The EU has an important role to play in brokering and supporting such partnerships, both between regions within the Union, and with neighbouring regions outside. Thousands of projects developed over many years under the INTERREG initiative have demonstrated the benefits for regions of working in partnership, sharing ideas and charting new and innovative ways of harnessing European investment.

The **European Territorial Cooperation Objective** is financed through the ERDF for the period 2007–13 and supports cross-border, transnational and interregional cooperation programmes

to encourage regions and cities across the EU and further afield to work together and learn from each other.

Portugal participates in five territorial cooperation programmes (ERDF contribution: €90 million): one cross-border cooperation programme and four transnational cooperation programmes. In addition, Portugal takes part in all four interregional cooperation programmes (total budget for all the 27 EU Member States: €443 million)²: INTERACT II, URBACT II, ESPON/ORATE and INTERREG IV C.

² INTERREG IVC promotes exchange of experience and good practices among the regions, URBACT – thematic city networks, INTERACT – support for cooperation programme management organisation, ESPON – an observation network for spatial planning.

■ ASSISTING THE OUTERMOST REGIONS

The EC Treaty and the four communications adopted by the Commission in 2004, 2007 and 2008³ stress the need to recognise the special nature of the outermost regions⁴ and to put in place a genuine European strategy to support them. The 2007-13 Cohesion Policy combines several specific measures to assist the Azores and Madeira (and the other outermost regions):

- Rates of assistance from the Structural Funds (ERDF and ESF) increased to 85%.
- A specific allocation to offset additional costs arising from the handicaps of the outermost regions, representing €65.6 million (6.7% of the total ERDF allocation) for the Azores and €66.3 million (20.6% of the total ERDF allocation) for Madeira.

Portugal

€21.5 billion for
2007–13

Boosting growth, jobs
and competitiveness

■ THE EU ON CALL

The **European Union Solidarity Fund** was created after the floods which hit Central Europe in summer 2002. It grants emergency aid to Member States and acceding countries in the event of a major natural disaster.

In 2003, Portugal suffered damages amounting to €1 228 million following forest fires on the Spanish-Portuguese border and received €48.5 million in aid from the Solidarity Fund.

³ COM(2004) 343 final; COM(2004) 543 final; COM(2007) 507 final; and COM(2008) 642 final.

⁴ The outermost regions (the Azores, Madeira, the Canary Islands and the four French overseas departments) face specific problems listed in the Treaty: remoteness, insularity, small size, difficult topography and climate, and economic dependence on a few products.

Regional Policy on the ground

AMPER CENTRAL SOLAR SA

The 'Amper Central Solar SA' project is located in the city of Moura, in Portugal's Alentejo region. The project aims to install a solar energy plant. The foreseen annual energy production foreseen is 70 GWh. It is planned that, with this investment, CO₂ emissions will be reduced by around 118 kton/year. The project foresees that some 700 direct or indirect jobs will be created during the implementation and operating stages. The total cost of the project is €238 million, with an EU contribution of €12.8 million.

Website: <http://www.amper.pt/>



Using solar energy to fight climate change in Portugal

OPORTO LIGHT SUBWAY SYSTEM

The development of a light rail system for the Metropolitan Area of Oporto was a key importance in the structuring of the metropolitan transport system.

The project involved building 57 km of subway line, renovating 10 stations, and building 37 new surface and 11 underground stations. The subway system has also had an enormous success with users, with around 48 million passengers in 2007, 10 million more than in the previous year (a 24.7% increase).

In June 2008 the Oporto subway system was distinguished with the Light Rail Award/2008 by the International Union of Public Transports (UITP). This scheme was set up to reward the creativity and design of light railway systems worldwide. The integrated approach was stressed, with regard to the way the project was conceived and constructed, based on principles of accessibility, design and information to passengers, as well as its contribution to urban renewal, notably of the historical centre. The system's architecture and design were likewise praised.

The total cost of the project was €821 million, with an EU contribution of nearly €316 million (38.5%).

Website: <http://www.ccdr-n.pt/>



More information

EU Regional Policy

http://ec.europa.eu/regional_policy/

Cohesion Policy in Portugal

http://ec.europa.eu/regional_policy/atlas2007/portugal/index_en.htm

National website

<http://www.qren.pt/>

European Social Fund

<http://ec.europa.eu/social/>