EVALUATION OF THE MAIN ACHIEVEMENTS OF COHESION POLICY PROGRAMMES AND PROJECTS OVER THE LONGER TERM IN 15 SELECTED REGIONS

(FROM 1989-1993 PROGRAMMING PERIOD TO THE PRESENT)

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Case Study Algarve (Portugal)

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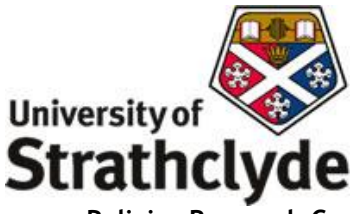

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PREFACE

This report presents the case study for the Algarve Region (Portugal) as part of the study 'Evaluation of the Main Achievements of Cohesion Policy Programmes over the Longer Term in 15 Selected Regions (from 1989-1993 Programming Period to the Present)' coordinated by the European Policies Research Centre and the London School of Economics.

The authors would like to thank everyone who has participated in the study and provided valuable insights, as well as all interviewees, survey respondents, workshop participants and others who facilitated the research by providing information, contacts, data and documents. In particular, we would like to thank and acknowledge the suggestions, comments and logistical support from Eduardo Ferreira, Hugo Pinto, João Pedro Monteiro, Jorge Graça, José Lúcio and Olivério Graça.

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LIST OF ABBREVIATIONS

AIBT – Territory-based Integrated Actions

AIR – Annual Implementation Report

AIP – Portuguese Industrial Association

AGRO – Agriculture and Rural Development Operational Programme

ALGARVE 21 – 2007-2013 Algarve Regional Operational Programme

AMAL – Algarve Municipalities Association

ANJE – National Association of Young Entrepreneurs

APCOR – Portuguese Cork Association

BIC – Business Innovation Centre

CACE – Enterprise Creation Support Centre

CCDR – Regional Development Coordination Committee

CEAL – Algarve Business Confederation

CERA – Algarve Business Council

CIENCIA – Science National Operational Programme

CGD – General Deposits Bank

COMPETE – Competitiveness National Operational Programme

CPINAL – Algarve Centre for the Promotion of Business and Innovation

CRIA – Regional Centre for Innovation of the Algarve

DGDR – Regional Development General Direction

EN – National Road

EP – Roads of Portugal

ETTIRSE – Strategy for Technology Transfer and Innovation in the Southwest Europe Region

FCT – Foundation for Science and Technology

FEE – Energetic Efficiency Fund

FINICIA – Programme to Support Business Initiatives and Economically Sustainable Development Potential

FIR – Final Implementation Report

GAPI – CRIA Industrial Property Office

GAT – Technical Support Offices

IEFP – Public Institute for Employment and Vocational Training

IFDR – Financial Institute for Regional Development

IGFSE – European Social Fund Management Institute

INE – Portuguese National Institute

INOVAlgarve – Regional Programme of Innovative Actions for the Algarve Region

JAE – Autonomous Road Agency

KIMERAA – Knowledge-transfer to Improve the Marine Economy in Regions from the Atlantic Area

MARF – Wholesale Market of Faro

MARE – Fisheries Operational Programme

MSW – Municipal Solid Waste

NERA – Algarve Business Association

NSRF – National Strategic Reference Framework

NUTS – Nomenclature of Territorial Units for Statistics

ODIANA – Baixo Guadiana Enhancement Action

PAMAF – Agriculture Operational Programme

PEDIP – Specific Programme for the Development of Portuguese Industry

PIPITAL – Programme of Tourism Interest Public Investments for Algarve

PNICIAP – Incentives for Productive Activity Operational Programme

POA - Environment and Urban Regeneration Operational Programme

POAP – Public Administration Modernisation Operational Programme

POAT – Accessibility and Transport Operational Programme

POEFDS – Employment, Training and Social Development Operational Programme

POC – Culture Operational Programme

POCI 2010 – Science and Innovation Operational Programme

POMTE – Economic Modernisation Operational Programme

PPDR – Regional Development Potential Promotion Operational Programme

PRAXIS – Knowledge Basis and Innovation Operational Programme

PRESTIGIO – Programme for the Support of the Algarve Interior Areas

PRIAlgarve – Regional Plan for Innovation of the Algarve region

PRIME – Economy Operational Programme

PROA – 1994-1999 Algarve Regional Operational Programme

PROALGARVE – 2000-2006 Algarve Regional Operational Programme

PROCOM – Commerce Modernisation Programme

PRODAC – Accessibility Development Programme

PRODEP – Education Development Programme

PROMAB – Programme to Support Wholesale Markets of Public Interest

PROPESCA – Fishing Operational Programme

PROLOCAL – Integrated Intervention for Development and Economic Diversification in the Algarve Interior Areas

RDP – Regional Development Programme

RIS – Regional Innovation Strategy

RTD – Regional Technology Development

SIFIT – System of Financial Incentives for Investment in Tourism

SIMAB – Society for the Creation of Wholesale Markets

SIPIE – Small Business Initiatives

SIVETUR – Tourism Products of Strategic Interest

SOFIA – Programme for the Emergence and Development of Knowledge and Innovation Networks

UAlg – Algarve University

URBCOM – Incentive Scheme for Urban Commerce Projects

WWTP – Wastewater Treatment Plants

EXECUTIVE SUMMARY

The regional development context

The Algarve is a highly peripheral region, located at the most south-western tip of continental Europe. Overcoming the constraints of its geographical location, the Algarve has become an important tourism destination in recent decades, increasing both its connectivity and significance within the European economy.

Thirty years ago, the region had a low-performance economy, with a per capita GDP (in PPP) of barely 53 percent of the EEC average, and was categorised for Structural Funds (SF) purposes as a 'region whose development is lagging behind'. The region had a weak industrial base, with extremely low levels of investment in innovation and an economy mainly comprising very small firms. Within the region there were considerable internal disparities between the more developed and urbanised coastline and a poor agriculturally-dominated interior, a situation exacerbated by poor internal transport networks making it difficult for the rural population to access urban-based public services. From being one of the least-developed regions in Europe, based on agriculture, fisheries, and traditional agro-food industries, the region grew quickly, as a result of increasing specialisation in tourism, reaching a level of GDP above 75 percent of the EU average, leaving the group of convergence regions under the current 2007-2013 programme. Throughout most of this period unemployment was relatively low and social exclusion has been lower than other parts of Portugal. The regional economy today is mostly based on tourism-related activities, and although this has been the core element in the economic base for most of the study period, its concentration increased substantially. However, this very high specialisation in tourism – the focus of most employment and production - makes the Algarve exceptionally dependent on one sector, which represents a major weakness and potential source of instability.

The relevance of the ERDF programme for the Algarve

Over the period from 1989 to the present, Structural Funds supported-programmes have changed their orientation, from responding to major needs in environmental facilities, structural infrastructures and accessibility during the first programme periods, to focusing on enterprise support and sectoral adjustment in the present programme period. The early investment in infrastructure was aimed at addressing the joint needs of better access to services for the local community (especially in the interior of the region) and facilities for the growing tourist industry. After the basic infrastructure endowment had, in essence, been addressed, other priorities emerged such as urban rehabilitation projects, diversification of the tourism sector (golf, rural, eco, thermal tourism), and other complementary tourism products that would contribute to the development of the interior.

Support for enterprise and structural adjustment has been focused mainly on tourism, but in the present programme period, the strategic approach emphasises the need to diversify the region's economy. Support for both traditional and new sectors (marine, health, ICT), encompasses culture, heritage promotion initiatives, and 'non-material' competitiveness factors (e.g. marketing, design and brands), as well as university-industry collaboration to enhance territorial competitiveness.

The effectiveness of ERDF spending

Throughout the period 1989-2013, the majority of elements of the ERDF and CF programmes in the Algarve achieved good levels of effectiveness in terms of meeting objectives. Where output targets were set these were mainly reached or exceeded and at an aggregate level the region achieved a significant GDP growth rate that led to a change of status to that of phasing-out from convergence.

ERDF and CF programmes on infrastructure and environmental sustainability entailed a mix of strategic investments for quality of life and to underpin the competitiveness of the tourism sector, and were effective in delivering the proposed projects, enhancing transport and water infrastructures and facilities for healthcare and education. The transport infrastructures achieved reductions in travel time across the region, especially from rural areas to urban service centres, and connecting east into Spain. The emphasis of most of these sub-programmes was on delivering physical outputs which then had a broader benefit for the region.

Support for enterprise, structural adjustment and innovation was more varied in its effectiveness. Aspects of the programmes that targeted the tourist industry performed well and contributed to growth in the sector, but initiatives aimed at diversification away from tourism and fostering innovation in industry were less effective, and low levels of expenditure on innovation meant that a comprehensive innovation support system was not developed.

Complementarities and Synergies

In general terms, throughout the whole period of Cohesion Policy intervention in Portugal, there has never been a high degree of complementarity among funds, as regions were mainly planning frameworks. As a consequence, most programmes were designed by the Central Administration and implementation mainly consisted of the division of tasks, with different funds falling under different ministries. There was difficulty in coordinating the management of the various funds across different ministries. In general, programmes were not designed to maximise the benefits of integration between the different Structural Funds.

However there were some noteworthy cases of complementarities and synergies, between the Cohesion Fund and the ERDF in environmental sustainability (Ria Formosa Natural Park) and transport infrastructures (Algarve railway network modernisation).

The utility of ERDF programmes

One can identify programme utility in six main areas: (i) accessibility investments reduced the socio-economic cost of road and rail accidents; (ii) natural parks and reserve areas conservation led to landscape improvement; (iii) regional identity was strengthened and the knowledge of its History improved through the rehabilitation of virtually all urban centres and historical sites; (iv) in the rural areas, the SF stimulus diversified its economic basis, giving new life to traditional products and services. This led to important social and cultural transformation in rural communities, including a more open social attitude towards entrepreneurship and innovation; (v) - the creation of the Algarve University and the increase in the human capital in the region led to important spin-offs such as the emergence of new companies in high-tech sectors (marine biotechnology, personalized naval building or technological marketing); (vi) the progressive qualification of the

territory in infrastructures allowed the mobilisation of SF to other priorities, such as entrepreneurship, innovation or knowledge society development.

What learning has taken place?

One major lesson learnt by the Algarve, over the whole period 1989-2013, was the joint impact that environmental sustainability and transport infrastructures have on a peripheral and tourism-dominated economy. Environmental sustainability projects were crucial to endow the region with the necessary conditions to support the large number of tourists that during the summer increase by four the demographic density of the Algarve. Accessibility was equally critical. Major tourism markets had to be provided with quality and time-saving infrastructures. The peripheral location of the Algarve called for a particular focus on this subject, taking into account the low starting level of endowment in this matter and the increasing competition from other EU tourism destinations.

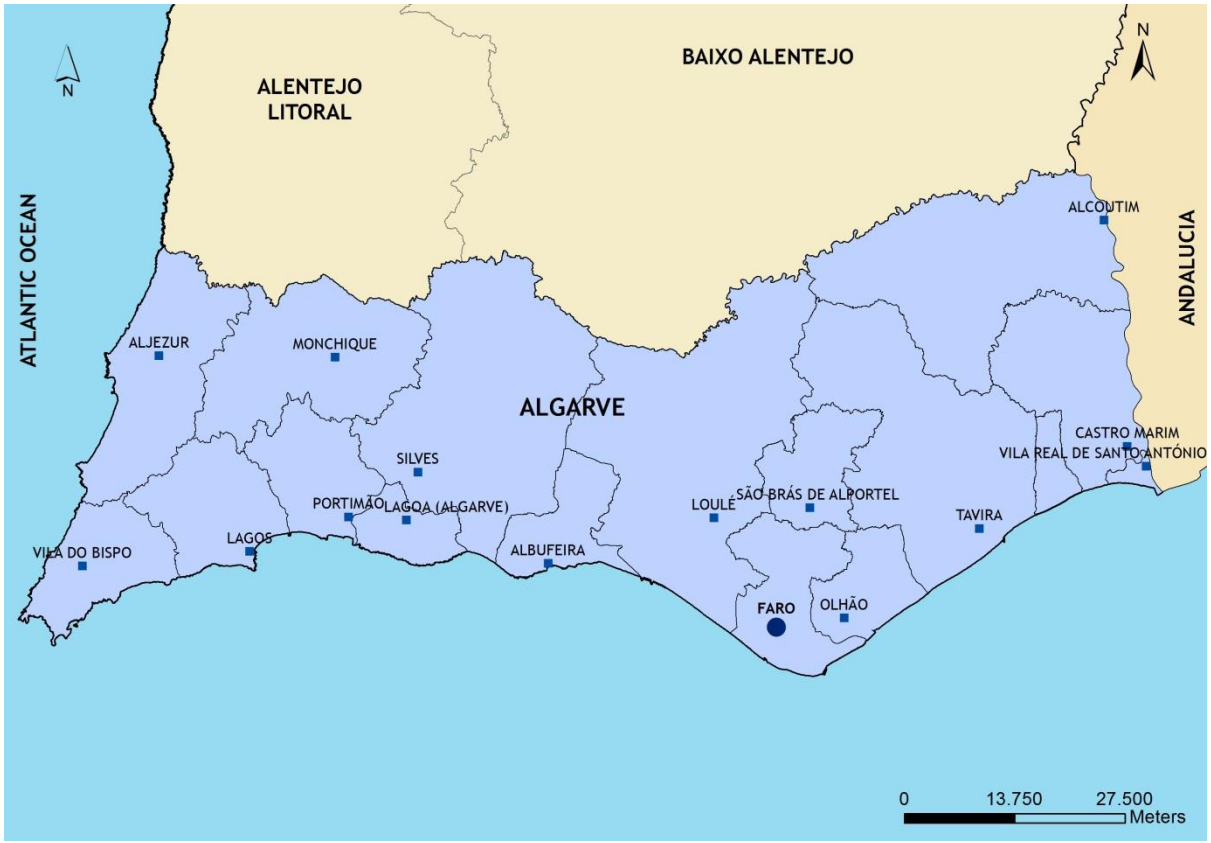
However, the Algarve must reduce its over-specialisation and dependence on traditional tourism. The dependence on tourism has brought with it a strong seasonality in employment and economic activity, as much of the tourism is focused on the sun and sand market. This has reinforced a need to diversify this industry in order to both increase value added but also to extend the season. Also, in the future programmes should have in mind other sectors. Greater selectivity of territories with clear needs and opportunities for policy integration is needed.

In administrative terms, whilst the ERDF introduced multi-annual and strategic regional planning to the region for the first time, the dominance of national government planning over regional-level programming had a negative effect on the coherence of interventions. This also led to a greater focus on infrastructure. At a local level, the participation of municipalities in the regional programmes led to the acquisition of new competences and a desire to use the Structural Funds to enhance local facilities. However, there was a limited interest in collective action as municipalities competed for funds with an excessive concentration of activities in the coastal areas. Institutional learning has been weak and investment-based growth has reinforced a focus on infrastructure. These input-based public policies have made little contribution to the boosting of firm competitiveness and have had limited accountability or ex post appraisal of the effects of the resources expended.

1. INTRODUCTION

The region of the Algarve is located in the south of Portugal, bordering Spain (Andalusia) on the east and the Atlantic Ocean to the south and west. The region's Mediterranean climate and landscape and its 220 km coastline have led to a specialisation in tourism, although this has not resolved the long-standing problems of peripherality and underdevelopment.

Figure 1: Algarve Region



Source: Authors.

The Algarve is both a single NUTS 2 and a single NUTS 3 region. However, since ancient times, the region has traditionally been divided into two parts, the 'Barlavento' (in the west) and the 'Sotavento' (in the east), according to the dominant wind system. This geographical division has also had a socioeconomic significance: the Barlavento presented, in general, higher development levels, and this is where the tourism boom started in the 1960s and 1970s. Sotavento's economy has traditionally been based on the primary sectors of agriculture and fishing, but the expansion of tourism, in spite of a later start, has also been significant. As a consequence, the main socioeconomic division is now between the coastal area, where tourism is concentrated, and the inner areas – the 'Barrocal' (a transitional strip of territory, characterised by a chalky subsoil) and the 'Serra' (the mountainous northern part of the region).

The Algarve has a particular affinity with the sea, as a result of its excellent natural conditions: it was here that the famous Navigation School of Sagres was located, created by Prince Henry, where sailors initiated the Age of Discoveries during the first half of the 15th century. Fishing has always been the most important economic activity in the region, but in the mid-19th century other sectors

started to develop, in particular the canned fish sector, a technology introduced by refugees from the Napoleonic wars. In the early 20th century, canned fish became an important source of revenue. Shipbuilding was also an important legacy of the 'glorious times' of the Discoveries; and in the 19th century, Silves was the most important cork-producing centre in the country, with the cork being exported through the Arade river.

At the end of the 1960s, the Algarve began its specialisation in tourism. Small fishing villages began an accelerated urbanisation process to accommodate the growing numbers of tourists. Other tourism-related activities and services also started to develop – hotels, restaurants, retail and communications. Today, the Algarve economy is almost completely mono-specialised on tourism (Algarve tourism represents 2.5 percent of Portugal's GDP[1]), with all the risks and problems that this implies.

The focus on tourism also results in the region being heavily dependent on seasonal activities, a characteristic which also affects the structure and performance of its labour market. Furthermore, the Algarve has a relatively low technological base and innovation capacity and a low incidence of large employers. More recently, the region has sought to increase its economic diversity and resilience, by investing in infrastructure (both in transport and in industry and technology) and by encouraging entrepreneurial activity outside the sectors associated with the tourism industry.

In 1986, the admission of Portugal to the European Economic Community (EEC) posed significant challenges for regional policy. As Simões Lopes (1995) put it: *'there never was a regional policy in Portugal despite that there's much talk about regional disequilibrium and the need to correct it'*. In fact, with almost nine centuries of history, national cohesion was never threatened by religious, ethnic or linguistic tensions. Portugal is an old highly centralised and non-regionalised State (with the exception of the Azores and Madeira islands).

Despite this, the Algarve has always differentiated itself from the rest of the country. The kings of Portugal were called 'King of Portugal and the Algarves', and even today the spirit of regionalism still rides high. Some authors consider the Algarve as the only 'natural' region in the country.

When, in 1986, Portugal became a full Member State of the European Communities, it had a low-performance economy, with a per capita GDP (in purchasing power parities – PPP) of barely 53 percent of the EEC average. Because of Portugal's disadvantaged position, the entire nation was categorised for Structural Funds (SF) purposes as a 'region whose development is lagging behind' (a category upon which approximately 65 percent of all SFs were concentrated). This means that the whole country was classified as an Objective 1 region, i.e. all Portuguese NUTS 2 regions – including the Algarve - had a per capita GDP of less than 75 percent of the EEC average (in PPP). In addition to the support Portugal received from 1989 to 1993 from the ERDF under Objective 1, the country was also qualified to receive funds under Objectives 3 (long-term unemployment), 4 (integration of young people in the labour market) and 5a (adjustment of agricultural structures).

Under the first two Community Support Frameworks, the main concerns were to guarantee a more-or-less equitable division among NUTS 2 regions in Portugal and to maximise the use of the

[1] Source: Tourism National Accounts, 2010. Tourism includes accommodation, restaurants, real estate and retail trade.

Structural Funds. As a consequence – and due to the fact that there was no regional policy prior to European accession - Portuguese policies cannot be separated from Structural Funds policies.

During the 2000-2006 period the Portuguese State became completely dependent on Structural Funds. Regional development became synonymous with Structural Funds' financial management. As a consequence, there was a lack of a culture of selectivity and low quality criteria for project selection. The Structural Funds financed almost all types of private investment, becoming a simple financial transfer vehicle for the private sector.

Only with the most recent programme has the Portuguese government started to address regional specificities more directly. A broad process of regional diagnosis and design policies was launched to identify regional assets which could underpin the competitiveness objective underlined in the Lisbon Agenda. But since 2000, both domestic and international markets bolstered the expansion of beach tourism and the development of leisure and sports activities (golf and nautical tourism), with the result that the Algarve was one of the fastest-growing regions in the country and was reclassified as a 'phasing-out' (transitional support) region from 2007. However, the impending saturation of this growth pattern has resulted in uncertainty over development prospects, particularly since the onset of the financial crisis.

The Algarve region case study begins by exploring the regional needs in more detail over the 20-year study period (Chapter 2) and the relevance of ERDF programmes to the region (Chapter 3), evaluating the degree to which the programmes met the regional needs, and how those needs have changed or have been perceived as changing over the longer term (1989-2013 period).

Chapter 4 analyses the ERDF programme's financial evolution, showing the level of expenditure over time and the shifts in the orientation of programmes as reflected in the allocation and expenditure of funds. Chapter 5 reviews the achievements of Structural Funds (with a focus on ERDF) support, both in terms of achievements reported by the programmes and based on the interviews and other relevant documentation.

Based on the previous analysis, Chapter 6 assesses programme effectiveness and utility, thus examining whether the programmes benefitted the region regardless of strategy or perceived needs. Lastly, the conclusions in Chapter 7 consider the lessons learnt which may be useful for the next programme period.

The analysis was based on a programme documentation review (regional and national Operational Programmes), as well as on other studies with relevance for the Algarve region, In addition, interviews with selected stakeholders, an online survey and a workshop were utilised. In sum:

- Documentation was collected for each of the programmes (regional and national) in each programme period, including where available programming documents and needs assessments, annual and final implementation reports, evaluations (ex-ante, interim and ex-post), plus any other regional documents covering interventions or projects supported by the Structural Funds.
- Interviews were held, mainly on a face-to-face basis, with 30 individuals involved in the programmes in the period since 1986 (see Annex IV for the list of interviewees). The list

includes actual and former local leaders, beneficiaries, regional experts, programme managers and national officials

- A workshop was also held with a group of key individuals to discuss the initial findings and to explore a few of the emerging issues. This workshop included 20 participants drawn from local leaders, fund beneficiaries, programme managers, local associations and regional experts. It allowed both a validation of the findings and a clarification of a few issues that arose from documentation analysis.

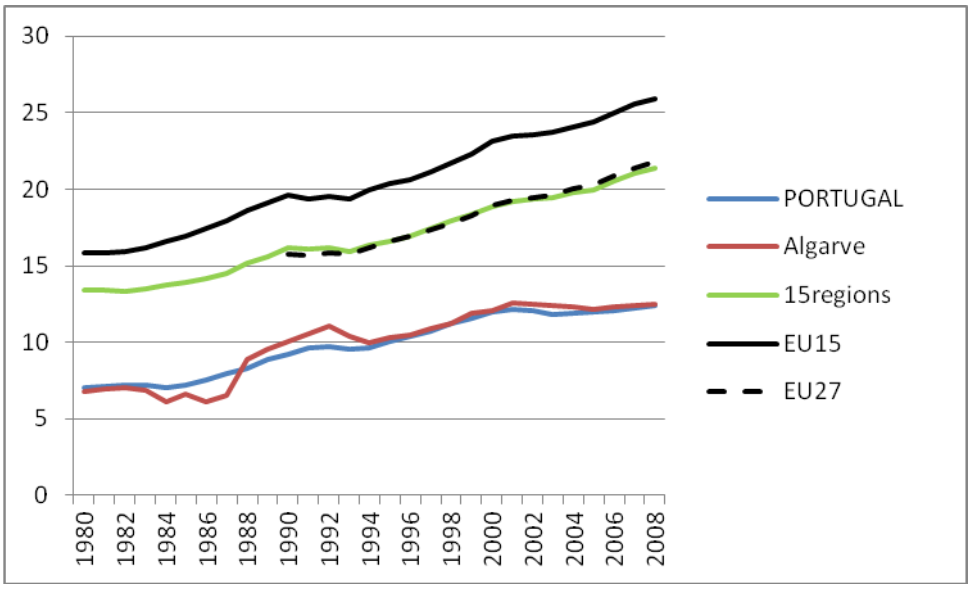
Details of data collected for each programme are contained in Annex II (Structure of the Programmes) and Annex III (Reported Achievements). Comprehensive data were available for the 2000-2006 and 2007-2013 periods, while for the 1989-1993 and 1994-1999 periods the available data were of limited quality.

2. REGIONAL CONTEXT AND ANALYSIS OF NEEDS

The Algarve has a population of around 451,000 people and accounts for around 4 percent of Portugal's population and GDP. Its economy was traditionally based on the primary sector but experienced a shift towards tourism from the 1960s onwards, making it now by far the most important economic activity.

GDP per capita values were slightly above the national average throughout the 1990s and have remained so until the present day, although they remain low in comparison with the EU-15 and EU-27, as well as the average of the 15 regions covered in this study (see Figure 2). Recently published data show that Portuguese GDP per capita in PPP with regard to the EU-27 average decreased between 2010 and 2011 from 80.3 percent to 77.4 percent, a reflection of the country's relative impoverishment in the European context. In spite of maintaining a higher value than the country, the Algarve has lost 4 percentage points in comparison with the EU average, and in 2011 its GDP per capita was 79.3 percent of the EU-27 average (Instituto Nacional de Estatística, 2012).

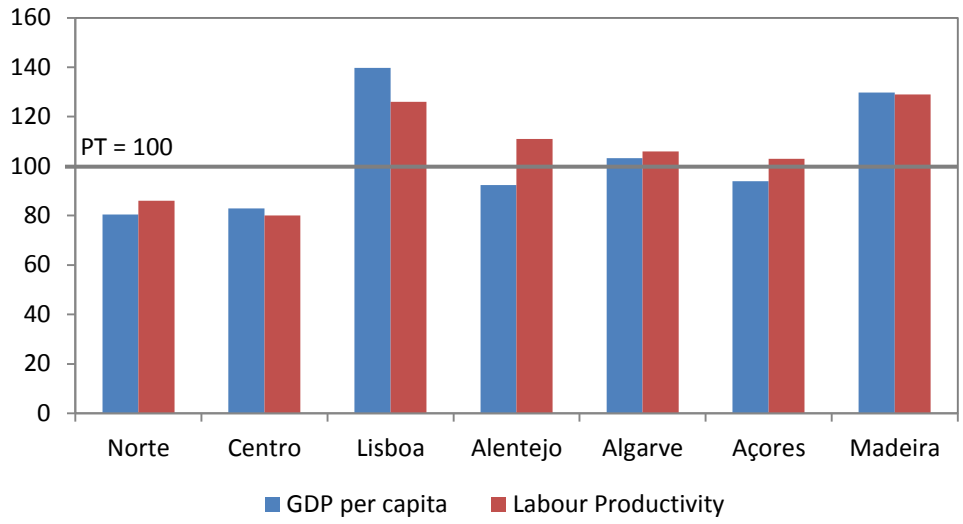
Figure 2: Gross Domestic Product per capita



Source: Eurostat.

In comparison with the other Portuguese regions – and according to these recently published data - the Algarve remains slightly above the national average in both GDP per capita and labour productivity (see Figure 3).

Figure 3: Gross Domestic Product per capita and Labour Productivity disparities in NUTS 2 regions in 2010 (PT average = 100)



Source: National Statistics Institute (INE), 2012 - Regional Accounts 2010/2011.

Structural adjustment.[2] The Algarve is considerably specialised in terms of tourism-related services. This specialisation remained constant for most of the period, but increased quite substantially in the late 2000s. Although the region has a traditional basis in the primary sector (especially linked to fisheries and the production of fruits and vegetables), in comparison with the national average, nowadays it is essentially a service-based economy. Indeed, agriculture has decreased from a third of employment in the late 1980s to 6 percent (Instituto Nacional de Estatística, 2010), while the employment share for services has risen by over 15 percentage points in the same period, reaching just short of 75 percent in the late 2000s. Agriculture in the Algarve is based on small micro-units, structured into family-based smallholdings. In peak periods, it is common to use a temporary workforce from outside the region. Customary agricultural work is matched with a multi-activity/multi-income regime (especially in the hotel and civil construction sectors).

The weakness of the manufacturing sector in the Algarve means that the 'average' worker went directly from working in agriculture to a hotel or a restaurant.

The main agriculture products (2011) are 'citrus fruits', with a share of 88 percent of the total agriculture production volume (221,785 tonnes), 'fresh fruits', with a share of 4 percent, and 'olives' and 'vines', both with a 2 percent share.

Fast-growing activities (the wholesale and retail trade, hospitality, catering and construction) are largely linked to tourism, the critical industry in the region since the late 1980s. Commercial activities and services in transport and communications have doubled their GVA between 1995 and 2008, and in 2008 they accounted for 37 percent of the region's Gross Value-Added, meaning that throughout the 2000s the region strengthened its specialisation relative to the country. Amongst the manufacturing sectors, food processing is the main activity, with a positive evolution in terms

[2] All information on economic indicators derives from the European Regional Prospects database (Cambridge Econometrics), unless otherwise stated.

of employment, although from a low overall value, due to the region's low level of industrialisation: between 1998 and 2008, regional employment in manufacturing grew by 27 percent to represent 21 percent of the regional employment in 2008, while it decreased 11 percent to 29 percent in terms of total employment nationally (Instituto Nacional de Estatística, 2010). Modernisation investments in agriculture and strong demand from the local food-processing industry have meant that productivity in the agricultural sector has increased since the early 1990s at a much faster pace than nationally, whereas productivity growth in the rest of the economy has not been as impressive. Relative to the national average, textiles and chemicals appear to have a productivity advantage over the rest of the nation, along with sectors related to tourism (hospitality/catering and, less so, transport and trade).

Innovation. Owing to its weak industrial base and over-specialisation in consumer-driven activities (tourism, retail trade), the Algarve has a low level of innovation. Employment in R&D-related activities is around half of the national average (less than 0.5 percent, despite a significant increase in the mid-to-late 2000s), almost exclusively attributable to the public sector (essentially, the University of the Algarve). Private sector employment in R&D-related activities is almost non-existent,[3] And business-sector R&D expenditure has remained at only 0.25 percent of GDP throughout the period and has not followed the rising trend seen in the country since the early 2000s. The region has thus lagged behind in terms of R&D effort both internationally and in relation to the rest of the country. Although levels of education in the regional workforce are not particularly poor - lower than nationally, but not amongst the lowest in the country (Eurostat, Regional Educational Statistics) - the region still seems to lack a large pool of skilled labour with specialist skills (EURES portal, European Commission). The research and technology development activities that take place in the region are also oriented towards the main areas of specialisation in the economy, such as maritime sciences and food technologies, tourism and coastal management (Regional Innovation Monitor – European Commission).

Enterprise. Tourism and services are, as already stated, the main economic activities of the region. The seasonality of these activities and their external dependence has affected the structure of companies, which are mainly small, employing fewer than 20 workers. Some 80 percent of registered companies involve self-employment (sole-proprietorship), with a percentage which is particularly high even by Portuguese standards (Eurostat, 2004). Indeed, the number of self-employed workers is higher than the national average, amounting to 23 percent in 2011 (Eurostat Regional Statistics, 2012), despite having followed a decreasing trend from the end of the 1990s. The region also lacks large enterprises, partly due to the fact that industry is severely underdeveloped and the headquarters of most tourism actors are located outside the region. As a result, average company sizes in the region are 20 percent below the national average (Eurostat, Structural Business Statistics database and Portrait of Regions, European Commission). Company survival rates are not particularly problematic in the region, being quite close to the national average. In absolute terms, however, and by international comparisons, company survival rates are rather low (6-year survival rates are at 51 percent) (Nunes and De Morais Sarmento, 2010). Although this is partly influenced by the seasonality of the local economy, it can also be taken to indicate a relative weakness concerning entrepreneurial activity.

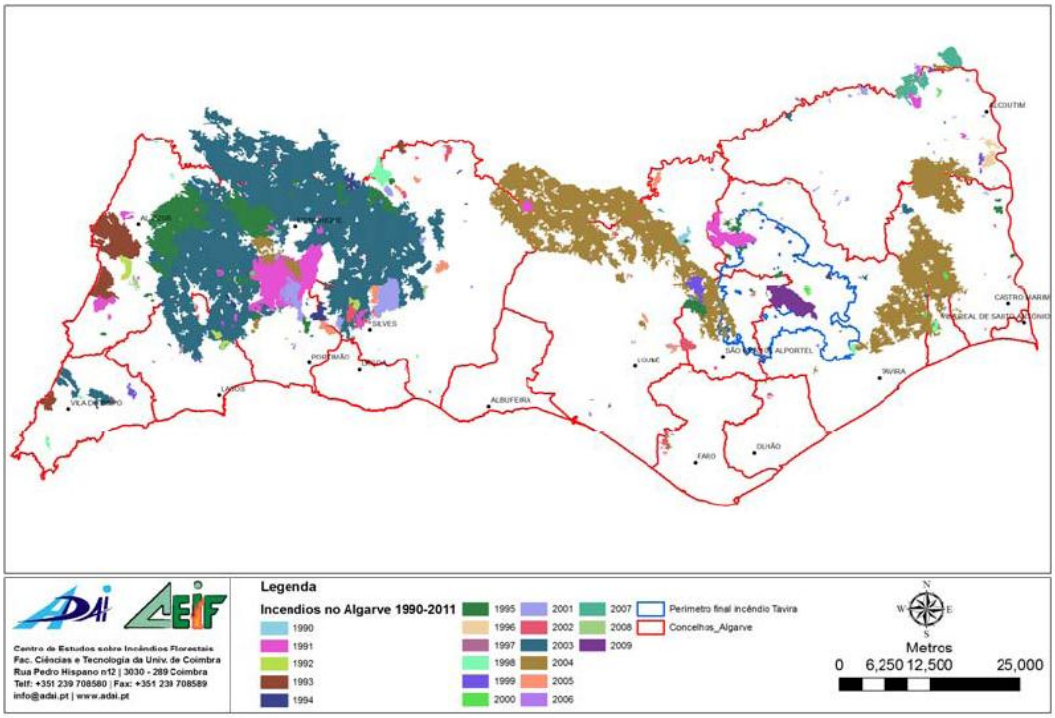
[3] All R&D and patent data are from the Eurostat Science, Technology and Innovation database (see http://epp.eurostat.ec.europa.eu/portal/page/portal/science_technology_innovation/data/database).

Environmental sustainability. The Algarve has a low population density (86 inhabitants/km^2) (Regional Innovation Monitor – European Commission) and a diverse topography, with mountainous areas and hills bordering the north from west to east and a flat coastal strip in the south. The expansion of tourism took place at the expense of industry and agriculture (Eurostat, 2004), given that these activities compete for the same production factors such as capital, labour, land and water. The consequences for the environment have been far-reaching (Eurostat, 2004). Although the region still preserves a high-quality environment and a large biodiversity in its (mountainous) interior, the coastal systems have been affected by uncoordinated urban development, which has led to high-density construction and urban infrastructure, eventually affecting the natural landscape of the region and compromising resource management, in particular water resources (Noronha Vaz *et al.*, 2012). Given the strategic role of tourism, these environmental impacts harm not only the ecosystems but also the economic sustainability of the region. At the same time, migration to coastal areas has increased the amount of abandoned land in inland areas, which presents a challenge to traditional farming and livestock-rearing, contributing to the decline in agriculture. Between 1989 and 2009, the land used for agriculture in the region decreased by 35 percent, while the country as a whole lost 8 percent (Instituto Nacional de Estatística, 2009). Another relevant consequence of rural abandonment is a high risk of forest fires, which have affected the region severely in the last two decades (see Figure 4) and caused further environmental problems, such as landscape destruction, erosion and desertification. Drought and aridity are becoming growing environmental problems – in connection with the rising winds coming from the Sahara desert[4].

Investment to solve these problems is limited (Eurostat, 2004), although some progress has been made by increasing R&D activities related to the available natural resources and the growth of new and competitive forms of agriculture. Those areas with special protected status in terms of conservation form an important resource, which includes two main natural parks – Parque Natural da Ria Formosa (located in Sotavento) and Parque Natural do Sudoeste Alentejano e Costa Vicentina (located in Barlavento). Besides these two main areas there are also other protected natural sites (such as Rocha da Pena and the Reserva Biogenética de Sagres). The maintenance of these natural resources should be an important factor in the region's future development strategy.

[4] Source: Algarve Environmental Report, 2003, Environmental Ministry.

Figure 4: Area affected by forest fires from 1990 to 2012

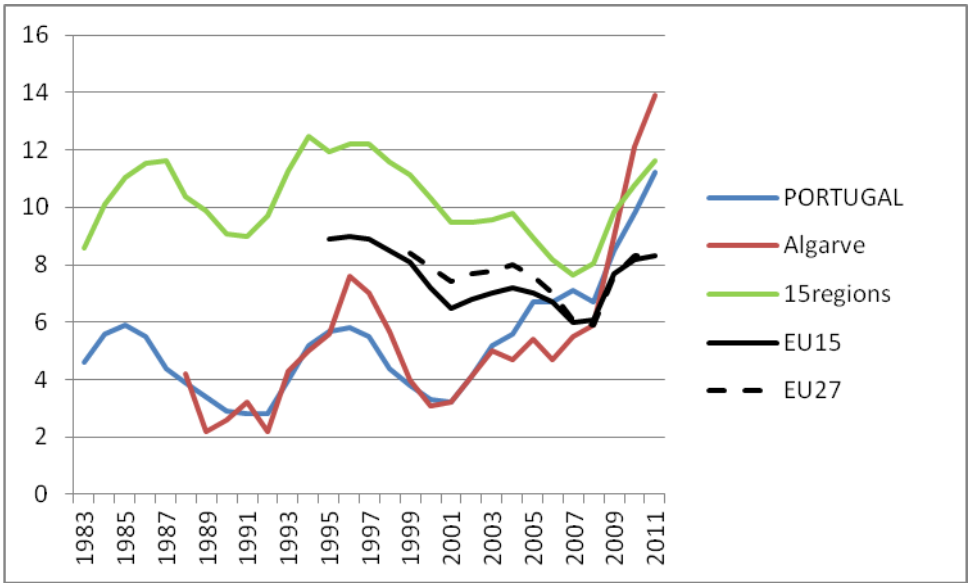


Source: Centro de Estudos sobre Incêndios Florestais (2012) (Centre for Studies on Forest Fires) – Relatório do incêndio florestal de Tavira/São Brás de Alportel (Report on the forest fire of Tavira/São Brás de Alportel).

Labour market.[5] The main characteristic of the labour market of the Algarve is its seasonality, not only due to the extent of agriculture in the local economy but increasingly over the years due to tourism. Partly owing to the expansion of the latter sector, and related activities (construction, retail trade, etc.), over the last 10-15 years the Algarve has seen remarkable employment expansion, at rates almost three times as fast as those of the rest of Portugal (by 20 percent cumulatively between the late 1990s and the late 2000s). Only in the second half of the 2000s did this growth slowdown, and from 2009 onwards employment receded, in line with the national trend. The latest data (Instituto Nacional de Estatística, 2012) indicate that the Algarve is suffering from a severe loss of jobs, as employment variation was -5.0 percent and -4.4 percent in 2009 and 2010 respectively (higher than the national averages of -2.6 percent and -1.5 percent respectively). Female employment also increased rapidly, but unlike most other places in Portugal its contribution to total employment growth was balanced (female employment accounted for 50 percent of new net jobs over the period). Consequently, female employment participation increased by over 15 percent, surpassing the national figure and comparable to the rates found in Germany. The same is true for overall employment participation, although in relative terms this increase is smaller, as male employment participation has been historically very high.

[5] This section is based on data available from Eurostat (Regional Statistics database) and the National Statistics Institute of Portugal (Territorial Statistics Database and Statistical Yearbook of the Algarve Region – various years).

Figure 5: Unemployment Rate



Source: Eurostat.

As was the case elsewhere in Portugal, unemployment in the region had remained at low levels since the 1980s (below 5 percent in the region), but rose in the early/mid-2000s, reaching 7 percent in 2008 (however, lower than the national figure) before rising to double-digit figures under the crisis and surpassing both the national and the 15-region averages (see Figure 5). The unemployment issue is, therefore, relatively new (the last four years), as traditionally the Algarve had the lowest unemployment rates in the nation and it is arguable that the region was at its natural unemployment level before 2007. Also rising is youth unemployment, which, despite remaining at levels comparable to the national level, tripled between 2000 and 2009. In contrast, long-term unemployment has remained well below the national average – clearly reflecting the importance of seasonal employment in the region. In recent years, job creation in industry has been stagnant, and thus the most important sectors in terms of job creation have been in agriculture (which accounted for 5.5 percent of total job creation in the region in 2008) and services (especially transport, which accounted for some 40 percent of total job creation in 2008, followed by wholesale and retail, real estate, and public administration).

Social inclusion and community development. The Algarve region does not seem to suffer from noticeable social exclusion problems. The 'at-risk-of-poverty' rate is clearly lower than the national average (Algarve – 11.3 percent, and Portugal - 14.8 percent) (Instituto Nacional de Estatística, 2011) and, despite a high increase in the total population due to birth rates and immigration, the latter does not seem to place social pressures on the region. Where income distribution is concerned, the Algarve region shows a smaller Gini Coefficient (28.4) when compared to the rest of Portugal (33.2). This might indicate a less dramatic level of urban inequality in the Algarve's main cities (as a source of comparison, the Region of Lisbon has a Gini Coefficient of 37.1 showing a higher degree of income inequality). Even so, in cities such as Olhão, there has been a process of urban decay associated with the crisis in the traditional activities of fishing and industry and progress in reversing this situation is fragile, leading to traces of a so-called new urban poverty and the need for improvements in social programmes. The rate of foreign residents is the highest in the country, with many coming from the UK (Eurostat, 2004). High numbers of tourists, especially in

the summer months, create pressures on social infrastructure as well as a higher incidence of crime and anti-social behaviour, but these do not seem to affect the social fabric of the region. Isolated vacation housing has required special attention by the local authorities, leading to local initiatives to ensure protection against burglary. Cultural heritage is presented as an asset for tourism activities: the region is known for its pottery and ceramics, especially the 'azulejos', coloured tiles which are a sign of Arab influence in the past (Eurostat, 2004). The Algarve also has many medieval churches and castles and many play host to festivals and events that occur mostly in the tourist high season (website 'Visit the Algarve' http://www.visitalgarve.pt).

Spatial distribution of economic activity.[6] In terms of size and population, the Algarve is too small for disparities in incomes and economic activity to be revealed in intra-regional statistics. The south coastal region is by far the most urbanised, densely populated and higher-accessibility area. Its economy is thus oriented towards tourism and related services, and it has diversified significantly from its specialisation in fisheries of 30 or 40 years ago. Tourism (and economic activity more generally) on the west coast is less developed, while the northern parts of the region are more agricultural. The limited industry that exists in the region, however, is in many respects well linked to the other economic activities: in manufacturing, the main sector is food processing, which is linked with the more agricultural parts of the region; after manufacturing, the main industrial activity is construction, which connects well with the tourism industry. Thus, although in theory the region would be expected to exhibit a tendency of duality, linked in particular to the over-specialisation in, and dependence upon, tourism, its small size and the functional linkages across economic activities protect the region from developing stronger spatial structural dichotomies. The exception is the northern-most area of the region, where forest covers most of the surface and population density drops to very low levels, making it quite isolated from the main economic dynamics of the region.

Infra-regional infrastructural endowment. Transport infrastructure in the Algarve has seen significant improvements in the late 1990s (road infrastructure) and early 2000s (road and rail infrastructure), with the regional density of motorways and railways nowadays being above the national average.[7] However, this indicator presents a distorted picture, as the region is covered by only two national motorways, one running east-west, connecting the southern coastal areas to Seville in Spain, and the second connecting the area west of Faro to Lisbon via the main national motorway. Regarding inter-regional railway links, the lack of a connection to Spain is the main absence. Road and rail networks providing internal connections are much less developed, partly due to the fact that the region as a whole is small and has a relatively low resident population density.[8] However, the narrow urbanised coastal strip clearly lacks the local connections that support commuting flows between small and medium-sized cities and high-season tourist mobility. The region is also well serviced by air through the Faro international airport, which is linked to many international destinations. Due to the economic structure being heavily reliant on fisheries and tourism, the region has a number of small ports but lacks commercial ports of a significant

[6] This section is based on the authors' use of data from the European Regional Prospects database (Cambridge Econometrics), supplemented with data from the Regional Statistics database (Eurostat).

[7] All transport infrastructure data are taken from the Eurostat Regional Transport Statistics database (reg_tran).

[8] See the information provided at http://www.algarve-information.com/algarve/transport.htm and http://algarve.angloinfo.com/information/transport/public-transport.

economic size, with Portimão being the most important port, mainly for tourism purposes (cruises).[9] There are also many infrastructures for small-sized recreational boats that have had an important impact on tourism and urban renovation. That is particularly the case of the four marinas, the three recreational ports and the two recreational docks, which as a whole provide a total of 4,081 berths (39 percent of the national total).

Given the limited industrialisation of the region, industrial infrastructure is not as developed as elsewhere in the country. Plans to create an international technology park in Faro are currently underway, as is the development of an energy park with sites in north-eastern and western Algarve (near Alcoutim and Monchique, respectively); while a technology park, mainly oriented towards motor racing, has opened recently in Portimão (Autódromo do Algarve) (Regional Innovation Monitor – European Commission).[10]

Overall evaluation of weaknesses and regional needs

As regards the overall evaluation of regional needs portrayed above, this is now summarised in four main categories corresponding to the different aspects of economic advantages/disadvantages: endowments, accessibility, structure and disequilibria.

Endowments. The Algarve is located at the most south-western part of continental Europe, a location that makes it a highly peripheral region, potentially disconnected from the rest of the European economy. Despite this, its geographical location has also made the region an important tourist destination in recent decades, thus increasing both its connectivity and importance within the European economy. The region has a number of environmental amenities and remarkable landscapes. Outside the highly touristic areas along the southern coast, the level of environmental quality is very good, mainly due to the low concentration of heavy industry. The educational endowment of the region is also good, at least in relative terms given its employment structure and levels of economic development. Polarisation of development into a narrow coastal area has brought about environmental problems both in seaside touristic areas and in the abandoned rural interior. However, landscape and endogenous resources are increasingly the region's most valuable assets as they can contribute to adding more value to the current specialisation in tourism both in the coastal areas (development of nautical, eco- and heritage-based tourism) and in the interior (where eco-friendly and sustainable activities related to thermal waters, biodiversity and local crafts, for example, can be integrated).

Accessibility. Problems of accessibility have been significant for the region in the past. Nevertheless, recent decades have seen substantial improvements in its transport infrastructure, with external connectivity improving substantially both by land (with better connections to Lisbon and to Andalusia in Spain) and by air (with the airport in Faro handling an increasing number of international flights). However, despite the fact that the region is located on the coast and has a long tradition in the fishing industry, it lacks significant nodes for sea transport, especially commercial ones. As a result, it also has a low intensity regarding international trade links. Finally,

[9] See http://www.portonovoproject.org/port_of_portimao.htm.

[10] See also http://www.algarveenergypark.com/ and http://autodromodoalgarve.com/index.php?option=com_content&task=view&id=15&Itemid=147&lang=english.

despite the improvements in transport infrastructure, the internal connectivity of the region has not been upgraded as substantially as its external connectivity.

Structure. As already discussed, economic production in the region of the Algarve is dominated largely by its specialisation in tourism and, to a lesser extent, agriculture. Thus, the main economic activities relate to construction and services (hospitality, catering, retail trade, transport, real estate), while in manufacturing the main specialisation is in food processing, linked to the agricultural production of the region. Overall, economic activity is organised around small companies, with a very high level of self-employment (compared to the national level) and distinctively low levels of R&D and innovation activity (albeit with some improvements more recently). However, levels of productivity in the region compare to those of Portugal as a whole, partly due to its above-average productivity performance in agriculture. More recently, the region has sought to increase the technology content of activities relating to its sectoral advantages, by focusing especially on the creation of a small number of technology parks specialising in food technology, recreation and energy. The size of the region, its remoteness and the dominance of tourism and agriculture do not allow the development of a robust industrial base, and thus it seems that strengthening the technology content and innovation capacity of such activities is a sensible – although difficult - priority. The recovery of some traditional activities (canned sardine or cork products, for instance) is a more realistic priority. However, the strong impact of the current crisis on the region is a matter of concern, as it suffered more severe and earlier decreases than the rest of the country: in 2010, not only were GDP levels affected but also GVA, employment, investment and labour costs (Instituto Nacional de Estatística, 2012).[11]

Disequilibria. In spite of the small size of the region, geographical differences between the coastal and inland areas in both economic specialisations and population densities are important. Territorial occupation favoured a poly-nuclear occupation of coastal areas, with strong migration from interior areas due to job availability.

But functional connectivity in the region is relatively high, with the benefits from tourism spilling over to a number of other sectoral activities, such as retail trade, agriculture, food processing and construction. Problems with social cohesion are also low, with the region exhibiting poverty rates below the national average and limited problems of deprivation. Furthermore, the region did not register problems of structural unemployment and inactivity until the start of the financial crisis. In the last 15 years, female employment participation, which was comparatively low, has increased to levels above the European average, while long-term unemployment has historically been very low. Problems with youth and female unemployment are somewhat more acute, although this is largely attributed to the effects of the recent crisis, which has severely affected the region in terms of tourism.

[11] Variation rates 2009-2010: GDP volume = -0.2 percent, GDP value = +0.8 percent, GVA = -0.2 percent, Employment = -4.4 percent, Investment = -8.1 percent, Labour costs = -2.7 percent.

3. PROGRAMME EVOLUTION AND RELEVANCE

3.1 Explicit and implicit strategies and their evolution

At the outset of Portuguese accession to the European Communities, in 1986, the Algarve was an Objective 1 region. As such, it became a major beneficiary of the two Delors packages and the Cohesion Fund support. The perception of the Structural Funds (SF) importance to the Algarve development led the Regional Coordination Commission (CCR) to formulate a "Regional Development Programme" in 1984 and to prepare, in 1985, 38 project proposals for SF funding. This first "Regional Development Programme" focused on environmental related infrastructures, due to the concern to support the touristic "high intensity areas".

Throughout the entire study period, the Algarve was largely accepted as ***the*** tourist region and, as a consequence, both Central Government and municipalities agreed to prioritise actions that would benefit this sector. As such, the explicit and implicit strategies were very much in parallel and mainly focused on the reinforcement of touristic growth. One can however detect some divergences: while explicit strategies were somewhat attentive to the need for some economic diversification (namely through the structural adjustment of traditional sectors such as fishing and agriculture) tourism continued to be benefited. Also the improvement of the quality of life of the interior areas was explicitly adopted, but in reality the programmes and projects benefited the more influential coastal municipalities[12].

As such, environmental sustainability (water and waste management, in particular) and infrastructures (accessibility) were prioritised. The improvement of access to Spain (and the rest of Europe) by road and air was a major concern, detailed in all programme periods, especially since that from 1994-1999. However, road and railway connections to the rest of Portugal were delayed, mainly due to political options made by the National Operational Programmes (NOPs).

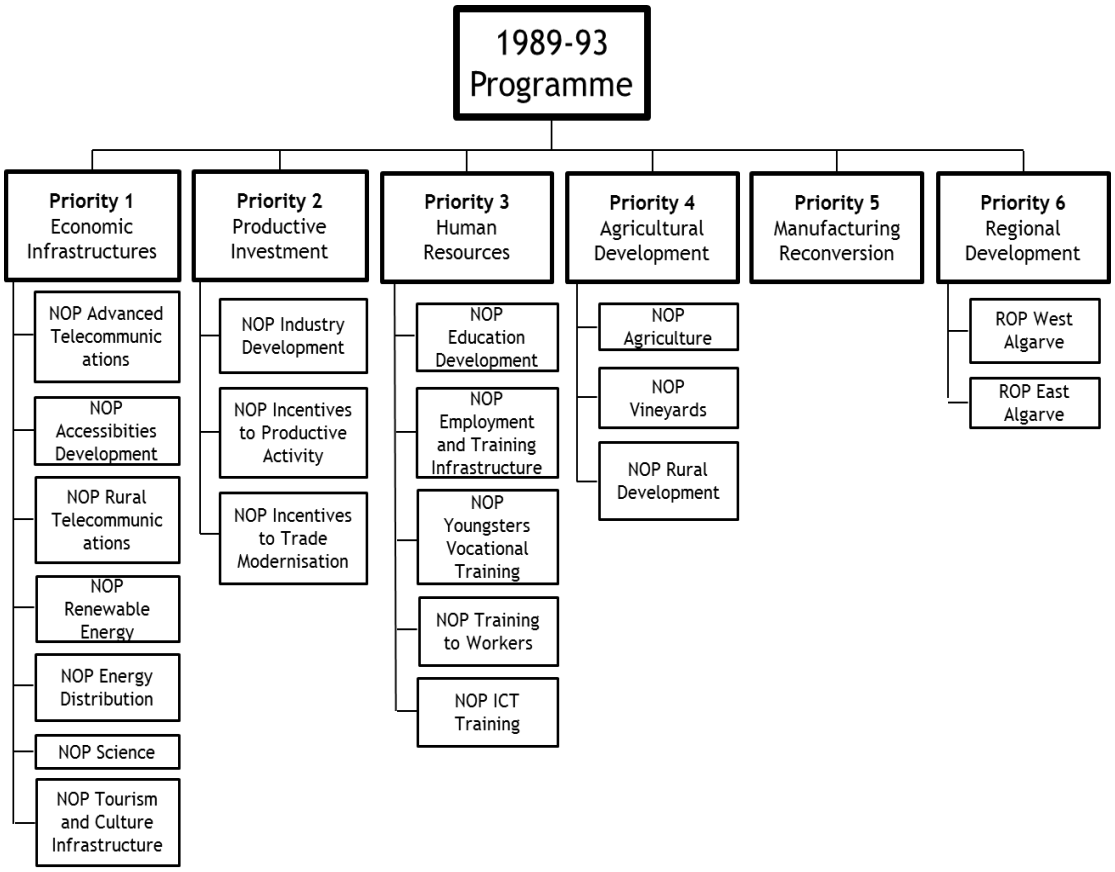
The success of the Algarve specialisation in the tourism cluster (hotels, restaurants, construction, real estate, leisure industries, etc.) was provided as evidence in the reclassification as a Convergence phasing-out region for the 2007-2013 programme period. The need to diversify the regional socioeconomic structure led to an evolution in the strategies. The more recent strategic guidelines thus stand out as allocating a greater share of their support to enterprise and structural adjustment.

3.1.1 1989-1993: The launching for Regional Development

The 1989-1993 Community Support Framework (see Figure 6) was based around three major overarching aims - economic structural modernisation, human resources development, and regional and local development - common to all Portuguese regions. They were to be achieved through six priorities (figure 6).

[12] As mainland Portugal has no political regions, the only two political tiers are the national and the local (municipality) ones. At 'sub-local' level, there are still the parish councils, but with no statistical and management significance as far as this report is concerned.

Figure 6: The Portuguese 1989-1993 Programme



Source: Simões Lopes, 1995.

As is self-evident, the programming system was too complex, making its operation too heavy and bureaucratic. Whereas Priorities 1 to 4 were managed by the Central Government, Priority 5 did not apply to Algarve due to the scarcity of manufacturers in the region, and Priority 6 was managed by the Algarve Regional Coordination Commission (CCR[13]). This last Priority was implemented through two Regional Operational Programmes (the Eastern and the Western Algarve ROPs) and orientated towards municipal interventions.

[13] A recently created decentralised body of the Central Administration, later renamed the Algarve Regional Development Coordination Commission (CCDR-A).

Figure 7: Geographical area of Eastern and the Western Algarve ROPs

The Regional and National Operational Programmes were complementary. The ROP goals were quite often linked with the NOP objectives and investments. For example, ROP accessibility investments served as a complement to the NOP for Accessibility Development. In this sense, national strategies were the framework for regional interventions.

Among the main goals of the 1989-1993 period, the ones which benefited the Algarve the most were environmental and accessibility infrastructures, with direct impacts on tourism and the population's quality of life. The ROPs and NOPs focused mainly on infrastructure (72% of the resources) and on environmental sustainability (17% of the resources).

The impact of the Algarve's coastal environmental system on tourism competitiveness was understood at an early stage. The Eastern Algarve ROP gave priority to investments in water resources, particularly through the construction of the Eastern Algarve Superficial Waters Exploitation System and the Tavira Water Treatment Facility. The Western Algarve ROP prioritised water supply, sewage and Municipal Solid Waste (MSW) together with the development of facilities for education, sports and culture. All these investments were seen as crucial for the growth of tourism, as they assured environmental quality to hotels, resorts, restaurants and other leisure-oriented infrastructure (swimming pools, gardens, and marinas).

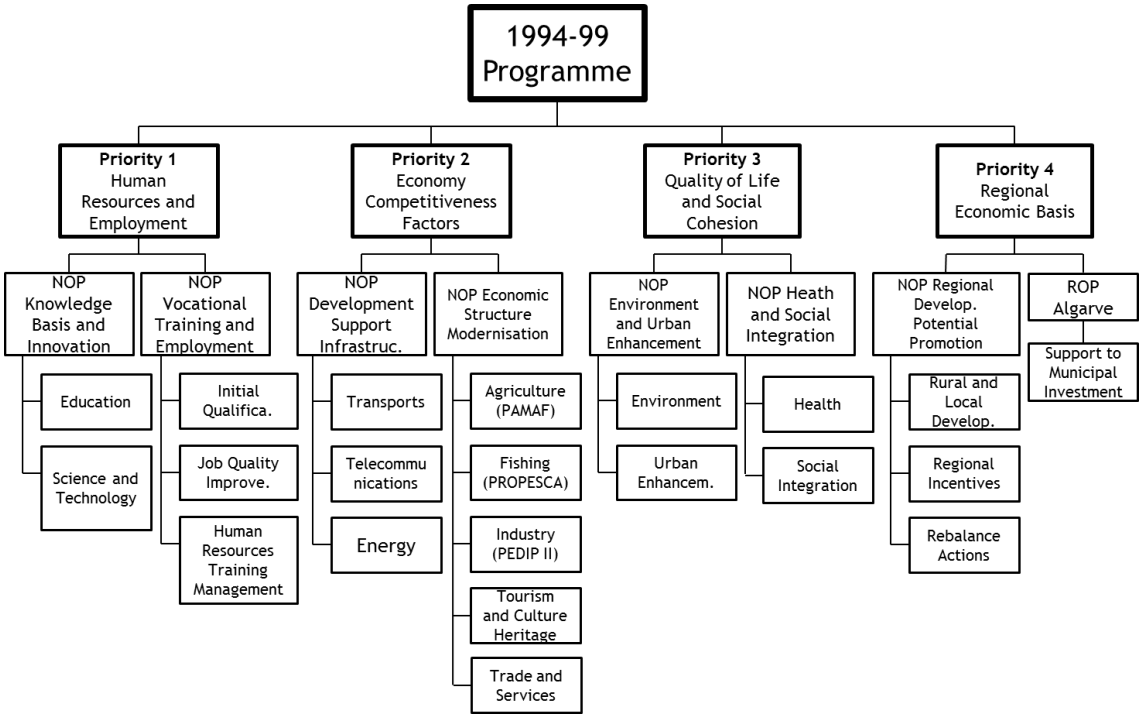
As such, regional development policies had a supply-side rationale, with infrastructures being seen as a source of economic growth, in line with the famous Dieter Biehl report (1986) for the European Commission. In the case of the Algarve, demand-side concerns were not a real problem, as the region already benefited from a growing international demand for its tourism services.

The role of infrastructures in regional development has been a major concern in these last twenty years. In particular, the weight of these infrastructures in regional development has been highly questioned. A large number of empirical studies have been developed, in order to estimate the public investment coefficient in production functions. An example of such an approach is the one which models the "feed-back effects" associated with infrastructures. Despite criticism of the high product-public capital elasticity estimates (due to lack of regional data), the most recent analyses keep confirming the importance of public capital in economic growth.

3.1.2 1994-1999: Regional development consolidation

The 1994-1999 Community Support Framework presented a more simplified structure than its predecessor, with 'only' (when compared to the previous eighteen) seven nationwide sectorial programmes, distributed along four Priorities and eight Operational Programmes (see Figure 8).

Figure 8: The Portuguese 1994-1999 Programme



Source: Simões Lopes, 1995.

Following the Delors II Package approval, SF financial allocations had substantially increased and ERDF support was extended to new types of investments (education and health). The creation of the Cohesion Fund (outside of the Community Support Framework) boosted the means for infrastructural investment. During the 1994-99 programme period, the Algarve received 83.3% more SF than in the previous period (in 2000 constant prices), mainly from the Cohesion Fund that concentrated its support on environmental infrastructures. The eight NOPs served as a support for regionally-focused investments (Table 1).

The explicit national strategy was focused on economic modernisation and diversification, through structural adjustment and innovation. However, in the Algarve this strategy was not pursued as local and municipal interests ensured that the focus was placed on tourism rather than diversification.

The NOP Education and the NOP Science and Technology focused on the improvement of all education levels. The NOP Development Support for Infrastructure and the NOP Economic Structure Modernisation aimed at addressing infrastructure needs (transport, telecommunications and energy networks) as well as the competitiveness of companies.

The NOP Environment and Urban Enhancement and the NOP Health and Social Integration aimed at intervening in the environment and urban renovation sectors, especially through the development

of the water supply and sewage networks and by targeting core problems in urban areas (regeneration of degraded urban areas).

Table 1: National Operational Programmes implemented in the Algarve – 1994-99

National OP		Algarve budget	Objectives
Priority 1	Knowledge Basis and Innovation	€42 million	• Complement other NOP
	Vocational Training and Employment	€2.9 million	• Complement other NOP
Priority 2	Support Infrastructure	€19.6 million	• Improve transportation, communications and energy infrastructures
	Economic Fabric Modernisation	€49.1 million	• Economic growth and competitiveness • Infrastructure modernisation • Support 5 specific programmes: agriculture; fishing; manufacturing; tourism and cultural heritage; and trade and services
Priority 3	Environment and Urban Regeneration	€13 million	• Improve water supply coverage • Increase population % covered by sewage, wastewater treatment and MSW systems • Enhancement and protection of natural heritage (classified areas)
	Health and Social Integration	€42.7 million	• Diminish risk factors, improve average life expectancy and quality of life • Access and quality in health services • Social development and integration of disadvantaged communities; long-term unemployed; and people with disabilities
Priority 4	Regional Development Potential	€14.4 million	• Local development initiatives (heritage and traditional goods) • Support regional productive basis through SMEs (employment and competitiveness) • Programmes for endogenous promotion

Source: CSF II National Operational Programmes and Final Execution Reports.

The 1994-99 ROP[14] mainly sought to support municipal infrastructures, "actions for regional development" (the connection from the National Road to the airport, water treatment and distribution, and urban renewal projects in the historic centres of Silves, Olhão, Faro and Quarteira) and "actions for Potential Endogenous Economic Enhancement" (enterprise support).

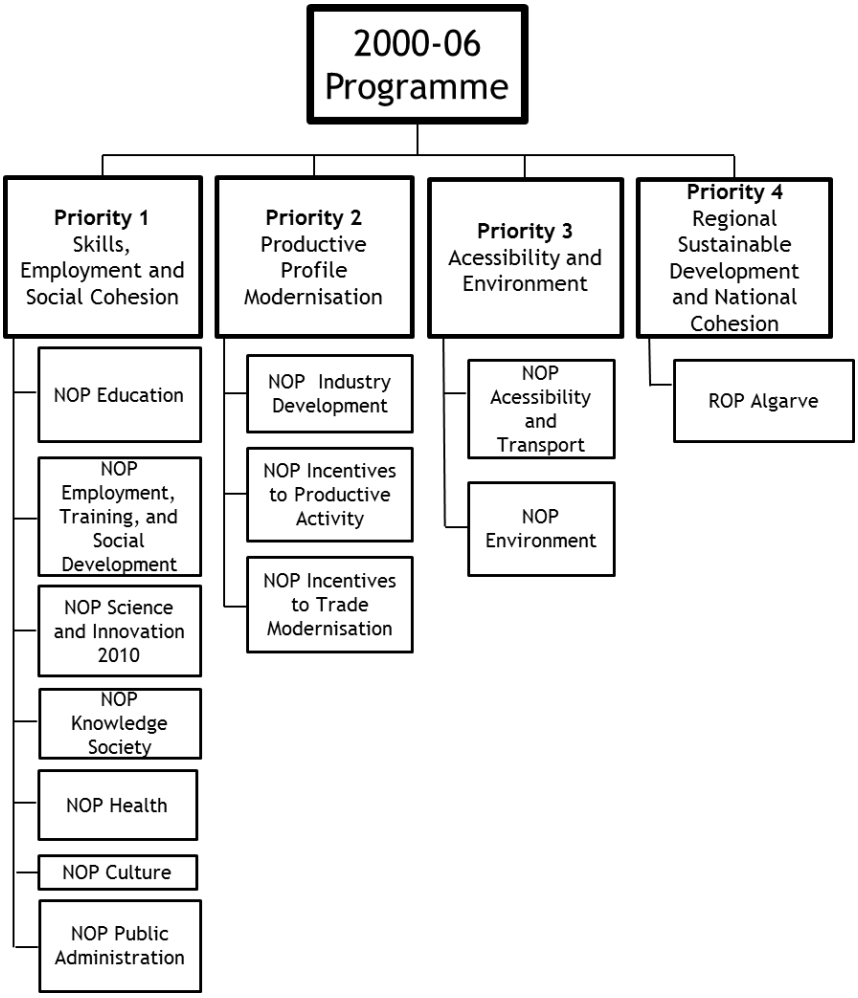
[14] The 1994-1999 Algarve Regional Operational Programme received two financial reinforcements, in 1997 and 1998, and one strategic reprogramming in 1999, which was aimed at the re-allocation of ERDF funding for intra-Sub-Programme measures.

The Cohesion Fund backed environmental projects in the Algarve, in keeping with the importance that the regional actors attributed to this theme, namely in the form of the East and West Algarve inter-municipal water supply, sewage and MSW treatment systems. As such, it complemented the ERDF interventions.

3.1.3 2000-2006: Regional development empowerment

The 2000-2006 Community Structural Framework was structured into thirteen NOPs and five ROPs, organised along four strategic priorities (figure 9).

Figure 9: The Portuguese 2000-2006 Programme



Source: CSF III NOPs and Algarve ROP.

The 2000-2006 programme period put an emphasis on regional-level policy-making, and so 77% of total resources earmarked for the Algarve (NOPs + ROPs) were channelled through the ROP. For the first time, the ROP budget surpassed that of the regional contributions from the NOPs. However, this was due to a new and specific type of actions - defined and managed by national authorities, but developed in the region by the different decentralised bodies of the Central Administration. These actions only existed in the 2000-2006 period in the ROP Algarve and represented about 60% of the total ROP budget.

During this programme period, in 2000 constant prices, the Algarve received an additional 38.7% of total SF (Cohesion Fund included) compared with the previous 1994-1999 period. If one excludes the Cohesion Fund support, for the first time infrastructures represented less than 50% of the total.

The ROP was organised towards three priorities: (i) integrated municipal and inter-municipal investments; (ii) territorial-based integrated actions; (iii) regionalised NOPs and decentralised development actions.

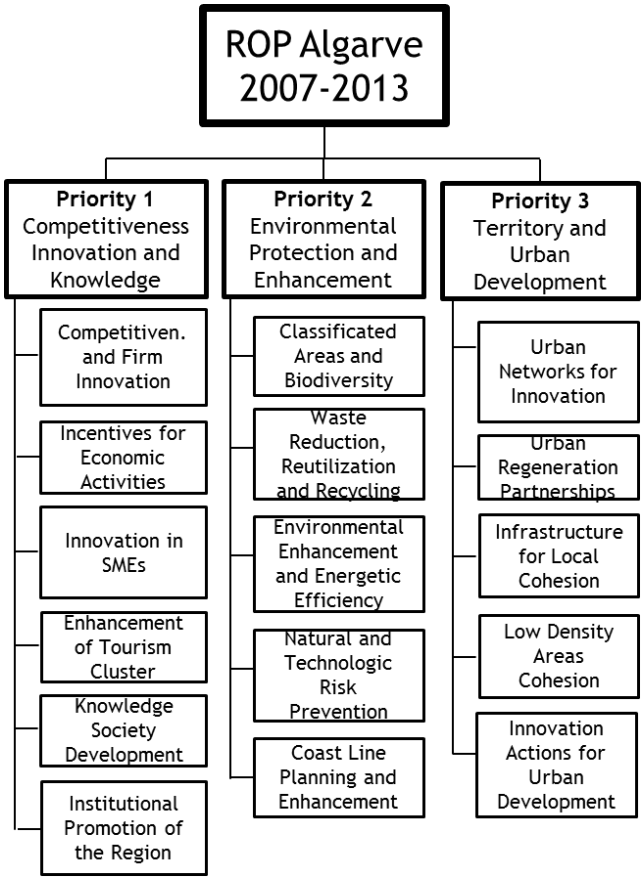
At the strategic level, evaluation reports describe good ROP internal coherence: in general, programme measures were well designed, with regard to the region's needs, and well connected, with regard to their goals and their ERDF allocations. Nonetheless, there were a few problems, namely over-funding and management procedures.

External coherence was also good, since there was both direct compliance between ROP priorities and relevant complementarity with sectorial NOPs and other financing instruments such as the Cohesion Fund and EU Community Initiatives.

3.1.4 2007-2013: the Algarve as a Phasing-Out Region

In the current period as a Phasing-Out region from the Convergence Objective, the Algarve had a much more circumscribed access to Structural Funds. The ROP was now exclusively co-financed by the ERDF with an overall allocation of €143 million, for a total public investment of €215 million. Until December 2012, the most recent data available, the Algarve received €111 million ERDF and a residual CF of €0.6 million. Strategically, 'the key word is undoubtedly competitiveness' (ROP Algarve 2007-2013). In order to achieve it, priority has been attributed to clustering. Besides the obvious tourism cluster, other strategic areas were biotechnology, the environment, agricultural and biological products, renewable energies, ICTs and maritime clusters.

Figure 10: The Algarve 2007-2013 ROP Structure



Source: 2007-2013 Algarve ROP – 2011 Annual Implementation Report

The 2007-2013 strategies were developed by the Algarve CCDR in cooperation with local stakeholders and the decentralised bodies of Central Administration. These regional guidelines aspired to achieve an integrated vision for the development of the Algarve, in coordination with the Lisbon Strategy and several national documents, in order to minimise inconsistencies and gain critical mass. A multi-sectorial approach was needed.

The 2007-2013 Algarve ROP established three main priorities:[15]

(i) Competitiveness, Innovation and Knowledge - this had the greatest financial allocation (€72.4 million, ERDF – 51%) and was focused on innovation to enhance the regional productive profile, entrepreneurship promotion and economic growth, leveraging the tourism sector (cluster logic);

(ii) Environmental Protection and Enhancement (€14.9 million ERDF – 10 %) – this aims to preserve natural resources of the Algarve and enhance sustainability, combining economic and social development with environmental concerns (biodiversity, energy efficiency, risk prevention and coastal areas planning);

(iii) Territorial Enhancement and Urban Development (€50 million ERDF – 35%) – this focuses on enhancing and improving accessibility between urban networks. In addition, it aims to promote

[15] Plus a fourth dedicated to Technical Assistance (4 % ERDF).

urban regeneration and the enhancement of specific urban areas (historic centres, degraded areas), as well as territorial cohesion between costal and interior areas (initiatives in low-density areas).

The current ROP emphasises supra-municipal and regional interventions as well as enterprise-financing schemes, particularly for SMEs.

The recognition that areas in the interior (Serra and Barrocal) have become depopulated and left with almost no economic base led to the realisation of a need for specific policies for these areas. This led to the creation, in 2009, of the Programme for the Economic Valorisation of Endogenous Resources (PROVERE). Its ultimate objective is to offer support for bottom-up initiatives in low-density areas such as those in the Algarve interior areas, linking municipalities and companies. PROVERE has no financial endowment of its own: each project must comply with a set of eligibility rules. However, once a group of projects is recognised as a 'PROVERE Collective Efficiency Strategy' (as the result of a tender), the so-called 'anchor projects' benefit from financial support, and the 'complementary projects' benefit from a higher subsidy rate ceiling according to the bonus laid down in the ROP.

3.2 Relevance of programmes to regional needs

Over the period from 1989 to the present, the Structural Funds supported-programmes have changed their orientation and hence the manner in which they have sought to address regional problems.

In 1989, the Algarve presented a broad range of needs across most areas of social and economic development. Investment was needed in most aspects of infrastructure, public services for the general population were below standard, economically the region needed to modernise and develop new industries, and there were territorial problems such as the decline of rural areas and need for investment in the urban areas. For much of the study period the region has prioritised infrastructures to support accessibility, quality of life and tourism, public service provision and the development of the tourism sector. Whilst these actions have led to significant improvements, especially in the growth of the tourism sector and related economic growth, the need to develop an alternative economic driver for the region remains. This latter aim has only really been addressed in the current programme, and even then with limited resources due to the effects of the economic crisis.

The Algarve is a Mediterranean-climate region and, as such, water is a key vulnerability. At the same time, environmental sustainability and landscape protection were major concerns for tourism development. The first strategic goal in terms of environmental sustainability was the improvement of water supply and sanitation. During the 1989-1993 programme period, the Algarve Multi-Municipal Water Supply and Sanitation Systems were launched with a number of major investments in this period, such as new dams. This theme has continued over subsequent programmes, completing the water infrastructures and expanding in scope to cover the protection of special landscape areas and beaches.

The region has a peripheral location, at the extreme southwest of the EU territory. Priority during the first programme period was attributed to the main east west A22 motorway and the Guadiana river bridge connection to Spain. Both projects complete one another in opening the region to the

European tourism markets and diminishing the geographical remoteness of the region. The direct and indirect influence of these two projects is pointed out by a CCR technical report[16] that asserts that: *"One estimate is that the Guadiana bridge opening in 1991 has had an immediate impact to triple the number of passengers that entered the Algarve through the Huelva Province border"*.

A third related priority of Structural Funds interventions was also opened in 1994-99 with urban rehabilitation projects, with clear and direct effects on tourism, in terms of patrimony and the restoration of historical sites.

Throughout the period social needs have been addressed through continued support for health and educational facilities in order to raise the quality of life towards European norms, and also underpin the needs of the economy through a better educated workforce and the development of a local university.

In the 2000-2006 period, a focus on building up conditions to achieve tourism competitiveness was a radical change compared with the previous period's approach, which mainly stressed the negative impacts of an excessive specialisation. The diversification of the productive base became a stronger priority but with tourism as the starting point (golf, rural, eco, spa tourism). Only in this sector, were there entrepreneurs with enough capital and international experience to grasp alternative business opportunities that could diversify the regional economy (the major companies were all in the tourism sector). During this programme period, there was still a growing focus on regional internal cohesion. Hence, a few initiatives were developed to resolve the imbalances between the over-exploited, coastal areas, towards other complementary tourism products that would also contribute to the development of the interior.

Due to the general consensus that the basic infrastructure problems had, in essence, been addressed, the strategic focus of the 2007-2013 programmes related to enterprise support, and sectoral adjustment - connected both with traditional and new (sea, health, ICT, tourism) sectors. In addition, the current programme seeks to provide greater support for culture, heritage promotion initiatives, and the so-called 'non-material' competitiveness factors (e.g. marketing, design and brands).

There has also been a major concentration of funding on fewer projects, in order to establish a more effective approach and maximise the funds for the growth of competitiveness. This was most relevant for the region's needs, as it allowed a focus on certain specific activities[17] which are expected to have major multiplier effects.

[16] "Strategic Framework to the Algarve Region, 1994-1998" (n.d.).

[17] Not supporting each and every project (e.g. hairdressers, grocery stores, restaurants), as had happened in previous programme periods.

Table 2: Comparison of regional needs and programme responses

	Regional need	Response	Project focus
1989-1993	Water scarcity and distribution Sanitation Sewage	Investments in environmental infrastructures	Alcoutim, Beliche, Bravura, Funcho and Odeleite dams Water supply, sewage and Municipal Solid Waste systems
	Peripheral geographical location, mainly vs. the Iberian Peninsula and EU, as a whole	External connections with Andalucia (Huelva Province)	A22 motorway and the Guadiana river bridge
	Social services scarcity	Investments in health and education infrastructures	Barlavento and Faro Hospitals Algarve University Interventions in primary, basic and professional schools
1994-1999	Water scarcity and distribution (decreased) Sanitation and Sewage (decreased)	Investments in environmental infrastructures - continuation	Water supply, wastewater and Municipal Solid Waste treatment systems Odelouca Dam Ria Formosa Environmental Recovery
	Peripheral geographical location, mainly vs. the rest of the country (decreased)	North-south connections	IC 27, IC 4, EN 2, EN 266, EM 397 Airport expansion Faro-Lisbon railway connection renewed and electrified
	Low levels of education and training	Education and training infrastructures	Intervention in Basic, Secondary and Professional Schools Expansion of the Algarve University Infrastructure
	Structural Adjustment	Business support infrastructures	Faro and Algarve-Huelva Business Innovation Centres Companies Creation Support Centre
2000-2006	Territorial disarticulation (decreased)	Completion of motorways and railways networks	Connection to Lisbon (IP1/A2) Internal connections (IC4/IC27/EN124/EN125) Faro Airport expansion

Source: Case study team own elaboration.

Table 3: Comparison of regional needs and programme responses (Continued)

	Regional need	Response	Project focus
	Geographical issues and urban rehabilitation	Urban renewal projects and heritage recovery Rural development	Silves, Olhão, Faro and Quarteira historic centres. Polis Albufeira Revitalisation of the Villages of the Algarve Programme. Cork Route
	Environmental problems (decreased)	Regeneration of coastal areas and improvement of natural parks and protected reserves	Ria Formosa Natural Park
	Low skill levels of education and training	Investments in education and sports infrastructures	Intervention in Primary and Basic Schools Faro/Loulé Intermunicipal Stadium Multi-sports infrastructure
	Structural Adjustment	Investments in tourism diversification	Faro, Tavira and Vila do Bispo "National Pousadas" Marinas Monchique Thermal Facilities Museums and cultural centres
2007-2013	Geographical issues and urban rehabilitation (decreased)	City Policies Initiatives in low density areas	Tavira, Olhão, Loulé, Monchique and V.Real Sto. António historical centres – some with JESSICA support PROVERE collective efficiency strategy
	Low skill levels of education and training (decreased)	Investment in education infrastructures	Network of basic level schools
	Adoption of the Lisbon Strategy	Support to innovation, both at the University and in companies	Incentives for RTD activities, science-industry cooperation, and innovation activities

Source: Case study team own elaboration.

To sum up, the implicit strategic rationale of intervention within the first three programme periods focused on social and economic support infrastructures (tourism and connected services mainly), whereas the 2007-2013 strategic logic points towards the promotion of investments contributing to the objectives of the Lisbon Strategy and the earmarking of Community Strategic Guidelines. This evolution resulted from a different approach by central government, which explicitly adopted a strategic shift from purely performance-independent subsidies based on interregional asymmetries towards performance-oriented investment grants, which induce behaviour related to territorial competitiveness.

Table 3 below summarises the regional needs as identified by the different programmes and their imputed objectives.

Table 4: Needs and imputed objectives for eight thematic axes

	1989-93		1994-99		2000-06		2007-13	
Thematic Axis	Needs	Imputed objectives	Needs	Imputed objectives	Needs	Imputed objectives	Needs	Imputed objectives
Enterprise	=	3	=	3	+	4	+	4
Structural adjustment	=	3	=	3	+	3	++	4
Innovation	+	2	+	2	+	3	++	3
Environmental sustainability	+	4	+	5	+	4	=	3
Labour market	=	2	=	2	=	2	+	2
Social cohesion	+	2	+	2	+	3	+	4
Spatial cohesion	+	2	++	1	++	4	++	3
Infrastructure	++	5	++	5	+	4	=	3

Needs Scale (evaluation of the region at the start of the period)
++ Very high need: the region is highly deprived on this axis
+ High need: the region is somewhat deprived on this axis
= Average need: the region is around the national mean on this axis
- Low need: the region is above the national mean on this axis
-- Very low need: the region is already a European front-runner on this axis

Imputed Objectives
5 Very high effort, this axis is a central aspect of the regional development strategy
4 High effort, this axis is an important element in the regional development strategy
3 Average effort, this axis is included in the regional development strategy but is not particularly important
2 Low effort: this axis is only marginally considered in the regional development strategy
1 No effort at all on this axis

4. EXPENDITURE ANALYSIS

4.1 Financial allocations

Across the four programme periods, from 1989 until the present (data from 2012), ERDF and CF expenditure in the Algarve amounted to €1,940 million. The Structural Funds support was, by far the main financial instrument for regional development and strategic policies.

From 1989 until 2006, ERDF and CF resources allocated to the Algarve were extremely significant and continually increasing in volume: €330 million in 1989-1993, €604 million in 1994-1999, and €838 million in 2000-2006. From 1994 onward the aid allocated to the region was considerably increased, thanks to the Cohesion Fund intervention. However, in 2007-2013, the region was designated as phasing-out from the Convergence Objective, which meant a significant reduction of funds.

From 1989 to the present, the ERDF contributed the majority of funds to the region (62%). Conversely, during the 1994-1999 and 2000-2006 programme periods, the relation between ERDF and CF funds was more balanced: almost 50% for each fund.

Table 5: 1989-2013 total ERDF and CF Expenditure
(thousands of Euros at 2000 constant prices)

	1989-1993	1994-1999	2000-2006	2007-2013*	Total
ERDF	329,593 (100%)	298,431 (49%)	465,889 (56%)	110,963 (64%)	1,204,876 (62%)
CF	0 (0%)	305,833 (51%)	372,213 (44%)	61,251 (36%)	739,297 (38%)
Total	**329,593**	**604,264**	**838,102**	**172,214**	**1,944,173**

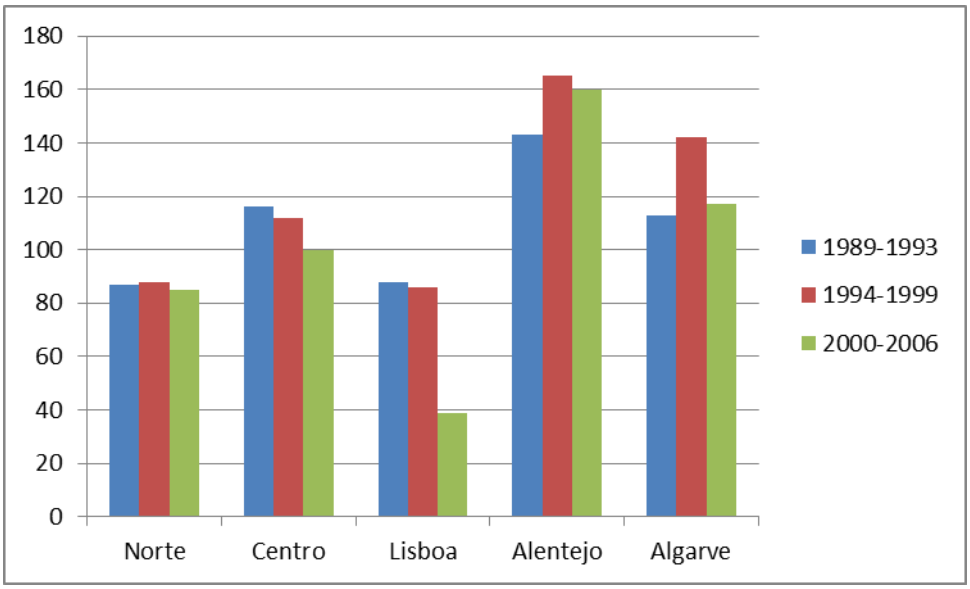
* approved expenditure on December 2012.

Source: IDFR - Regional Development Financial Institute.

Given that at the regional level, the investment capacity was highly dependent on Structural Funds, Community support was critical for implementing projects that would not have been possible otherwise. Hence, there was a great interdependence between Structural Funds support and investment capacity. For this reason, some interviewees pointed out that the reduction of funding to the Algarve (due to the phasing-out process) may pose a serious constraint to regional development, especially in the present macroeconomic crisis.

Considering the average per capita ERDF expenditure in Portuguese regions (NUTs 2), from 1989 to 2006, the Algarve was always located above the mean for the Objective 1 Convergence regions (or for Portugal). In fact, the Algarve was the second highest Portuguese region (after the Alentejo), in terms of ERDF per capita investment levels, in all programme periods.

Figure 11: Community Support Frameworks per capita investment by NUTS 2 (Portugal=100)



Source: Monteiro and Leite (2011, p. 605).

There was a higher proportion of expenditure from NOPs in the first programme periods (82 percent in 1989-1993 and 67 percent in 1994-1999), whereas in the 2000-2006 programme period the ROP already accounted for 62 percent of the total. Such a shift can be explained by a strategy change (see Chapter 3), which enabled the transfer of programmed investments in NOPs to the regional programme (corresponding to 2000-2006 ROP Priority 3 – Regionally De-concentrated Central Administration Interventions). As such, the 2000-2006 ROP Priority 3 cut across several Central Administration investments, which were transferred from the different NOPs.

During the current programme period, 2007-2013, the ERDF support is 100% channelled through the ROP.

Table 6: 1989-2013 ERDF expenditure by Operational Programmes
(thousands of Euros at 2000 constant prices)

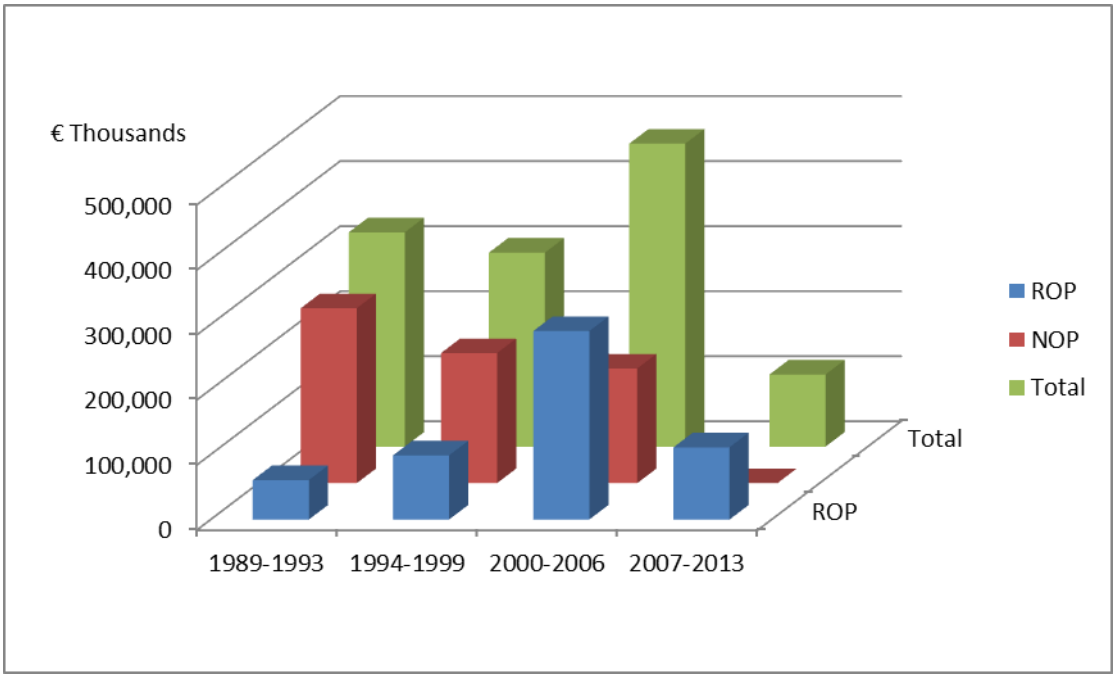
	1989-1993	1994-1999	2000-2006	2007-2013*
ROP	60,667 (18%)	98,563 (33%)	289,666 (62%)	110,963 (100%)
NOP	268,926 (82%)	199,868 (67%)	176,223 (38%)	0 (0%)
Total	**329,593**	**298,431**	**465,889**	**110,963**

* approved expenditure on December 2012.

Source: IDFR - Regional Development Financial Institute.

The following graph summarises the evolution of ERDF expenditure across programme periods and between NOPs and ROPs.

Figure 12: 1989-2013 NOP and ROP ERDF expenditure
(thousands of Euros, 2000 prices)



[2007-2013 data = approved expenditure on December 2012].

Source: Regional Development Financial Institute (IFDR).

4.2 Expenditure compared with allocations

The ERDF expenditure across 1989-2006 accounted for an average of 90.7% of the initial allocations (€1.21 million initial allocation and €1.09 million expenditure). The execution rate varied during the programme periods from 100% in 1989-1993, to 88% in 1994-1999 and 87% in 2000-2006. NOPs and ROPs execution rates are rather similar, even if NOPs present significantly higher percentages. This is in particular the case during the 1994-1999 programme period (91% vs. 83%).

Table 7: 1989-2006 ERDF initial allocations and expenditure
(thousands of Euros at 2000 constant prices)

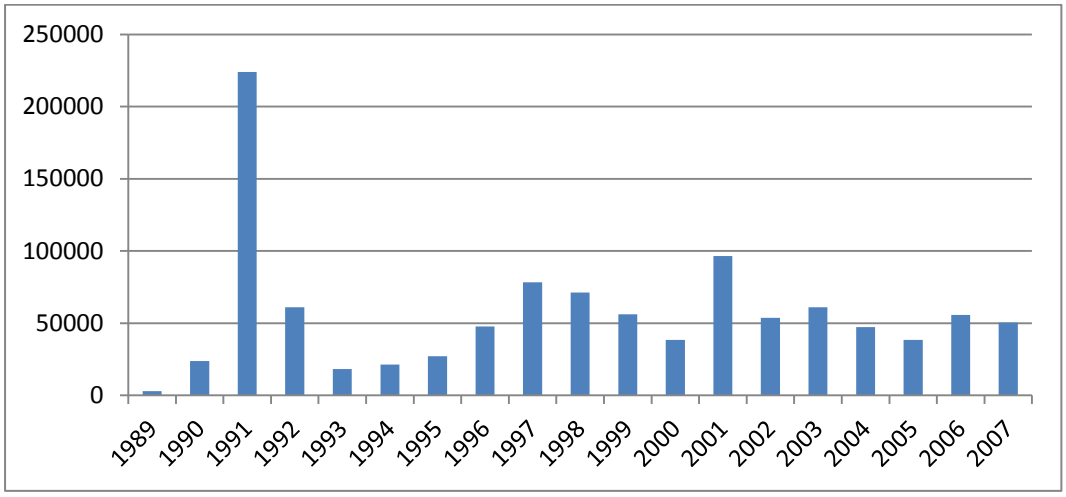
	1989-1993*			1994-1999			2000-2006		
	Alloc.	Expend.	%	Alloc.	Expend.	%	Alloc.	Expend.	%
ROP	60,667	60,667	100	118,751	98,563	83	338,395	289,666	86
NOP	268,926	268,926	100	219,635	199,868	91	199,573	176,223	88
Total	**329,593**	**329,593**	**100**	**338,386**	**298,431**	**88**	**537,968**	**465,889**	**87**

* Initial allocations on this programme period were based on expenditure values.

Source: IDFR - Regional Development Financial Institute.

The analysis of the annual ERDF expenditure in 2000 constant prices indicates that expenditure peaked in the middle years of each programme period – 1991, 1997 and 2003 – with the exception of an additional peak in 2001. The first years of implementation of each programme period are times of maturation and adaptation to different procedures and regulations.

Figure 13: 1989-2006 Total ERDF expenditure per year
(thousands of Euros in 2000 prices)



Source: IFDR Regional Development Financial Institute.

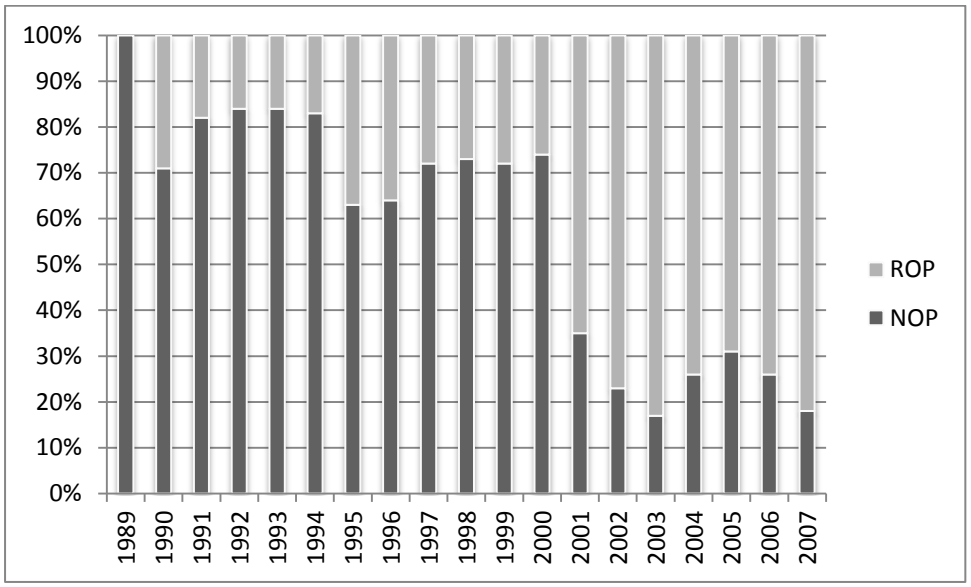
Throughout the entire period, 1991 was by far the year when expenditure peaked (real expenditure was more than twice the 2001 expenditure, the year with the second-highest amount). It was the first time that the region had such an amount of funding at its disposal and potential beneficiaries – municipalities, enterprises, NGOs - were urged to apply for eligible projects. Interviewees agreed that there were loose selection criteria. And regional needs were so important and diverse, that there was no problem in finding projects to propose for ERDF support.

The 2001 peak reflects transferred expenditure from the 1994-1999 programme period, as 2001 was the last year available to finish projects, pressing beneficiaries to terminate their projects and Managing Authorities to spend available funding.

From 2002 onwards, expenditure levels were more balanced, reflecting improvements in coordination and linkage within the payment circuits (EU to Managing Authorities to beneficiaries). Nonetheless, expenditures experienced some delays (one can detect lower levels of expenditure in 2005) due to reprogramming issues, which extended the programme expenditure to 2007 and 2008.

The following graph illustrates the annual percentages of ERDF expenditures, in the ROPs and NOPs respectively. The figure confirms the shift - during the 2000-2006 programme period - from the predominance of NOPs to ROPs.

Figure 14: 1989-2006 Percentage of ROPs and NOPs in total ERDF expenditure per year



Source: Regional Development Financial Institute (IFDR).

When analysing the expenditure data against the eight thematic priorities used in the present study, it is possible to observe a gradual shift of priorities. The evolution of the ERDF and CF expenditures, changed from an emphasis on infrastructure and environmental sustainability in the earlier periods towards a more balanced distribution in the later periods.

Table 8: 1989-2013 Total ERDF and CF Expenditure by thematic priority
(thousands of Euros at 2000 constant prices)

Thematic priority	1989-1993		1994-99		2000-2006		2007-2013*	
	€	%	€	%	€	%	€	%
Infrastructure	238,668	72.4	181,786	30.1	544,831	65.0	25,860	15.0
Environmental sustainability	56,445	17.1	344,279	57.0	106,389	12.7	77,857	45.2
Structural adjustment	6,715	2.0	43,035	7.1	30,492	3.6	11,981	7.0
Enterprise	20,063	6.1	19,860	3.3	87,577	10.5	43,764	25.4
Innovation	727	0.2	3,566	0.6	18,999	2.3	0	0.0
Labour market	0	0.00	2,420	0.4	1,856	0.2	0	0.0
Social cohesion	5,475	1.7	4,729	0.8	5,481	0.7	0	0.0
Spatial cohesion	1,500	0.5	4,589	0.8	42,477	5.1	12,752	7.4
Total	**329,593**	**100**	**604,264**	**100**	**838,102**	**100**	**172,214**	**100**

* approved expenditure on December 2012.

Source: Case study team analysis.

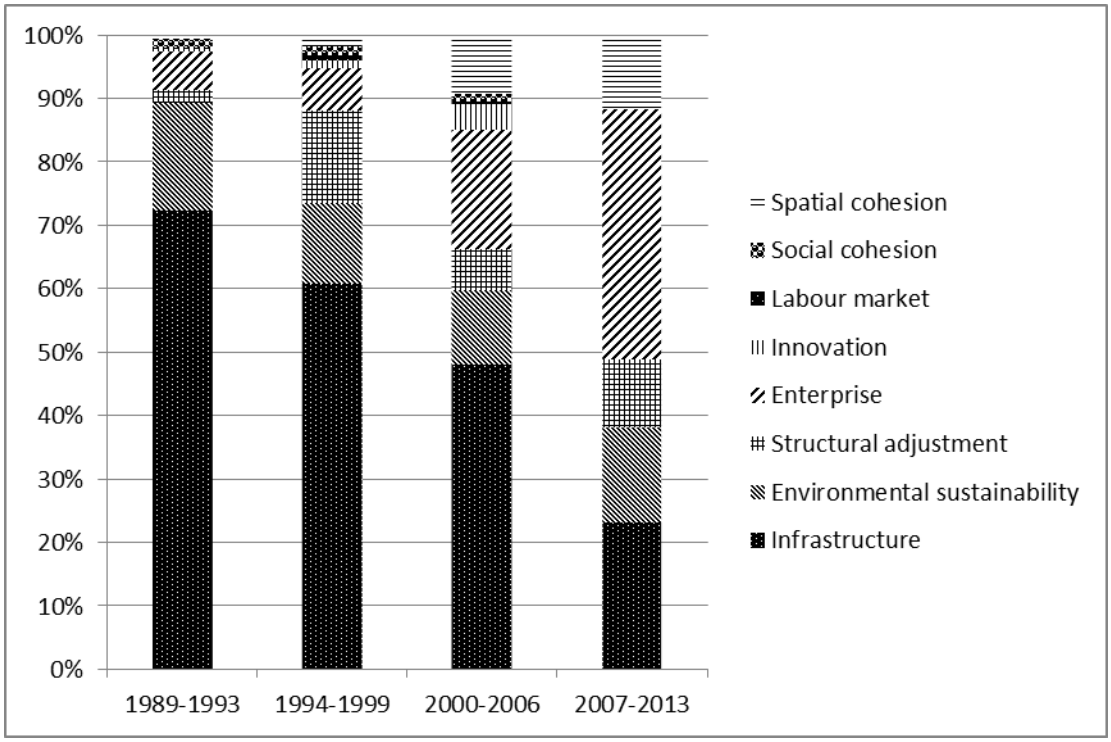
In the first two programing periods, 1989-1993 and 1994-1999, almost 90 percent of the ERDF and CF expenditure was on two thematic priorities: infrastructure and environmental sustainability. The remaining expenditure was mainly on structural adjustment and enterprise support.

During the 2000-2006 programme period, although infrastructure and environmental sustainability remain the most significant areas (78% in total), there was an increase of expenditure in enterprise support, spatial cohesion and innovation. There was a shift in SF programmes management, featuring new regional needs, mainly those related to enterprise support.

The 2007-2013 programme expenditure pattern is still provisional (and partial as such). However, this programme period exhibits a significant shift towards the enterprise thematic priority, along with structural adjustment and spatial cohesion. The thematic priority of environmental sustainability remains important, while for the first time in the history of Algarve ERDF, the expenditure on infrastructures decreased.

Even if one does not take into account the CF in the analysis of expenditure by thematic priority (given that the CF only financed projects on infrastructure and environmental sustainability) the distribution structure remains similar, as the figure 15 illustrates.

Figure 15: ERDF expenditure (NOPs + ROPs) by thematic priority (expressed as percentages)



Source: Case study team analysis of expenditure data.

The general long term trend is that of a reduction in the importance of infrastructure. Environmental sustainability maintains its importance in each and every programme period, without major significant differences. Structural adjustment gains relative importance in the second and fourth programme period, while enterprise support is the "rising star" in 2007-2013. One can also conclude that – despite its low relative weight – spatial cohesion gained relevance in the 2000-2006 and 2007-2013 programme periods.

If one looks at the 1989-1993 ERDF expenditure period, taking the division NOPs-ROPs into account (Table 8), the main conclusions are presented below.

Table 9: 1989-1993 Expenditures by thematic priority (2000 constant prices)

Thematic priority	ERDF NOP		ERDF ROP	
	€ thousands	%	€ thousands	%
Infrastructure	213,010	79.2	25,658	42.3
Environmental sustainability	22,133	8.2	34,312	56.6
Structural adjustment	6,715	2.5	-	0.0
Enterprise	19,365	7.2	698	1.2
Innovation	727	0.3	-	0.0
Labour market	0	0.0	-	0.0
Social cohesion	5,475	2.0	-	0.0
Spatial cohesion	1,500	0.6	-	0.0
Total	**268,925**	**100.0**	**60,668**	**100.0**

Source: Case study team analysis.

In the 1989-1993 programme period, the NOPs were more infrastructure focused (79.2%) than the ROPs (42.3%). The ROP main area of intervention was environmental sustainability (56.6%), virtually ignoring all other priorities (at the exception of infrastructures, with 42.3%). Curiously enough, despite the major investments in infrastructures, the NOPs present a more balanced structure (with enterprise support contributing with 7.2% of total ERDF financing).

Table 10: 1994-1999 Expenditures by thematic priority (2000 constant prices)

Thematic priority	ERDF NOP		ERDF ROP		Cohesion Fund	
	€ thousands	%	€ thousands	%	€ thousands	%
Infrastructure	110,644	55.4	71,142	72.2	-	0.0
Environmental sustainability	13,577	6.8	24,869	25.2	305,833	100.0
Structural adjustment	43,035	21.5	-	0.00	-	0.0
Enterprise	17,308	8.7	2,552	2.6	-	0.0
Innovation	3,566	1.8	-	0.0	-	0.0
Labour market	2,420	1.2	-	0.0	-	0.0
Social cohesion	4,729	2.4	-	0.0	-	0.0
Spatial cohesion	4,589	2.3	-	0.0	-	0.0
Total	**199,869**	**100**	**98,563**	**100**	**305,833**	**100**

Source: Case study team analysis.

In the 1994-1999 programme period, the NOPs were now less infrastructure-focused (55.4%) than the ROP (72.2%). The NOPs continued to present a more balanced structure with "Structural Adjustment" and "Enterprise" themes representing respectively 21.5% and 8.7% of total support. The ROP did not provide any support for "Innovation", "Labour market", "Social Cohesion" or "Spatial Cohesion". During this period, the Cohesion Fund concentrated all its financial support in environmental sustainability.

Table 11: 2000-2006 Expenditures by thematic priority (2000 constant prices)

	ERDF NOP		ERDF ROP		Cohesion Fund	
Thematic priority	€ thousands	%	€ thousands	%	€ thousands	%
Infrastructure	47,261	26.8	177,436	61.3	320,134	86.0
Environmental sustainability	6,382	3.6	47,928	16.6	52,079	14.0
Structural adjustment	12,729	7.2	17,763	6.1	-	0.00
Enterprise	87,577	49.7	-	0.0	-	0.00
Innovation	16,502	9.4	2,497	0.9	-	0.00
Labour market	290	0.2	1,566	0.5	-	0.00
Social cohesion	5,481	3.1	-	0.0	-	0.00
Spatial cohesion	-	0.00	42,477	14.7	-	0.00
Total	**176,223**	**100.0**	**289,666**	**100.0**	**372,213**	**100.0**

Source: Case study team analysis.

In the 2000-2006 programme period, the NOPs continued to be much less infrastructure-focused (26.8%) than the ROP (61.3%). At the same time, they continued to present a much more balanced structure, this time emphasising the "Enterprise" theme (49.7%). On the contrary, the ROPs privileged (besides infrastructure) "Environmental Sustainability" (16.6%), "Spatial Cohesion" (14.7%) and "Structural Adjustment" (6.1%). It is clear that the ROP presented a more balanced structure than in the previous programme period.

For the Cohesion Fund infrastructures were now allocated 86% of the total.

Table 12: 2007-2013 Expenditures by thematic priority (2000 constant prices)

Thematic priority	ERDF ROP		Cohesion Fund	
	€ thousands	%	€ thousands	%
Infrastructure	25,860	23.3	0	0
Environmental sustainability	16,606	15.0	61,251	100.0
Structural adjustment	11,981	10.8	0	0
Enterprise	43,764	39.4	0	0
Innovation	0	0.0	0	0
Labour market	0	0.0	0	0
Social cohesion	0	0.0	0	0
Spatial cohesion	12,752	11.5	0	0
Total	**110,963**	**100.00**	**61,251**	**100.0**

Source: Case study team analysis.

In the present ROP the themes "Structural Adjustment" and "Enterprise" receive, together, 50.2% of total support, which means a true volte-face vs. the previous programme periods.

The two recurrent themes "Infrastructure" and "Environmental Sustainability" receive now just 38.3% of the total. Curiously enough, though in the period where the adoption of the "Lisbon Strategy" is a major goal, "Innovation" is totally ignored.

5. ACHIEVEMENTS ANALYSIS

This chapter analyses the Algarve's ERDF and CF achievements related to the major themes of the objectives/needs, throughout the period under analysis. It examines the reported and actual achievements for each programme period and the influence of these in addressing regional needs, taking into account not only official documents but also interviewee's information, academic publications and official statistical data. The institutional factors affecting achievements and the complementarities and synergies (both between ERDF-funded programmes and domestic regional policy) are also examined.

5.1 Reported & actual achievements

The sources for the analysis of the reported and actual achievements are basically the final implementation reports (FIRs) and evaluation studies (mainly ex-post, but also ex-ante and intermediate reports), for both the NOPs and ROPs. It should be stressed that the NOP Final Implementation Reports present, in general, achievements by sector and not by region. As such, the assessment of the achievements in the region can only be obtained by weighting achievements according to share of population or GDP. The narrative is complemented by detailed tables of NOP and ROP expenditures (Annex II), and by ROP reported achievements[18] (Annex III).

5.1.1 Programme-level achievements

The 1989-1993 programmes presented output indicators regarding funding and the physical execution of each priority. For the East and West Algarve ROPs, the monitoring system was organised according to the programme structure (by sub-programme), which allowed for a comparison of the physical indicators of planned and completed initiatives.

[18] Reported achievements only exist at the ROP level for all programme periods.

Table 13: Overview of 1989-1993 Reported Achievements

Sub-Programme	Physical Indicators	Planned	Completed
Support Infrastructure (ERDF)	Water pipes network – km	118.6	117.8
	Sewage network – km	80.6	79.2
	Wastewater treatment plants (WWTP) – no.	8	8
	Roads constructed or improved – km	134.4	134.6
	Sports infrastructure constructed or improved – no.	16	16
	Cultural centres constructed or improved – no.	4	4
	Schools improved – no.	4	4
	Hospitals constructed, modernised or improved – no. interventions	10	10
	Hospital interventions – no. of new machines	51	51
Support to Productive Activity and Services to SMEs (ERDF)	Information support to productive activity – no. meetings[19]	175	175
	Information support to productive activity – no. of documents produced[20]	70	65
	Information support to productive activity – no. of visits to enterprises[21]	75	73
Execution and Control (ERDF)	Execution reports supported – no.	14	16
	Dissemination actions – no.	50	48

Source: authors based on 1989-1993 Algarve ROP Final Implementation Reports (East and West Algarve).

As can be seen, the ERDF-financed outputs very closely matched those planned, as projects were frequently already identified at the outset. Given that the outputs were almost all capital projects then the reported achievements would be fairly accurate assessments of what was delivered.

It is clear that infrastructures and environmental sustainability were the major priority in this programme period. The ROP programmes alone accomplished 118 kilometres of water pipes, 72 kilometres of sewage and 135 kilometres of new or improved roads.

By contrast, support for enterprise and structural adjustment was not prioritised and outputs were poorly measured. The ROP only refers to numbers of meetings, visits or flyers under the theme 'support to SMEs'. However, official reports refer to strategic complementarities between the NOPs and ROPs for support to tourism private investments.

[19] Public meetings to inform potential beneficiaries of the programmes available, the bureaucratic process to follow, and the way applications should be presented.

[20] Documents produced as background information to be distributed in the aforementioned meetings. These included references to the different NOPs and ROPs, data needed to present an application, ministerial delegations' addresses in the region, applicant capital needed, expected rate of financial support, etc.

[21] Visits to companies, to give the same type of information referred to in the previous two footnotes.

Concerning road investments, whereas the ROPs focused on the connectivity between local centres, the NOPs supported the main regional transport network, as well as the improvement of the external connectivity of the Algarve.

A comprehensive monitoring system - with output, result and impact indicators - that would allow a clear assessment of achievement did not exist.

In the **1994-1999** programme period each Managing Authority was responsible for the definition of the physical indicators used in their programme. Overall there were many inconsistencies between the planned values and what was in fact executed (for example, in the municipal road network).

Table 14: ERDF 1994-1999 ROP Main Reported Achievements

	Planned	Approved	Completed
Accessibility			
Construction/improvement of the municipal road network – km	65	239	239
Construction of ring roads around main urban centres	6	6	6
Improvement of the declassified road network – km	30	64.2	64.1
Construction/improvement of structural regional axes - km	30	2.0	2.0
Environment			
Construction of reservoirs – no.	6	12	12
Construction of water and sewage systems – km	30	134	134
Wastewater treatment system – no.	1	1	1
MSW treatment system – no.	4	4	4
Solid waste cleaning equipment – no.	50	34	54
Enhancement interventions (urban, protected areas, tourist interest areas) – ha (area)	50	37.1	31.9
Enhancement interventions (urban, protected areas, tourist interest areas) – No.	5	23	17
Other Infrastructures			
Construction/improvement of public facilities – ha (area)	37	2.1	2.1
Construction/improvement of productive activity infrastructure – ha (area)	17	0.7	0.7
Construction/enlargement of centres to support economic activity – no.	2	2	2
Interventions in sports and culture infrastructure – no.	4	5	5

Source: 1994-1999 PROA ROP Final Implementation Report.

The data above reflects a continuation in the priorities from the previous programme period, namely infrastructure, environmental systems and urban rehabilitation. About 240 kilometres of roads were constructed or improved under the 1994-1999 ROP Algarve, a value much higher than the initial planned length of 65 km. The ROP environmental achievements were also greater than forecast, especially the kilometres of water supply and sewage networks developed (134 kilometres completed, based on an initial target of 30 kilometres). These differences in outputs were due to a variety of reasons, probably including some under-estimations at the planning stage, but also due to the transfer of resources into infrastructure sub-programmes. Programmes had great flexibility to move funds between priorities and road and water systems were easy projects to implement.

Additionally, the level of domestic funding was increased. Much less successful were other forms of construction for productive activities.

Urban rehabilitation interventions were the third priority area. Actions comprised the reclaiming of degraded areas and historic centres, the provision of parks, car parks, markets in urban centres, and the creation of infrastructure for collective use (such as sports and cultural centres).

In total, the 1994-1999 ROP supported 55 projects in enhancing regional competitiveness and stimulating local potential enabling the creation of 319 gross direct permanent jobs and 2,810 gross temporary jobs.

Regarding the achievements of the 1994-1999 NOPs, it is only possible to identify the most relevant projects in the region. Targets and results were generally not provided for each region – as these are national programmes - so the available information relates mostly to the description of projects and the indication of some project outputs. According to a report by the CCDR the most significant projects during this programme period were the following: rural centres/Odiana, access road to Faro airport, Quarteira marginal road urban development, road access to Olhão and Tavira, Lagos urban rehabilitation, Monchique municipal pools, Tavira municipal market, S. Brás de Alportel municipal library, Monte Gordo urban development, Portimão wholesale market, Martilongo and Castro Marim swimming pools, Alcoutim dam, Silves river area urban renovation, and Sagres Oceanographic Centre (Brito, 2005, p. 60).

The NOP for Regional Development Potential supported local roads, cultural centres in the interior, and the ODIANA initiative (Baixo Guadiana Enhancement Action), a set of small infrastructure projects in the lower Guadiana river area to promote the sustainable use of natural resources and the enhancement of existing natural and cultural heritage (23 projects in a total of €4.5 million ERDF funding).

The NOP for Productive Sector Modernisation supported fishing (Quarteira and Vila Real de St. António fishing ports land and maritime infrastructures) and tourism investment projects (modernisation and diversification of tourism infrastructures).

The NOP for Health and Social Integration supported the construction, upgrading and modernisation of hospitals and healthcare centres (completion of the Barlavento Hospital, one healthcare centre construction and one healthcare centre modernisation). The Barlavento Hospital opened to the public in 1999 and after 2004 started to be managed together with Lagos Hospital, thus serving 142,000 inhabitants (seven municipalities), as well as offering some specialist services for the whole Algarve region. The NOP for Health and Social Integration also supported the construction of the Brain Paralysis Portuguese Association Regional Centre, at Faro. Two other major areas of intervention of this NOP were the creation of a Health National Service ID Card and a Health Centres Computer Network. In 2005, the 3 health units (Barlavento Hospital = Lagos + Portimão and Faro) had 775 beds (Source: INE, Health Statistics, 2006).

The CF's most important achievement was the Ria Formosa Natural Park Recovery. It also supported several MSW Treatment Systems, wastewater treatment and water supply projects.

The **2000-2006** programme promoted investment of over €838 million in the region, distributed amongst 2,400 projects, financed by ERDF (€466 million) and CF (€372 million).

This was the first programme period where the ROP budget surpassed those of the NOPs in the region. The Algarve OP represented 62% of ERDF support in the region and 56% of total investment (ERDF+CF). Its main outputs are summarized in table 14, below.

Table 15: 2000-2006 ERDF ROP Main Reported Achievements

	Physical Indicator	Planned	Achieved
Territory Enhancement Infrastructure	Municipal road network constructed/ improved (km)	160	206.6
	Urban restoration interventions (no.)	20	32
	Industrial areas constructed/improved (no.)	6	5
Collective Equipment	Primary school centres created (no.)	18	23
	Cultural facilities (no.)	10	12
	Sports facilities (interventions) (no.)	10	6
Territory Enhancement Specific Actions	Interventions in degraded areas, with tourism promotion (no.)	7	10
	Support initiatives for cultural promotion/animation (no.)	35	85
	Conferences, seminars and workshops supported (no.)	50	47
	Supported services provider organisations for regional promotion and enhancement (no.)	3	2
	Community information initiatives (no.)	30	26
	Technical projects supported (no.)	6	1
Basic Sanitation	Water supply networks constructed (km)	60	223
	Water supply networks improved (km)	36	39
	Wastewater system networks constructed (km)	100	233
	Wastewater system networks improved (km)	44	44
Integrated Actions for the Enhancement of Low-density Areas	Structural projects implemented (no.)	3	3
	Interventions in natural areas (no.)	3	6
	Integrated sectoral facilities (no.)	10	25
	Urban rehabilitation integrated actions (no.)	6	7
	Visitors to regional products promotion events (no.)	350,000	621,000
	Supported initiatives of cultural promotion/animation (no.)	20	37
	Supported services provider organisations for regional promotion and enhancement (no.)	2	2
Integrated Actions for the Qualification and Competitiveness of Cities	Extension of bicycle paths (km)	1.8	2.3
	Urban rehabilitation interventions (no.)	11	17

Source: 2000-2006 ERDF ROP (PROALGARVE) Final Implementation Report.

The ROP targets were surpassed in some areas, namely in the construction of water supply and wastewater system networks. Again funds were redirected from underspends in other areas, but there also seemed to be a continuing problem in forecasting outputs. Additionally, initiatives for cultural promotion/animation and visitors to regional products promotion events achieved almost double the initial planned number. On the whole, the ROP is reported to have created 1,185 gross new jobs.

The most significant NOPs in the region were: Economic Modernisation, Accessibility and Transport, Health and Culture, Culture, Environment, and Science and Innovation. For all of these, outputs at a regional level were not reported, so only national data are available.

The NOP for Economic Modernisation (Table 15) had a strategic role in the development of the Algarve, as shown by the number of SMEs and jobs created, through three incentive schemes: Small Enterprise Initiatives Incentive Scheme, Commercial Urbanism Incentive Scheme and Tourism Products Promotion Incentive Scheme. The Algarve received 3.1% of the total budget, which would imply around 1500 jobs if in proportion to the national outputs. There may be some duplication in these figures though if firms were supported by more than one project. The same NOP also supported coastal municipality investments (marinas, docks and fishing markets) and large tourism projects.

Table 15: NOP Economic Modernisation Main Output Indicators at the national level[22]

Output Indicator	Planned	Executed
Additional created companies (country %)	5% to 10%	10%
Nº of created jobs	20,000 to 25,000	51,161
Nº of companies with quality, security and environment certification	2,000	2,194
Nº of SMEs supported	6,000	6,871
Nº of SMEs involved in Enterprise Associations initiatives	20,000	38,032
Nº of entities that benefitted from training actions	2,516	2,065
Nº of trainees	350,000	833,129
Nº of S&T units	65	32
Nº of local associations supported	258	355

Source: 2000-2006 NOP Economic Modernisation FIR.

The NOP for Accessibility and Transport developed 19 projects, including the expansion of Faro Airport, the improvement of the complementary road network, the growth of a maritime traffic control system and the modernisation of railway infrastructures.

The NOP Health supported (Table 16) the construction and modernisation of hospitals and health centres (in Loulé, Silves, Tavira, Albufeira, Portimão, and Monchique), the construction of the Algarve Centre of Physical Rehabilitation and a social care network. The NOP for Education

[22] The Algarve numbers can only be estimated from the percentage of the national budget: 3.1% of total NOP Economic Modernisation.

supported ERDF financed investments in Professional Education Schools, Technological Specialisation Courses, internships for university graduates, and new computers in all schools.

Also during this programme period an Interreg IIIA project - managed by the Andaluz Health Service at Sevilla and the Algarve Health Regional Administration – developed telemedicine applications. This has reduced financial and environmental costs allowing for a better use of the existing equipment in the health centres.

The NOP for Education supported ERDF financed investments in Professional Education Schools, Technological Specialisation Courses, internships for university graduates, and new computers in all schools. Projects for school renovation and modernisation included 69 approved projects, 110 classrooms renovated and 214 classrooms equipped, with a total of 8,850 students covered.

NOP Culture financed the Portimão Municipal Museum and the Faro Municipal Theatre, whereas the NOP Environment supported coastal areas (beach cleaning actions and the Arade Riverside Leisure Park). Finally, the NOP Science and Innovation supported several Algarve University R&D centres and laboratories.

Table 16: NOPs Health and Education Main Output National Indicators[23]

Output Indicator	Planned	Executed
NOP Health		
No. of institutions in Health Computer Network	2,937	2,937
No. of hospitals and health centres with quality certification	79	63
No. of social care units (created, adapted or refurbished)	159	159
No. of jobs created on social care provision units	1,000	1,254
No. of training actions	12,508	18,794
Nº of trainees	200,000	270,270
NOP Education		
No. of trainees in Professional Education Schools	150,000	79,985
No. of trainees in Technological Specialisation Courses	4,500	3,647
No. of internships created for university graduates	20,294	24,412
No. of new computers in all schools	126,603	115,912

Source: 2000-2006 NOPs Health and Education FIRs.

From mid-2005, many programmes showed a slow level of financial execution. As a consequence, reprogramming and negotiations with the European Commission took place, in order to delay the programming closure for a 6-month period.

[23] The Algarve numbers can only be estimated from the percentage of the national budget: 6.3% of total NOP Health budget, and 6.8% of total NOP Education budget.

During the 2000-2006 programme period, the CF supported five projects of MSW treatment, water supply and wastewater treatment (the increase of population served was: +7% MSW treatment, +12% water supply, +10% wastewater treatment) and four railway modernisation projects.

Reported achievements for the **2007-2013** programme period cannot be assessed in full, as the programme is still on-going. The latest available Annual Implementation Report (2011) shows concerns regarding the pace of ROP implementation and the rise in regional unemployment and company bankruptcies. The 2012 reprogramming also had consequences for ROP execution,[24] contributing to a slowing down of the implementation. For these reasons, levels of approvals are still low.[25]

Table 17: 2007-2013 ERDF ROP Main Reported Achievement

Thematic Areas	Indicators	Programmed	2011 – Execution
Jobs Created	Nº of direct jobs created	1,050	22
Direct Support to SME Investment	Nº of supported start-ups	25	1
	Nº of jobs created	300	22
	Induced investment (M€)	200	0.53
Transport	Increase in population served by interventions of urban transport systems expansion	20,000	12,902
Environment	Rehabilitated area (km^2) in the recovery of environmental liabilities	10	0.2
Tourism	Nº projects	50	4
	Nº of jobs created	250	15
Education	Nº of projects	25	9
	Nº of students that benefit from the interventions	7,000	2,447

Source: 2007-2013 ERDF ROP (Algarve21) 2011 Annual Implementation Report.

Table 18: 2007-2013 ERDF ROP most significant degrees of implementation

	Approved / executed until December 2011	Degree of implementation (2015 target)
Education	18 schools supported	60%
	5946 students benefit from interventions	85%
	84.34% of students attend normal school system	89%
Policy cities	9 Projects inserted into strategies for the competitiveness of the urban network	60%
	60% of urban population covered by programs of urban strategic competitiveness	75%

[24] Increase in the co-financing rates and eligibility adjustments between the ROP and the Territory Enhancement NOP.

[25] By the end of 2012, only 56.9% of the funds allocated to the programme had been approved for expenditure.

	Approved / executed until December 2011	Degree of implementation (2015 target)
	10,185 residents benefit from urban regeneration projects	51%
	27 projects that ensure sustainability and improve the attractiveness of cities	90%
Transport	53.6 km of new or existing roads	89%
	40% reduction in the travel time on road sections intervened	268%
Social Inclusion	18 projects to promote the provision of services to equal opportunities and social inclusion for young people	64%

Source: 2007-2013 ERDF ROP (Algarve21) 2011 Annual Implementation Report.

CF funding reports (dated from December 2012) record the approval of projects on civil defence, on environmental protection, on coastal protection and on water supply and wastewater treatment. It is noteworthy that basic environmental infrastructures are still considered to be of relevance in this programme period, and there is a concern that the region is continuing to spend on environmental infrastructures as a form of Keynesian investment, when it might be better to invest in other forms of productive capital. However as this was CF there was no real alternative.

Methodological note - Programme indicator system

Throughout this section, a crucial issue has been the nature and comprehensiveness of indicators used and the degree to which the monitoring systems were able to follow and facilitate the effective implementation of programmes, account for the outputs and results achieved, and thus allow the assessment of achievements and their effectiveness. The number and accuracy of indicators used to report programme achievements have improved over time.

The 1989-1993 national and regional programmes monitoring system was modest. In fact, it did not exist as a comprehensive system with output, result and impact indicators that would allow for a clear assessment and analysis of achievements. Hence, the 1989-1993 programme only presented simple output indicators – common to all NOPs – regarding the funding and physical execution of each priority. In practice, the monitoring system only addressed project implementation and not its potential impact on the region.

The 1994-1999 programme evaluation system was very similar to the previous one. Each NOP Managing Authority was responsible for the definition of the relevant output indicators. Nonetheless, the achievement-monitoring system still had major limitations: inconsistencies between targets and achievements (for example, in the municipal road indicators); the quality (for example, the flawed design) and quantity (for example, only output indicators were used) of the indicators; and, in a few cases, the inability of programme authorities to set realistic targets (for example, quantified targets should have been more exhaustive and comprehensive).

The European Commission intended to create a continuous evaluation system for Operational Programmes, through the hiring of a permanent expert team that would monitor the management

procedures, detect irregularities and problems, and produce reports for the Monitoring Units of the Management Authority. However, this proposition was not accepted by the Portuguese authorities.

For the following programmes, the information and monitoring systems were more complex and integrated (computerised databases). Nevertheless, they continued to stress financial information rather than regional impacts. The system for the assessment of achievements improved, with the addition of result indicators and with more adequate benchmark targets. However, the NOPs' achievements were still not regionalised.

This monitoring system addressed each programme individually; hence, there was a monitoring commission for each programme with responsibilities for the approval of financing criteria, the monitoring of evaluations, the analysis of implementation results, and the approval of AIRs and FIRs. Monitoring commissions have a consolidated structure, including OP Managing Authorities, the national SF management body, the respective sectoral ministries, municipalities, and relevant social and economic partners and the European Commission.

5.1.2 Analysis by theme

(i) Infrastructure

The Algarve Region had needs arising from its peripheral geographic position, at the extreme south west of Europe and the Iberian Peninsula, as well as from a long-term lack of investment in basic public services. As a consequence infrastructure of various kinds has formed the core of its Structural Funds investments. Peripherality was combined with the organisation of its regional urban system and settlement pattern which has a distinct intra-regional disequilibrium. The high concentration of population and economic activity along the southern littoral strip, led to pressures on the environment, infrastructure and collective facilities, pressures exacerbated by the growth of tourism. Meanwhile, elsewhere in the region, low and declining population densities combined with low levels of public service provision and poor accessibility to the coastal strip. These aspects resulted in the recognition of a need to enhance the infrastructure offer, a determining factor in the improvement of regional competitive capacity (especially for tourism), territorial re-balancing and strengthened territorial cohesion.

Therefore, this was a major intervention area, where some of the most critical ERDF and CF achievements were realised. On the whole, according to the reclassification of measures and expenditure undertaken for this study, these investments amounted to €991 million from 1989-2012 (2000 constant prices), equivalent to approximately 50 percent of the overall expenditure of SF across the period. This proportion did not remain the same across successive funding periods. From 72 percent of expenditure in 1989-1993, it dropped to 30 percent in 1994-1999, increased to 65 percent in 2000-2006, and in the current period (until 2012) amounts only to 15 percent. The main focus of the investment under this heading was in transport, health and education infrastructure. Water and sewerage systems are considered separately under environmental sustainability.

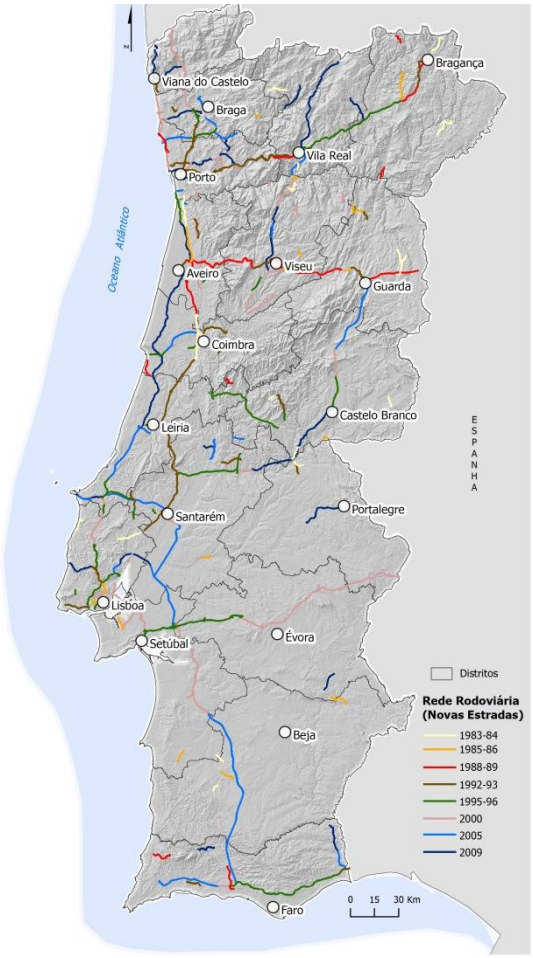
Transport infrastructure has been one of the main areas of SF intervention, both in terms of expenditure and of tangible achievements. These investments were aimed at addressing the following structural weaknesses:

- peripherality at a national and continental scale (Iberian Peninsula and Europe), which has recently become relatively greater due to a shift in the economic centre of Europe, as a result of the European Union expansion to Eastern Europe exacerbated by poor international transport links
- weaknesses in the level and quality of service in the transport networks;
- weaknesses in internal connectivity, especially north-south to interior areas, as well as along the coast and inter-regional links within Portugal.

The growth of tourism and the subsequent increasing number of vehicles on the Algarve roads contributed to making the investments in internal (mainly road) and external (air and road) connectivity a priority. Investment in rail and ports was a lower priority, but again had a strong tourism focus.

The development of the road network was undertaken through complementarity between ERDF national and regional programmes, the former mainly supporting multi-regional infrastructure such as motorways, freeways and national roads and the latter addressing the intra-regional connection issues, mainly regional and municipal roads. The analysis of the main roads built in Continental Portugal (Figure 16) and, in particular, in the Algarve shows the relevance given to the improvement of external connectivity (mainly with the construction of the motorways A2 and A22) and the overcoming of the existing weaknesses at an intra-regional level, primarily solving existing difficulties on the coast and improving accessibility to the interior.

Figure 16: Main new roads in Portugal (1983-2009)



Source: Figueira de Sousa & Fernandes, 2011.

The main east-west spine of the Algarve road network is formed by the A22 motorway which links via the Guadiana river bridge to Spain (both financed by the SF). The Guadiana bridge is the only bridging point between the Algarve and Andalusia regions, making it possible to go from Vila Real de Santo António in the Algarve to Ayamonte (Spain) in just 10 minutes. Previously, the connection was made by ferry that took, on average, 45 minutes. This bridge represents a very important territorial integration tool, allowing for agglomeration economies in tourism by offering a much more rich and diverse set of assets, linking directly to Huelva and Sevilla (through the Spanish A49 motorway). The A22 motorway (133 kilometres in length) – directly connecting to the Guadiana bridge - enables the full length of the Algarve to be crossed in one hour and ten minutes (the old EN125 road of 156 kilometres took at least three-and-a-half hours).

Figure 17: Algarve Main Regional Road

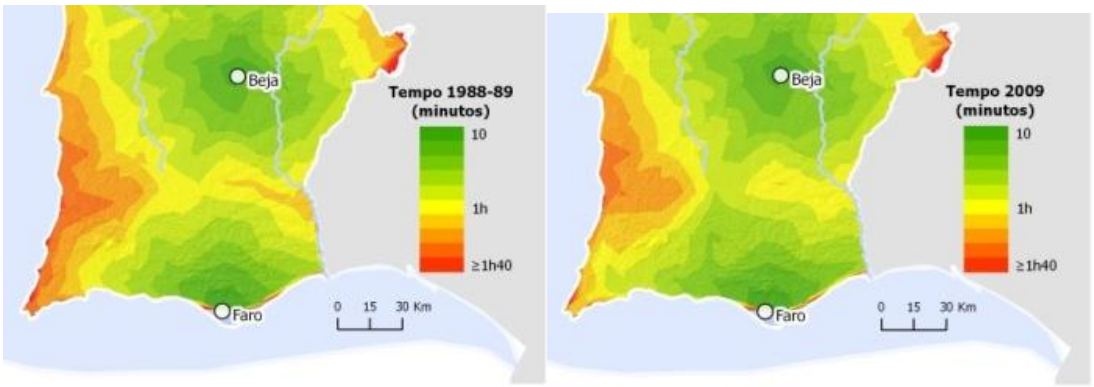
Source: authors, with geographic information from EP – Roads of Portugal.

The A22 motorway is complemented by two parallel intra-regional distribution roads: ER 124/ER 267 in the north and ER 125 in the south, both benefiting from SF financed improvement works. ER 125 connects both the main urban centres on the coast and the east-west interior road (ER124/267) connects the main municipal centres of the interior.

The east-west roads are complemented by the IP1/A2 motorway connection to Lisbon (completed in 2002), and by other north-south connections (IC 27, IC 4, EN 2, EN 266 or EM 397) that improved the access to the region's interior, as well as to the neighbouring Alentejo region. As such, rural populations saw their accessibility to the coast (where the main services and social facilities are located) significantly improved.

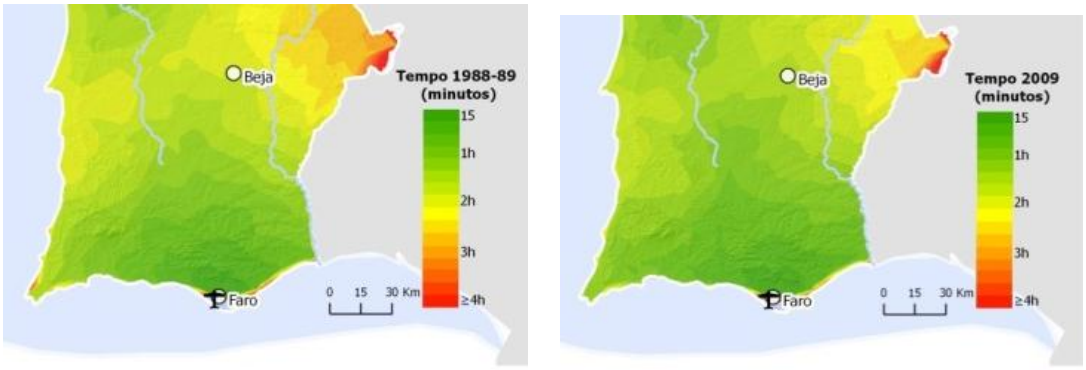
These investments made significant improvements in regional accessibility to: the main urban centre of the Algarve – Faro (Figure 18); Faro International Airport (Figure 19); the frontier with Spain (Figure 20); and, the cities of Lisbon and Oporto (Figure 21).

Figure 18: Isochrones from the main urban centre of Algarve – Faro (1988/89-2009)



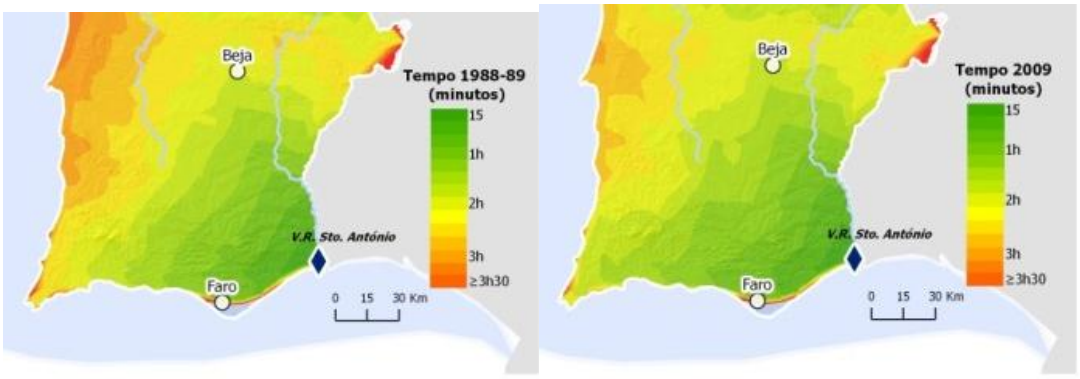
Source: Figueira de Sousa & Fernandes.

Figure 19: Isochrones from Faro International Airport (1988/89-2009)



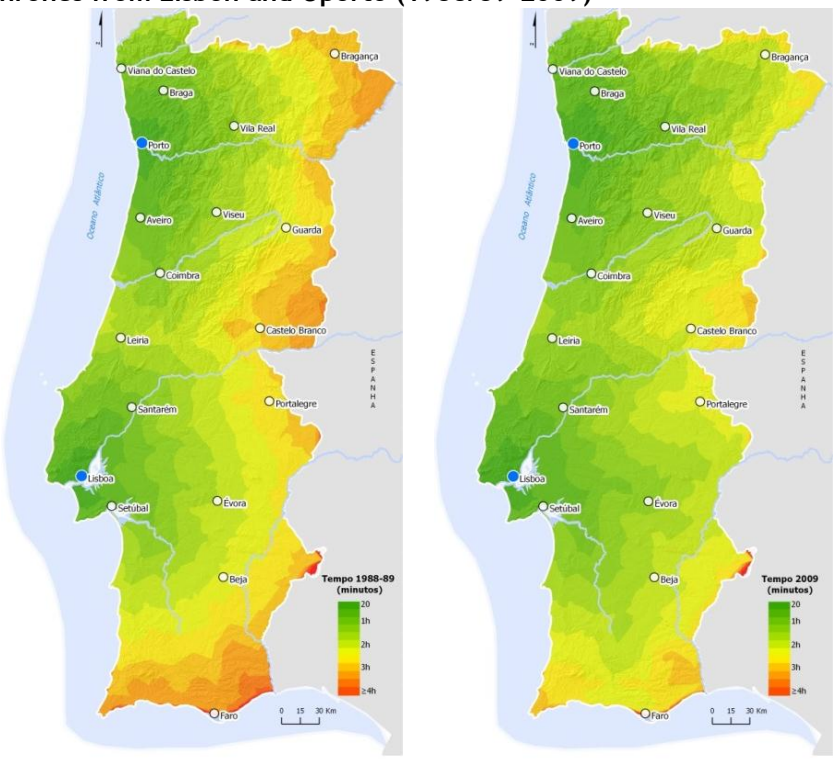
Source: Figueira de Sousa & Fernandes.

Figure 20: Isochrones from the frontier with Spain (1988/89-2009)



Source: Figueira de Sousa & Fernandes.

Figure 21: Isochrones from Lisbon and Oporto (1988/89-2009)[26]



Source: Figueira de Sousa & Fernandes.

Improved accessibility has also been combined with improvements in safety. Although not just dependent on the quality of the road network (other factors such as driver behaviour, developments in car technology etc. are involved), the improvements have contributed to a dramatically falling accident rate (table 19), with a. 35.6% fall in the number of accidents, a 68.2% fall in the number of deaths and 34.3% fall in serious injuries for the period 1998-2009.

Table 19: Evolution of the number of road accidents with victims, number of deaths and injuries in Algarve Region (1998-2009)

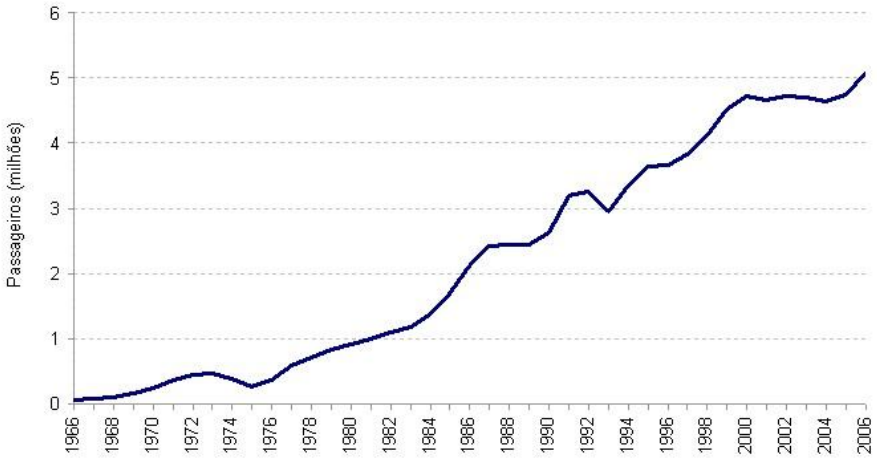
	Nr. Accidents with victims	Nr. Deaths	Nr. Injuries
1998	3.046	132	367
1999	2.920	114	345
2000	2.973	119	352
2001	3.058	106	360
2002	2.921	141	353
2003	2.767	108	357
2004	2.422	75	263
2005	2.385	74	303
2006	2.143	51	284
2007	2.256	72	277
2008	1.979	46	187
2009	1.961	42	241

Source: ANSR, Road Accidents Reports.

[26] The evolution of accessibility is measured, by road, to Lisbon (from the South of Portugal) and Oporto (from the North of the country).

The road improvements have been particularly linked with Faro international airport. Constructed (with domestic resources) in 1965, with a passenger terminal area of 1,200 square meters and a capacity of 60,000 passengers per year, it was successively enlarged and improved in several Structural Funds programme periods, with the use of ERDF resources. After a first expansion in 1995, a new development was completed in 2001. The passenger terminal area, which after the 1995 expansion increased to 44,800 square meters, was further extended by 53%. This and other improvements increased the speed and quality of passenger services. The baggage checking system was also redesigned in 2001, allowing doubling the per hour processing capacity, both in embarkation and disembarkation. The airport was also equipped with a new Instrument Landing System. These works increased the airport's operational and logistical capacity, and improved its level of service (to the standards of the top European tourist destinations), a very important aspect, taking into account the mainly inbound tourist composition of Faro air traffic as the main regional gateway. These investments enabled Faro airport to increase its regular traffic tapping into the growth of low cost airlines. As a result of these investments, the annual number of passengers grew steadily from just 65,000 passengers in 1968, to 2.6 million in 1995, 5 million in 2009 and 8 million in 2012 (Figure 22).

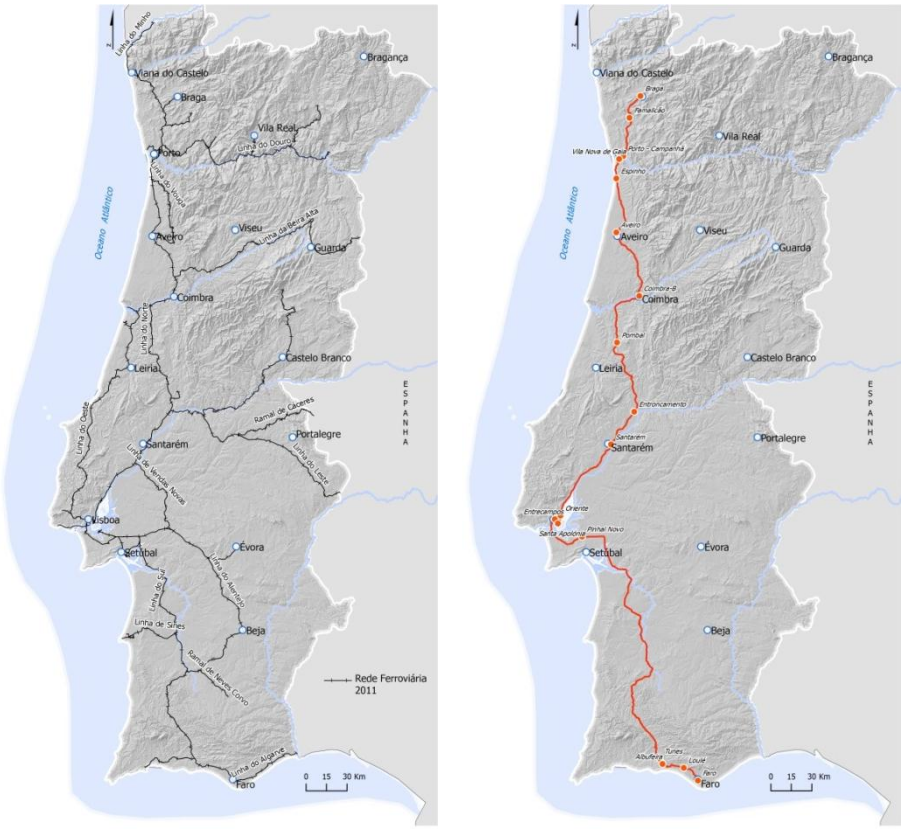
Figure 22: Evolution of the number of passengers in Faro International Airport (1966-2006)



Source: ANA Airports, Annual Traffic Reports.

In terms of railway transport (Figure 23), the Faro-Lisbon connection was renewed and electrified during the 1994-1999 programme period, increasing the level of railway services (notably the Faro-Lisbon service and, more recently, with "Alfa Pendular" direct connections, the Faro-Oporto-Braga line). Up until 2004, other investments were made on the Algarve and South Line (e.g. dualling of the rail line between Ermidas and Funcheira, with the full or partial renewal of the line between Pinhal Novo and Faro), reducing the travel time between Faro and Lisbon from 4h50 in 1994 to 2h50 in 2004.

Figure 23: Portuguese Railway Network (2011) and "Alfa Pendular" Service (Braga-Oporto-Lisbon-Faro)



Source: Figueira de Sousa & Fernandes.

Also the elimination of 52 level crossings on the Algarve Railway Line in the period 2000-2009 has resulted in a reduction in the number of accidents

Maritime transportation in the region is relatively unimportant. Solid and liquid bulk at Faro port (about 13,000 and 1,500 tons in 2009) and general cargo at Portimão port (about 16,000 tons in 2009), were the main commercial movements at Algarve ports. Improvements made in Portimão port during the 1994-1999 programme period, to support cruise tourism and the port is now able to receive ships of more than 210 metres, and with up to 2,000 passengers. In 2009, this port was responsible for about 5% (23.595 passengers) of cruise passenger movements in Portuguese ports.

So overall the transport improvements assisted the growth in tourism with a doubling of inbound air passengers, greater accessibility to Lisbon and to Spain, and better internal communications for both tourists and local people along the coast and to and from the villages of the interior.

ERDF support has also been instrumental in the quantitative and qualitative improvement of health and education related infrastructure. This has also partly been driven by the need to support tourism in the form of enhanced health facilities and a better educated workforce, but the main focus has been the enhancement of life chances.

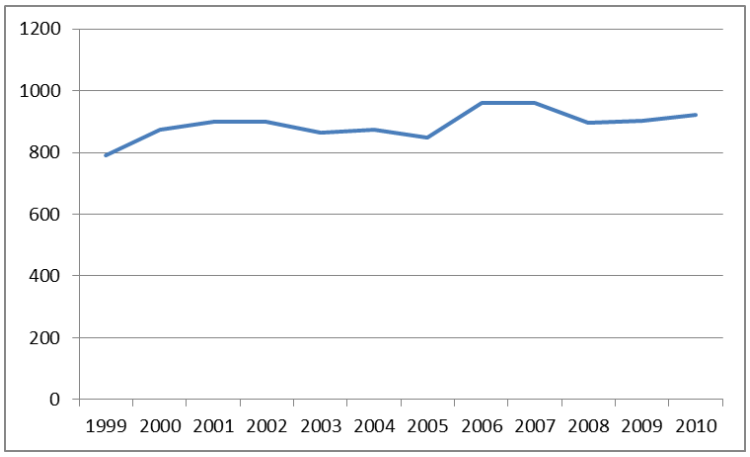
Health infrastructure has been an objective of ERDF support since the 1989-93 programme period, although it was in the subsequent periods that most of the investments took place, since in the first

programme period the ROP was the only programme that supported health infrastructure investments.

ERDF support to the Faro District Hospital (which since the 1989-93 programme period offers some specific medical specialties to all the region and has currently has 795 beds[27]) has ranged from general support from the ROPs in the 1989-93 and the 1994-99 programme periods with 13 projects focused on the provision of specialised equipment (e.g. surgical equipment) and the remodelling of the hospital wings (such as for emergency services), to more specific and integrated support in the following periods. The 24 projects supported, by the 2000-06 Health NOP, were aimed at strengthening and creating specialised[28] and integrated services. These interventions were part of a national strategy for the modernisation of hospital services.

A new hospital was constructed at Portimão in 1999, and administratively integrated with Lagos Hospital in 2004 to form the Barlavento Hospital Centre. ERDF support was crucial for its construction and development through the NOP Health in the 1994-99 and the 2000-06 programme periods. In addition to construction (ERDF support of €33 million) the Structural Funds support supported 10 projects, such as a computerised and automated system for the emergency service, the remodelling of the emergency service and the provision of information technology for the hospital laboratories. Currently the hospital centre serves 142,000 people from seven municipalities, between Lagoa and Alzejur, it has 27 clinical services, ranging from general emergency and consultation services to the more specialised ones (such as surgery, cardiology, paediatrics, etc.). Throughout the study period, the SF investments supported the construction of 1 new hospital and the modernisation of 63 clinical services in two existing hospitals, which resulted in an increase of 133 beds between 1999 and 2010 (Figure 24) and from 1.9 doctors per 1000 inhabitants in 1991 to 3.2 in 2011 (Figure 25). However the number of hospital beds per 1000,000 people remains low at just over 200, compared with over 400 in Lisbon and much higher levels elsewhere in Europe[29].

Figure 24: Evolution of the number of beds in the Algarve Hospitals (1999-2010)



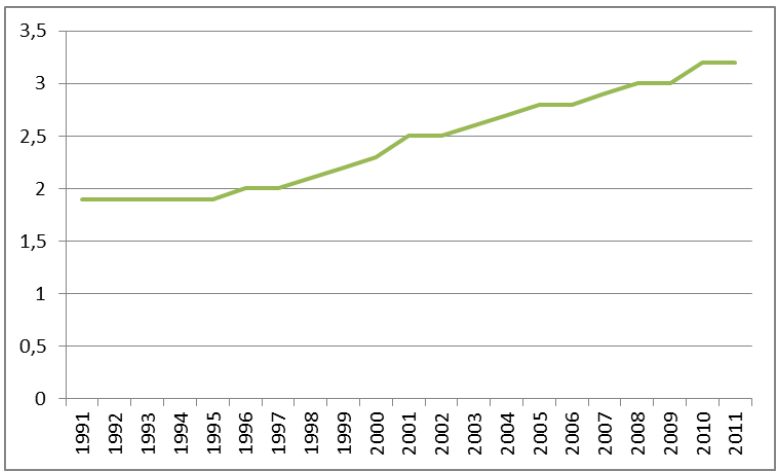
[27] Specific medical services of the Faro District Hospital are: Plastic surgery, neurosurgery, stomatology, cerebrovascular accidents unit, cardiology, dermatology, infectious disease services nephrology and oncology.

[28] Such as: Sterilization service, emergency service, consultation service, surgery service, gastroenterology service, nephrology service, oncology service and neurology service.

[29] Based on Eurostat Regional Health Statistics http://epp.eurostat.ec.europa.eu/portal/page/portal/region_cities/regional_statistics/data/main_tables.

Source: INE, Statistical Yearbooks.

Figure 25: Evolution of the number of doctors per 1000 inhabitants in the Algarve Hospitals and Health Centres



Source: INE, Statistical Yearbooks.

Additionally, the Algarve also has a primary healthcare network, with sixteen health centres and sixty five health extension units that cover the whole region (ERDF support of €10.9 million) plus a medical centre for physical rehabilitation in São Brás de Alportel. The ROP of 2000-2006 enabled further developments, supporting the remodelling and expansion of 10 health centres[30] and around 20 health extension units. These investments in health infrastructure, coupled with social inclusion projects reported later have helped promote considerable improvements in healthcare, noted principally at this stage in the dramatic fall in child mortality rates from 20.5 per thousand to 4.5 per thousand. Deaths by ischaemic heart disease also fell from 67 per 100,000 in 1999-2001 to 45.8 per 100,000 in 2008-10. Deaths due to transport accidents fell from 33.2 per 100,000 in 1998-2000 to 13.1 per 100,000 in 2008-10 (helped also by transport investments), although again this is still relatively high as many other parts of Europe have figures of well below 10[31].

Investments in education infrastructure were another of the priorities of the ROPs and NOPs in all ERDF programmes. Throughout the study period, these consisted of a very diverse set of investments ranging from major capital projects to small enhancements of the teaching environment. In the 1989-1993 programme period the 36 projects in basic, secondary (17 schools) and professional (19) schools were related to improvements in the classrooms. These minor interventions ranged from new classroom furniture and equipment, chemistry laboratories, heating and cooling systems, to more specific hardware needed in the more specialised Professional Schools courses, such as IT, engineering and agriculture. For the 1994-1999 programme period the ERDF projects in 38 different schools targeted the reinforcement of the quality and quantity of their infrastructure, partly continuing the work of the previous period but also supporting new infrastructures such as sports halls and auditoriums. For the subsequent programme periods the responsibility for educational projects was transferred from the national to the regional level, and the focus shifted to closing former primary schools and moving the students into basic schools. In the current programme period, five additional primary schools (Olhão, Lagos, Albufeira, Vila Real

[30] Portimão, Albufeira, Lagos, Loulé, Monchique, Olhão, Silves e Tavira.

[31] Data from Eurostat Regional Health Statistics http://epp.eurostat.ec.europa.eu/portal/page/portal/region_cities/regional_statistics/data/main_tables.

de Santo António and Loulé) have been ERDF supported, with a total funding of €4.6 million, in one of the few areas where projects have taken place in a three year hiatus since the onset of the crisis.

As well as investment in schools the ERDF has helped fund the development of the University of the Algarve. Founded in 1979 and with four campuses (3 in Faro – Penha, Gambelas, and Saúde – and one in Portimão), it has played an important role in the regional development of the Algarve, both in terms of education and R&D and in partnerships with private and public entities. The ERDF supported the construction of 5 units: the Faro Polytechnic Institute, the Marine Biology and Fishing Unit, the Humanities and Social Sciences Faculty, the College of Technology, the Science and Technology of Water Resources Unit, the Engineering and Computing Systems Unit as well as the University Library. The University has grown to reach nearly 10,000 students.

(ii) Environmental sustainability

Environmental sustainability was the second most important theme with, the ERDF and CF investments amounting to €585 million (166 million € ERDF, and 419 million € CF) from 1989-2012 (equivalent to approximately 30 percent of overall expenditure across the period). The CF's most significant funding period was 1994-1999, with €306 million. Of ERDF funding, the expenditure on environmental sustainability was approximately 14 percent of overall expenditure across the period, with little variation across successive funding periods. As such, the ERDF and CF have played a major role in the development of the environmental sustainability of the Algarve. Initially the focus was on water supply and waste treatment as the region's infrastructures were well below European standards, but as these needs were addressed funding was shifted to environmental improvements and rectifying the impacts of mass tourism as well as more recently supporting new entrepreneurial activities in eco-tourism and renewable energy.

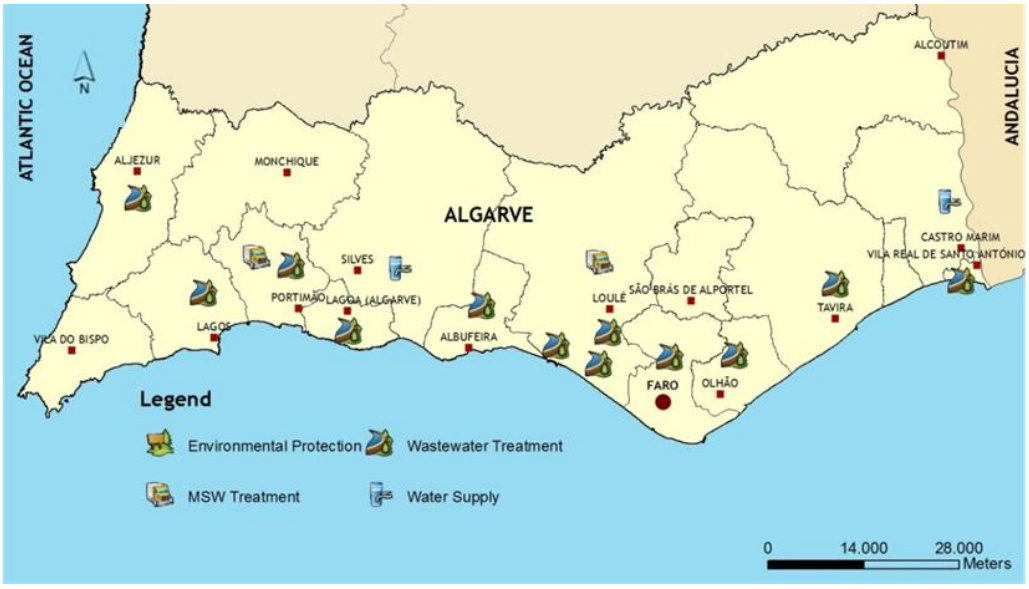
The first strategic goal in terms of environmental sustainability was the improvement of water supply and sanitation. During the 1989-1993 programme period, with a total funding of €11 million, the Algarve Multi-Municipal Water Supply and Sanitation System was launched - one of the most important investments made in the past 30 years in the Algarve with regard to technical diversity, complexity and volume of investment. The main investments (Cohesion Fund and ROPs in the programme periods of 1989-1993 and 1994-1999) were the Odeleite and Beliche (Eastern Algarve) and the Alcoutim, Funcho and Bravura (Western Algarve) dams. These dams supply water to the Water Treatment Stations in Beliche, Tavira, Alcantarilha and Fontaínhas. The most recent data (2009)[32] show that the water distribution network was extended to the majority of the regional territory: 98% of the population is served by these water supply networks (the rate of coverage is 100% in several municipalities: Albufeira, Alcoutim, Lagoa, Loulé, Portimão and S. Brás de Alportel; with Castro Marim holding the lowest rate at 82%), while 88% have residual water drainage and 84% are served through residual water treatment.

Almost all of the population (97%) are now served by collection and treatment systems. At present, the Algarve has two landfills, eight transfer stations, two composting stations, 1,175 eco-points for selective collection (glass, paper and carton, plastic, steel and aluminium) and two tyre collection centres. About 48% of dangerous and 99.7% of non-dangerous industrial waste respectively is

[32] Source: National Statistical Office (Instituto Nacional de Estatística).

treated in the region. Across all programme periods there was up to €210.2 million investment, by both ERDF and CF, in projects for "Solid Waste", "Sanitation and environment", "MSW Treatment System" and "Wastewater Treatment System". The programme period of 1994-1999 had the larger share of investment, €106 million, CF supported. Most of the investment in sanitation and MSW treatment systems was CF supported (75%). The most important Cohesion Fund Projects during 1994-1999 are presented in Figure 26.

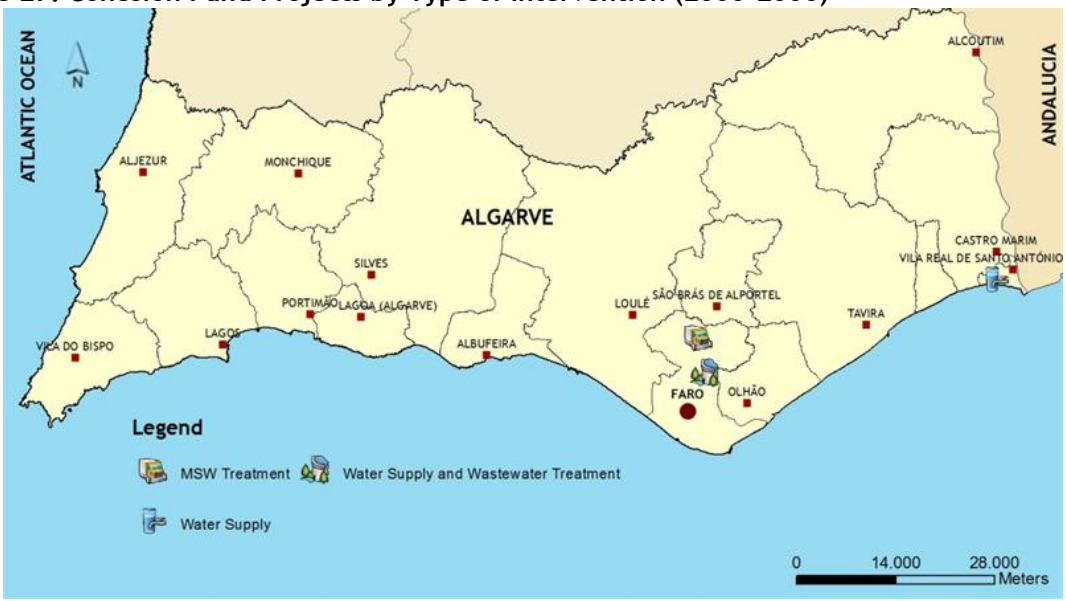
Figure 26: Cohesion Fund Projects by Type of Intervention (1994-1999)



Source: authors.

During the 2000-2006 programme period the CF contribution was less substantial in comparison with the previous period, nevertheless it was responsible for financing €52 million for projects of MSW Treatment, Water Supply and Wastewater Treatment. The most important Cohesion Fund Projects during 2000-2006 are presented in Figure 27.

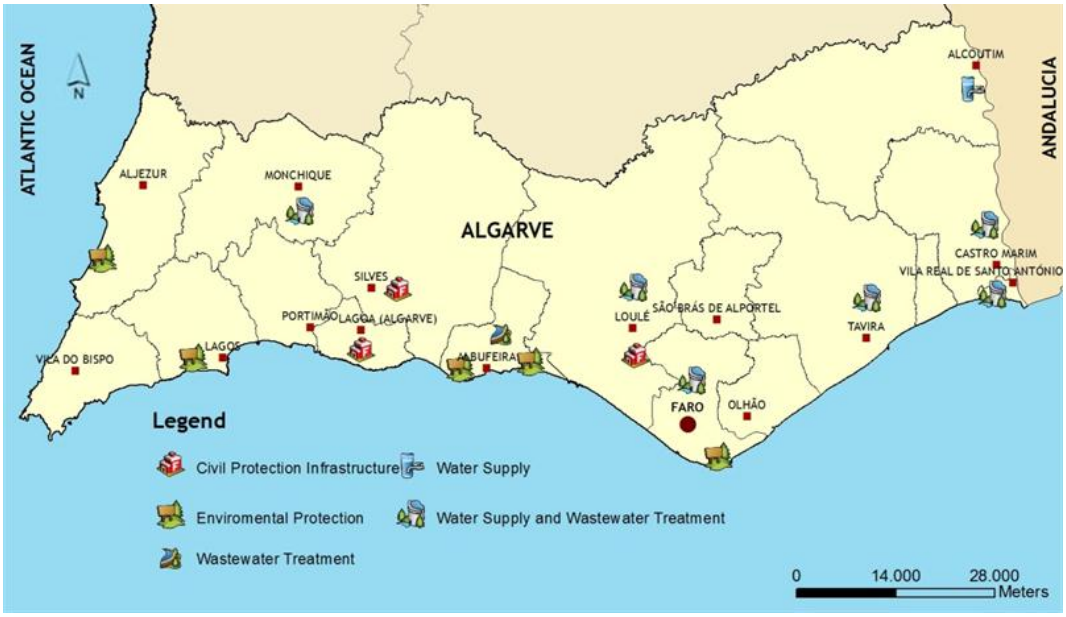
Figure 27: Cohesion Fund Projects by Type of Intervention (2000-2006)



Source: authors.

Cohesion Fund support for Water Supply and Wastewater Treatment continues in the current period with an expenditure of €47.8 million, as these basic environmental infrastructures are still considered to be of necessary. The most important Cohesion Fund Projects during 2007-2013 are presented in Figure 28.

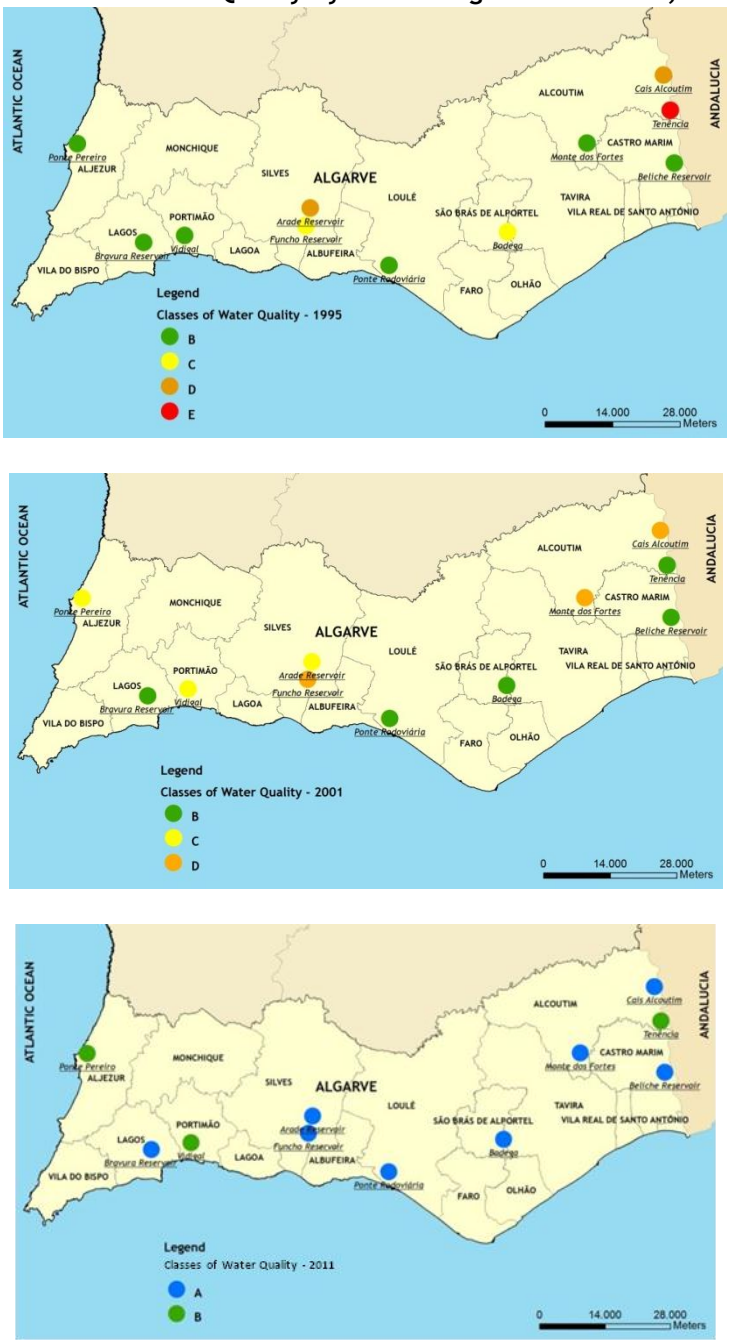
Figure 28: Cohesion Fund Projects by Type of Intervention (2007-2013)



Source: authors.

From a starting position - in the early days of the European accession - where the lack of running water in houses and hotels was not unusual, the Algarve evolved towards one of the best performances in water supply and water quality in Portugal. Figure 29 below shows the improvements realised from 1995 to date in the quality of surface water, as a result of wastewater treatment linked to the investments ERDF and CF financed, across all programme periods. As a result there was an increase of 161.7% of the population with residual water drainage and of 149.8% of the population with residual water treatment (1989-2006).

Figure 29: Classes of Surface Water Quality by Monitoring Station – 1995,[33] 2001 and 2011



Source: Water Institute – National Information System of Water Resources (SNIRH).

Once the first strategic goal - water supply and sanitation – was well under way the environmental policy focused additionally on two other goals: the regeneration of coastal areas and the improvement of natural parks and protected reserves. This was in part a response to the problems

[33] Classification of surface water according to their quality features. This method classifies water quality in 5 classes (from A to E) using 28 measure parameters, such as the levels of iron, mercury, nitrates, cadmium and arsenic, among others. 'A' level means that the water quality is excellent matching its natural conditions; 'B' level means that the water has less quality but enough to satisfy all uses; 'C' water quality level is suitable only for irrigation and industrial uses, although with extensive treatment it can become appropriate for domestic use; 'D' level means that the water should only be used for irrigation, cooling and sailing; 'E' water quality level designates very polluted water not suitable for any use.

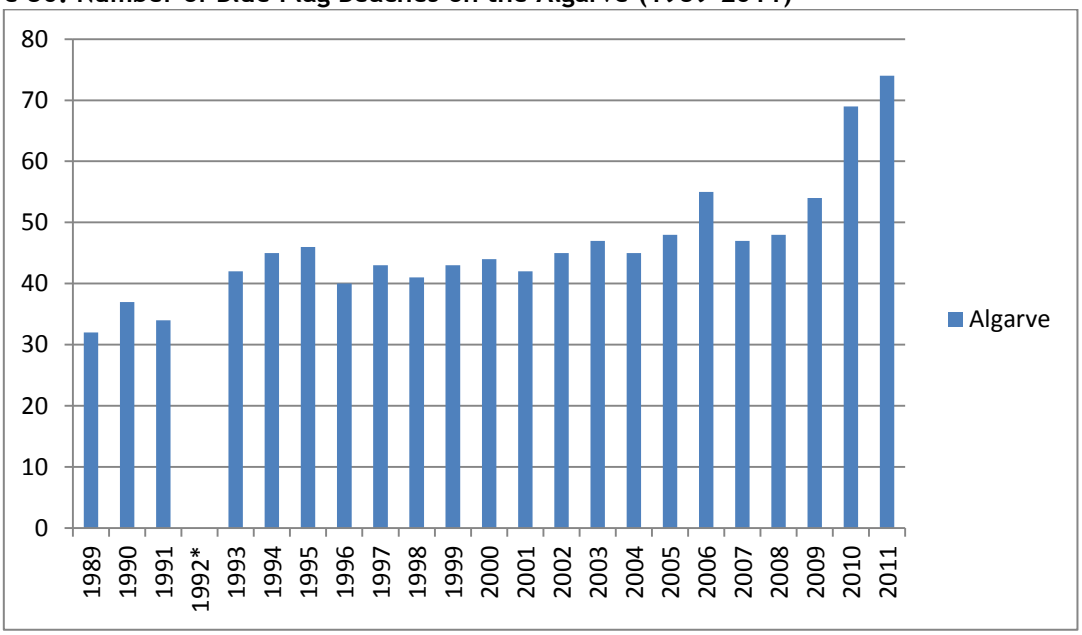
caused by mass tourism as well as an acknowledgement of the importance of such environmental improvements to sustaining future growth.

In the 2000-2006 programme period, there was a stronger focus on the regeneration of coastal areas and on the re-organisation of the coastal cities (which grew rapidly in the 1980s due to the uncontrolled pressure of tourism). For example, the Polis Albufeira intervention was an integrated strategy to enhance the urban environment in Albufeira, one of the most important tourist destinations including the improvement of old town streets, enhancement of west and east waterfronts, the development of a new public square facing Pescadores beach, new street furniture and environmental urban lighting and the replenishment of sand on Enseada beach.

These developments reinforced the redevelopment of the marinas in the Algarve (discussed in more detail in the section on structural adjustment and in one of the sample projects presented in Annex I), and in the coordinated strategy that revitalised most of the bathing areas along the coast. Investment in beaches included improvements to access, parking, and surrounding areas, signage of dangerous areas and the supply of sand where necessary plus additional defences.

One effect of these developments has been the improvement of beach quality as seen by the acquisition of the European Blue Flag by an increasing number of Algarve beaches (Figure 30). In 2011, Portugal achieved first place in the global ranking of countries with the highest number of blue flag beaches. The municipality that had most flags was Albufeira, in the Algarve, with 20.

Figure 30: Number of Blue Flag Beaches on the Algarve (1989-2011)



Source: Foundation for Environmental Education (FEE).

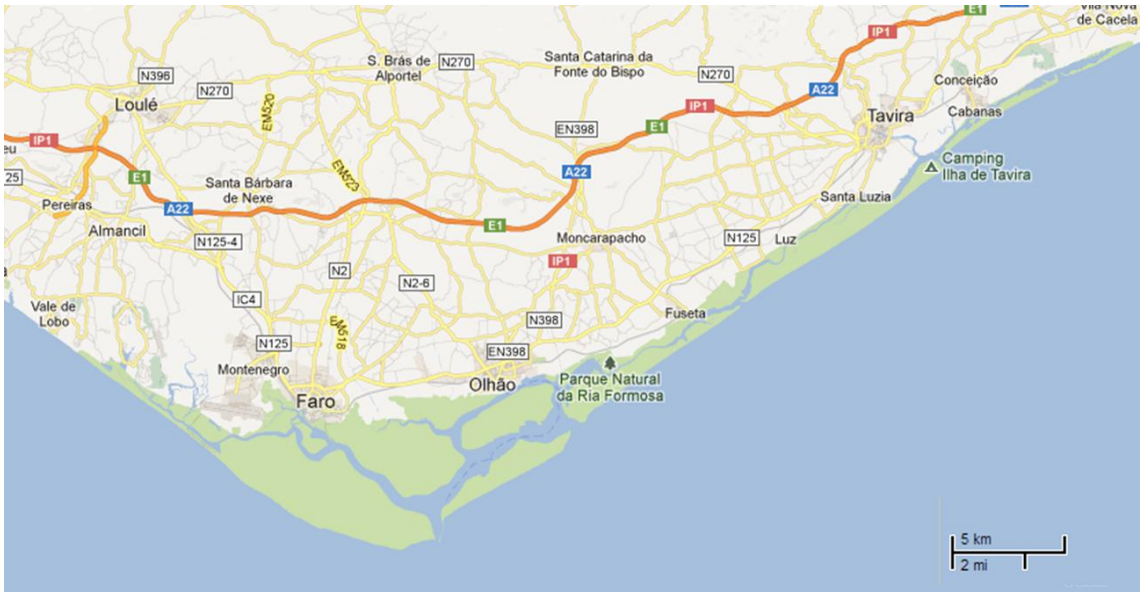
The supply of recycled water was also sufficient to provide irrigation for the growing number of golf courses, a key element in the Algarve tourism offer. The ERDF financed projects, during the 2000-2006 programme period, to support the environmental certification of golf courses in the Algarve. These projects aimed to define strategies for integrated environmental, economic and social management of the golf courses, and specifically the management of water resources (quantity and quality of water consumed / discharged); management of energy resources, rationalisation of plant

protection products used on the greens. The utilisation of recycled waters in the irrigation of golf courses was one of the main aspects of these projects.

Projects were also implemented for the preservation of natural areas such as Ria Formosa Natural Park (18.4 thousand hectares - the most important Natural Park of Algarve) and the Vicentine Coast Natural Park (76 thousand hectares – on the western, Atlantic coast and shared with Alentejo region), which the CF and ERDF programmes co-founded.

The Ria Formosa (Figure 31) consists of an area protected from the sea by 5 barrier-islands and 2 peninsulas and it was classified as a Natural Park in 1987. This barrier island system, a geologically mobile system, is one of the most complex ecosystems in Europe. From the economic point of view this area is the largest bivalve growing area in the country, and it supports different economic activities, such as artisanal fisheries, offshore aquaculture, and salt production. The Ria Formosa has a high socio-economic and natural value, representing 40% of aquaculture products in Portugal (8 kton/y, 44.3 M€/y), 90% of the national production of clams, and 26% of oysters. The total bivalve production is 2750 ton/y for €26 M/y, and 10,000 people are involved in the clam industry[34].

Figure 31: Map of Ria Formosa Natural Park



Source: Google maps.

Across all periods the ERDF supported Ria Formosa projects, focused on water quality, aquaculture, and to the sustainable use of resources.

Alongside these projects, public understanding has been promoted through the development of Environmental Education Centres or Interpretative Centres. These developments have had a huge impact on the lives of the local people. The investments in environmental sustainability support in the same area, tourism (with a significant increase during the summer months of approximately 3 to 4 times the population), aquaculture and traditional economic activities such as the clam industry. The quality of environment in the Algarve is crucial to maintain a high quality tourism

[34] 2011 data (IMAR – Institute of Marine Research, Universidade Nova de Lisboa, Portugal).

offer as demonstrated by the number of blue flag beaches and the quality of bathing water. Without investment in environmental sustainability the future of the Algarve as a tourist destination would be severely threatened, given the competition in Europe and further afield. For Portugal to develop intensive tourism activity within a national park and maintain the environmental quality is a remarkable achievement.

The final element of sustainability investment is reflected in two recent strands (2007-2013) of ERDF-co-funded activities: environmental technology entrepreneurship and the development of renewable energy. These developments fit with a new focus on diversification in the region. Support is being provided to new entrepreneurs that centre their activity on tourism products focused on the environment and sustainability, such as several spin-offs of Algarve University focusing on eco-tourism. These small entrepreneurial projects have seen the creation of new companies although still labour-intensive activities, typically involving self-employed individuals or micro-firms with three or four employees. Some recent projects have also focused on the implementation of renewable-energy initiatives - examples include several investments in wind, sun and tidal energy, and collaborative research projects on bio-fuel production using algae. These are typically joint ventures between the university and companies that present interesting development potential (though at this stage it would be premature to assess actual achievements, in terms of GVA and employment). One interesting example of this type of intervention strand is a project in which bio-ethanol was produced from carobs through a consortium between the University of Algarve and Algarvian carob industries (AGRUPAmento de Alfarroba e Amêndoa). This project developed a new fermentation technology for the production of second-generation bio-ethanol using the residue of carob pulp which is rich in sugar content, and is a waste product of the region's carob industry.

Overall the environmental sustainability theme has followed on the infrastructure theme in being highly capital oriented and meeting the joint objectives of enhancing quality of life and ensuring the region meets international standards for the tourism industry. Over time there has been a shift from essential infrastructure for water purification and waste management towards a more innovative focus on eco-industries, balancing the need to preserve the quality of the local environment with the survival of traditional eco-industries and the development of new activities. This latter element is still in its early stages though and the main achievements remain focused on the effects of infrastructure of access to clean water and the reduction of environmental impacts.

(iii) Enterprise development

Each of the programme periods have provided support for enterprise, however it is only during the current programme period of 2007-2013 that enterprise development has gained some significance. Interventions have largely consisted of grants to companies to support investment and increased productivity and have mainly benefitted the tourism sector, a strategy which has resulted in an increasing dominance of the sector in the regional economic structure. However, despite the dangers of this specialisation, the successful growth of tourism led to an increase in GDP per head and change of status to that of Convergence Phasing-out region.

The programmes addressed enterprise development in different ways across the study period, but overall, tourism was always the most important beneficiary. During the two first programme periods there was an attempt in the programmes to diversify the economic basis (through agro-

industry and non-polluting manufacturing), through a series of different forms of grant incentives. However, facing the clear failure of those attempts to achieve diversification, the 2000-2006 period focused on up-grading and diversification within the tourism sector. There was limited systemic support for entrepreneurship, with some incubators but without wider programmes to encourage entrepreneurial behaviour and to train future entrepreneurs. Since 2007 a greater emphasis has been placed on a new set of incentives, and new financial instruments, but at a time of great difficulties due to the effects of the financial crisis.

On the whole, according to the reclassification of measures and expenditure undertaken for this study, ERDF investments in enterprise development amounted to €171 million from 1989-2012 (equivalent to approximately 14 percent of overall ERDF expenditure across the period). This proportion did not remain the same across successive funding periods. From 6 percent of expenditure in 1989-93, and 7 percent in 1994-99 it increased to 19 percent in 2000-06 and 39.5 percent in the 2007-2013 funding period (data from December 2012).

During the 1989-1993 programme period, three main NOP incentive systems supported entrepreneurial investments but with limited take-up in the Algarve: the "Tourism Financial Investment System" (SIFIT II) (33 projects - €12 million); the "Trade Modernisation Incentives System" (SIMCT) (21 projects - €2.2 million); and the "Regional-Based Incentive System" (SIBR) (2 projects - €3 million). The greatest absorption of funds was from the tourism programme. Additionally, the two ROPs (West Algarve and East Algarve) included a common incentive system - the "Support for Productive Activity and Services for SMEs" - which sustained 13 projects, with a total of €0.6 million. Overall these programmes provided small scale investments in companies and most were absorbed by tourism firms to assist in the improvement of quality, productivity and diversification.

During the 1994-1999 programme period, the main focus of investment support in the Algarve continued to be from national programmes such as the "Tourism Financial Investment System" (now SIFIT III). The continued focus on tourism projects is represented by the programme for the "Potential Promotion of Regional Development" (PPDR), part of the NOP Tourism, which supported 311 projects in the Algarve, with a total funding of €10 million. Other programmes included the "Economic Fabric Modernisation" incentive system (39 projects - €3.9 million) oriented towards projects with relatively large projects and the "Small and Medium Enterprises Competitiveness and Modernisation" programme (115 projects - €1.7 million). The small size of the grants shows the emphasis on incremental change. In addition, the ROP Algarve included the "Actions of Economic Promotion/Valorisation of the Endogenous Potential" incentive system, which supported 29 projects, with a total of €2.5 million. For the first time ever in Algarve, ERDF programmes also included heritage recovery and culture as main concerns for tourism development. Support for professional training was also provided, to support the modernisation of the tourism sector and boost regional growth.

At the same time, in the 1994-1999 period, three important items of business support infrastructure were launched:

- the 'Faro Business Centre' (Centro Empresarial de Faro), formerly known as the 'Enterprise Nest' (Ninho de Empresas), managed by the 'Young Entrepreneurs National Association' (Associação Nacional de Jovens Empresários, ANJE), focusing on the

provision of incubation spaces and support services for service-based start-ups;

- the 'Companies Creation Support Centre' (Centro de Apoio à Criação de Empresas, CACE), located in Loulé, an entity connected with the Public Institute for Employment and Vocational Training (IEFP), which provides access to facilities for services and small-scale industrial activities, incubation services and technical support to young companies; and

- the 'Algarve-Huelva Business Innovation Centre', with offices in Olhão and Huelva, which was the first trans-regional BIC, part of the European BICs Network, which focused on technical support for knowledge-creation in advanced firms and the modernisation of existing ones.

During the 2000-2006 programme period, the scale of investment increased substantially and became more explicitly focused on tourism. Again the main investment incentive system in the Algarve was national in the form of the NOP "Incentives Programme for Economic Modernisation" (PRIME) which supported 453 projects (98% of which were ERDF financed, with a total of €88.9 million). This was seen as the last time tourism would receive such generous support. The goals were not only the increase of tourism offer, but also its modernisation and diversification, as well as the restoration of heritage sites. A significant slice of this funding was awarded to the "Public National Company of Tourism" (ENATUR) for the conversion of three properties into national Pousadas[35]:the Estói Palace (Faro - €10.4 million), the Graça Convent (Tavira – €7.7 million) and the "Prince Hostal" (Vila do Bispo – €1.7 million). Many of the other major projects supported included major hotel chains

Overall the most sector with most financial support was tourism, while the commercial sector had the highest number of projects (178). Most of the largest projects were hotel-related and involved major hotel chains, with other tourism-oriented projects such as the Almancil Karting racing circuit.

The NOP for Economic Modernisation included several other grant programmes such as the "Small Entrepreneurial Initiative Incentive System" (SIPIE) – which supported 115 projects in the region -, the "Commercial Incentive System" (115 projects) and the "Strategic Vocation Tourist Products" (28 projects), oriented towards heritage, nature tourism and tourism development.

Table 20: NOP "Economic Modernisation" (PRIME) Support in the Algarve (in 2000 € value)

COMPANIES DIMENSION	No. of PROJECTS	ELEGIBLE INVESTMENT (thousand €)	ERDF SUPPORT (thousand €)
Micro and Small Companies	346	68,191	24,717
Medium Companies	22	61,432	16,873
Large Companies	37	158,997	32,849
Not Applicable	48	31,914	20,531
TOTAL	453	320,535	94,970

Source: Prime NOP Final Implementation Report.

[35] Hotels in historic buildings.

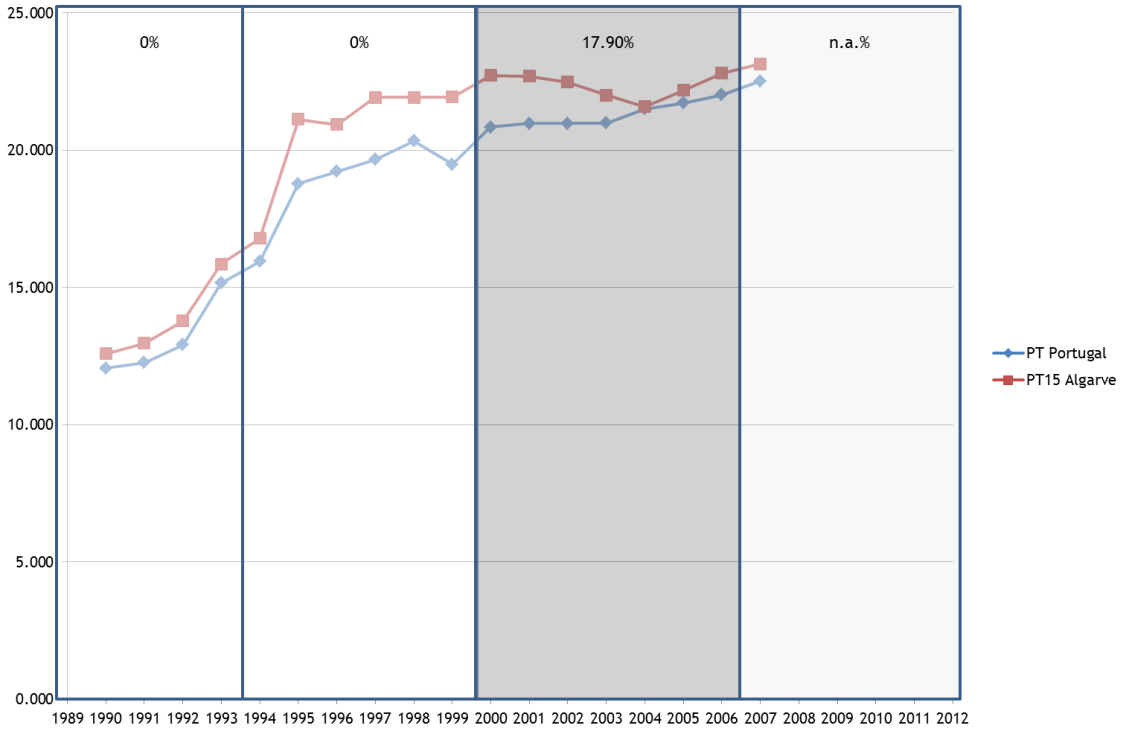
Most of the funding from these schemes was concentrated in the coastal areas. Loulé municipality received 40% of total NOP "Economic Modernisation" support (€126 million), mostly for tourism. Other municipalities which benefited were the coastal councils of Albufeira (€36 million), Tavira (€31.7 million), Lagos (€22.6 million), Faro (€20.9 million) and Portimão (€20.5 million). As such, there was a clear concentration of expenditure on enterprise development in the coastal municipalities, and contrary to the programmes' aims, SMEs were not the main beneficiaries, as only 20 projects represented more than 50% of total investment and one-third of ERDF financial support.

The Algarve ROP for the 2007-2013 programme period is now continuing the policy of providing grants and incentives under a variety of priorities. Most of these investments were under the Priority "Incentives for Innovation and Renewal of the Business Model and Pattern of Specialisation" (€41.2 million). Other measures supported under the Priority "Competitiveness Factors", were the following: "Financial Engineering Instruments for Innovation Funding and Risk-Sharing"; "Integrated Interventions to Reduce Public Administrative Costs"; "Incentives for the Development of the Information Society"; and the "Promotion of Integrated Actions for the Economic Enhancement of the Least Competitive Territories". These programmes have diversified the range of actions available with new financial instruments and a shift back away from tourism but their effects are difficult to determine as yet due to the slow progress of the programme.

The assessment of achievements is based on the aims of increasing productivity as the promotion of entrepreneurship was much less of a focus. Analysis of the evolution of total GVA per employee in the Algarve, compared with Portugal as a whole (see Figure 32), shows that the Algarve remained above the Portuguese average throughout the period of analysis, although not very markedly. It is also evident that the Algarve followed the national cycles quite precisely, including the fast rise of productivity in the early 1990s, and the subsequent relative slowdown. Indeed, until 1999, Algarve increased productivity more than Portugal, and the gap widened. After 2004, Algarve and Portugal appear to have followed a similar growth pattern, only slightly higher in the Algarve.

The effects of the programmes on enterprise, along with other measures relating to structural adjustment have been to support the further concentration of Algarve in three key sectors: tourism (which includes hotels and restaurants); construction; and commerce including retail. Traditional activities such as agriculture and fishing have continued to decline in importance throughout the last 30 years, although some sectors have grown in the last few years such as real estate, agro-food and biotechnology. The degree of specialisation can be seen from the dominance of the Algarve in the national tourism industry: with 4% of the population, the Algarve has around 22% of the hotels in Portugal and 38% of its total accommodation capacity.

Figure 32: Real GVA per employee and Structural Funds expenditure on general support to existing firms for competitiveness (on top)



Source: Own elaboration from Cambridge Econometrics data.

(iv) Structural adjustment

During the study period, the structural adjustment approach of the Algarve changed, mainly due to the up-grading of tourism activities. During the 1990s and into the early 2000s the main focus across the programmes was to support tourism particularly through eliminating the barriers to growth such as infrastructure, environment and investment capital. Success in these areas facilitated a rapid expansion of tourism and, as a consequence, the region grew rapidly, from one of the poorest and more peripheral regions in Western Europe to become closer to the average, and hence entering phasing-out status for 2007-2013. Support for structural adjustment reinforced these trends initially by the attraction of large tourism-related companies, building on the existing SME-based tourism industry, but then more recently the high degree of over-specialisation led to alternative sectors being targeted for support to try to diversify into new industries.

According to the reclassification of measures and expenditure undertaken for this study, structural adjustment investments (ERDF only) amounted to €92 million from 1989-2012 (equivalent to approximately 8 percent of overall expenditure across the period). This varied from 2 percent of expenditure in 1989-93, to 14 percent in 1994-99, subsequently decreasing to 7 percent in 2000-06 and rising again to 11 percent in 2010.

Across the different regional strategies and programme periods, it is evident that tourism was seen from different perspectives. At the outset it was not seen as the main growth sector, particularly in national programmes, and diversification was proposed but not achieved. Local interests were keen to support tourism and it was the focus of most business projects. Later tourism was seen as a crucial activity that could create regional dynamism, generate differentiated demands and be

connected with the value chains of other activities such as agro-food. It is also evident that the strategic vision for tourism changed, reflecting the realisation that the model based on one product (sun and sea), although successful, was close to reaching saturation. Today, tourism retains the focus of policy attention in the Algarve, but it is being increasingly understood as a broad activity that includes different kinds of products, from spas to golf, cruises and cultural activities. It is also benefiting from a small-scale wave of local entrepreneurs connected with the ecological and cultural dimensions of tourism.

One major achievement of the ERDF programmes, which contributed to diversification within tourism, relates to the creation of a number of marinas along the coast (see Annex I on this case study). Nautical tourism and recreational boating has a high potential for generating local value added. The type of profile associated with the nautical tourist indicates a client with an appreciation of natural and cultural heritage, who has a prolonged–to-medium stay in the Algarve and a quite high average daily expenditure (Fortunato, 2009). The ERDF supported the construction of two marinas (in Lagos and Portimão[36]) with €3.4 million from the Sub-programme on Tourism and Cultural Heritage (1994-1999) out of €15.4 million, total investment. The ERDF also co-funded indirectly other investments related to the marinas: engineering and technical works, access roads, environmental protection, water pollution prevention and control measures, and quality enhancement of the surroundings (particularly the nearby beaches).

The 10,700 moorings of recreational boats annually in marinas and recreational ports in the Algarve involve an estimated minimum number of 35,000 nautical tourists. The increase in GVA resulting from the total expenditure of users of the Algarve's marinas and recreational ports can be estimated at between €70 million and €99.3 million with an estimated impact, calculated by Perna et al. (2008), of 1.48 percent of regional GVA to 2.10 percent of regional GVA, depending on whether only the direct and indirect effects are considered or also the induced effects. In terms of employment, the impact of this expenditure lies between 2,962 to 3,969 jobs in the region, corresponding to 1.57 percent to 2.10 percent of total regional employment, again depending on whether only the direct and indirect effects are considered or also the induced effects.

The ERDF has also supported several other new forms of tourism in the Algarve as in the case of golf tourism (through the use of irrigation systems using recycled waste water and sea water desalination), health (spa facilities in Monchique,), and rural and eco-tourism as in the Inland Villages Revitalisation project.

Cultural infrastructures projects[37] were also very important to tourism diversification, such as the Portimão Theatre, the Tavira Cultural Centre, the Faro Municipal Theatre , the Portimão Museum, Olhão Auditorium and Lagos Science Centre. A cultural infrastructure symbol of the role of Algarve in the maritime discoveries was the renewal of the Promontório de Sagres (the former 14th Century Sagres maritime school). These investments were also part of a broader strategy of urban regeneration in which the modernisation and improvement (in quality and quantity) of public

[36] Since the direct investment of the other two was linked to construction, it was funded with own capital or bank financing.

[37] Notwithstanding that the expenditure analysis carried out by the case study team considered some of these projects relevant to other thematic axis, such as Spatial Cohesion or Infrastructures; projects on culture infrastructures are significant to the tourism diversification of Algarve, and as such to the structural adjustment of this region.

space, with cultural and leisure facilities, improves the quality of the tourist potential. The number of museum visitors increased by 14% between 2002 and 2011 (from 582 to 662 thousand) and the number of visitors to art galleries and other exhibits increased by 11% in the same period (from 283 to 314 thousand).[38]

More recently, during the current programme period, strategic initiatives have been undertaken to support new sectors other than tourism, and particularly support for the emergence of a regional maritime cluster. The maritime cluster is based on local traditions in fisheries and aquaculture combined with knowledge production from the research units of the university, especially those connected with marine biotech, environmental and coastal management. This interest was consolidated in a Regional Strategy for the Marine Economy and an INTERREG Atlantic Area project (KIMERAA) focused on the development of niches of excellence in maritime clusters. This regional engagement led to the formalisation of a regional structure in 2011, named the 'Plataforma do Mar Algarve', intended as the main animator of the regional cluster. This kind of diversification has been a major objective in the NSRF, however, with the financial crisis and the virtual cessation of SF support there has only been sporadic investments and companies in new sectors, not yet sufficient to appear in regional statistics.

Overall the strategy has been successful in building up the tourism cluster as already noted and in 2010, the Algarve received 6.5 million tourists, i.e. around 45 million night stays (the main markets are the UK, followed by Portugal, Germany, Spain, Netherlands and Ireland). However the excessive concentration in sun/beach tourism led to a mass demand that was met by a disordered offer of tourism ventures and real estate speculation, located along the coastal strip. This has brought planning problems to the urban centres and the coastal areas, necessitating action under different themes. Seasonality also continues to be a major regional problem: the average gross bed-occupancy rate in August is four times that of December/January. Tourism product diversification in terms of environment, culture, heritage and landscape is therefore necessary now to minimise the problem, an issue common to all Southern European touristic areas. On the positive side though, there has also been a growth in the number of companies and beds in rural areas, which has been well above national averages.

(v) Innovation

The Algarve is a region with a limited innovation performance, with relatively low resources and investment in R&D activities even when compared to other Portuguese regions. This situation is a consequence of the combination of an absence of historic investment in research in the form of a university or public research, and an economic base that is dominated by tourism, and before that agriculture and fishing, activities that are not usually associated with innovation investment as commonly defined, at least from a technological perspective. The limited industrial base paid little attention to the adoption of new technology, seeing no point in incorporating a logic centred on innovation. The poor performance of the Algarve in innovation is well documented in EU evaluations and scientific articles.[39]

[38] INE Yearbooks (2001 and 2011).

[39] Hollanders, H., L. Rivera-Leon and L. Roman (2012) "Regional Innovation Scoreboard 2012", INNO Metrics 2011-2012 report, Brussels: European Commission, DG Enterprise.

In spite of these low levels of innovative activity, the focus of the region's strategy on tourism and infrastructure meant that support for innovation and RTD through the ERDF was extremely marginal. The estimation undertaken for this study was that these investments amounted to only €23 million from 1989-2010 (equivalent to approximately 2 percent of overall ERDF expenditure across the period). This proportion is very low across all funding periods, but nonetheless it shows modest growth over time. It started with 0.2 percent of expenditure in 1989-93, subsequently increasing to 1.2 percent in 1994-99, to 4 percent in 2000-06. During the 2007-2013 programme period (data from 2012) there is as yet no information on approved projects.

Despite this low expenditure, the region has launched several efforts to improve the level of innovation with around two-thirds of these activities being concentrated in the University of Algarve, itself a relatively new institution established just before the start of the study period, and dependent on ERDF to help become established.

The ERDF has been important in stimulating a strategic awareness of the need for innovation, and has funded the development of strategies and coordinating bodies, even if they have not had adequate resources to deliver real change. This effort only started towards the end of the second programme period though. An initial strategy was developed through a cross-border Regional Innovation Strategy project, financed under Article 10 of the ERDF: the Regional Strategy for Technology Transfer and Innovation in the Southwest Europe Region (ETTIRSE) (1998-2001). This was conducted in collaboration with the neighbouring province of Huelva (Andalusia, Spain). Coordinated by the CCDR Algarve, the project reviewed various initiatives and support structures for innovation, developing a coordinated strategy and recommending the creation of centres for technology transfer and innovation. The strategy presented a range of activities to meet the needs of business and to promote regional cooperation, exchange of experience and knowledge transfer across borders. However the added benefits of cross-border collaboration over a purely Algarve based approach were limited due to the complexity of needs in the each of the two regions (Pinto and Guerreiro, 2010).

A second project, INOVAlgarve, funded by the ROP Innovative Actions priority, was also coordinated by the CCDR. The project (which ran from 2001 to 2004) sought to create a regional innovation platform that could connect academic knowledge to companies, functioning as a technology transfer office, and helping academic entrepreneurs in idea consolidation and initial commercialisation. It resulted in support for a number of innovative business initiatives such as incubators (described under enterprise earlier) and the creation of the Regional Centre for Innovation of the Algarve (CRIA).

The newly established incubation facilities addressed the needs of the region only marginally, both in terms of the space offered and territorial coverage. Although they have proven successful

Pinto, Hugo; Guerreiro, João (2010), "Innovation Regional Planning and Latent Dimensions: the Case of the Algarve Region", The Annals of Regional Science, 44(2), 315-329.

Hollanders, H., S. Tarantola and A. Loschky (2009) "Regional Innovation Scoreboard 2009", INNO Metrics Thematic Paper, Brussels: European Commission, DG Enterprise.

Pinto, H. (2009) "The Diversity of Innovation in the European Union: Mapping Latent Dimensions and Regional Profiles" European Planning Studies. 17(2), 303-326.

Rodriguez-Pose, A. (2001) "Is R&D in lagging areas of Europe worthwhile? Theory and empirical evidence", Papers in Regional Studies, 80(3), 275-295.

individually in supporting local businesses, the Algarve region as a whole continued to have an unfulfilled need for broader enterprise support facilities. This was to be addressed in the 2000-2006 and 2007-2013 ROPs, which included several proposed projects, none of which, however, has been completed or will be fully functional by the end of the 2007-2013 period. The project that was closest to this ambition was the 'Algarve Science and Technology Park', developed by the University of Algarve and the municipalities of Faro and Loulé, and approved under the NOP Economic Modernisation (2000-2006). In the end, the project did not take place because of a lack of scientific human resources, a lack of dialogue among the partners and difficulties related to the source of co-financing. After having been positively appraised and approved, and following some initial implementation steps – such as commissioning the architectural design, formal constitution of the association that would manage the park, and planning the facilities to be built - the project was ultimately abandoned.

Ten years after its creation, CRIA now has a team of around 15 full-time staff members, and in 2010 it was absorbed into the University of Algarve, in a newly established 'Entrepreneurship and Technology Transfer Division'. CRIA helps researchers to transfer their knowledge to the market, offering technology and innovation support to firms based on the expertise of the university. It has participated in around two dozen RTD projects with industry and promoted and licensed technologies with market potential. It has also organised a number of innovation fairs and brokerage events, bringing researchers and firms together. Through its industrial property office (GAPI), CRIA helps both researchers and firms in protecting technologies and inventions through patents, trademarks and registered designs. However, the main focus of CRIA lies in entrepreneurship, organising business ideas competitions, offering support for business planning and company creation, and promoting awareness of entrepreneurial culture within the university (table 21). The role of CRIA is important, but results are modest and it would benefit greatly from the establishment of other innovation support actors that might specifically address demands not covered in the region.

Table 21: Knowledge-transfer activities of CRIA (from its launch until end of 2011)

Types of Activities	Numbers
RTD projects with industry	19
Scouting and promotion of new technologies	10
Licensing of protected IP	3
Marketing new technologies	3
Industrial property users	50 (annual average)
Patent registration (national, European and international)	43
Researchers enrolled in knowledge-transfer activities	Around 40 (annual average)
Companies enrolled in knowledge transfer-activities	Around 60 (annual average)
Entrepreneurs supported in company start-up/modernisation	More than 450
Innovative start-ups created	35

Source: Technopolis-group (2012).

A more recent Regional Plan for Innovation of the Algarve region (PRIAlgarve) was launched in 2007, with co-financing from the ERDF through an INTERREG III project. It outlined the strategic direction that the region should follow, presenting a structure of programmes and funding sources to

encourage regional innovation. Additionally, it presented a set of proposals for sectoral activity to be stimulated by public-private partnerships. A governance model was proposed, illustrating the way that regional actors could interact with each other. However, key elements that were planned in the context of this model, such as the Innovation Forum or the Algarve Science and Technology Park, have not been developed, or sufficiently addressed, especially due to the reduction of funds in 2007-2013 as a result of the phasing-out status and economic turbulence, and the region's desire to continue to fund similar activities as before.

The current ROP has placed more attention on innovation than previous programmes, especially due to the emphasis given to the Lisbon Agenda by the Community National Framework. In particular, incentives for RTD activities (SI&DT), science-industry cooperation, and innovation activities (SI Innovation) were launched to bridge the gap between academia and enterprises. A number of projects are being developed in this sphere (although with limited scope, since there are still difficulties in the relations between these two groups of actors). There remains though an unwillingness and inability of the region to significantly raise the level of investment in RTD and support for innovation is a marginal activity. In sum, the achievements of the ERDF programmes under the Innovation theme in the Algarve have been limited, fragmented and have had little continuity. Despite bringing more attention to this theme, they failed to bring together the various innovation actors in the region, and have had limited effects on the level of RTD activity and on the development of new industries. The demand for innovation by companies is still very low, although the ERI Scoreboard 2012 shows some growth in advanced tourism related services, where start-ups and spin-offs are starting to appear, and this could be a focus for future programmes.

(vi) Social cohesion

Social cohesion was not a topic directly covered by the ERDF programmes in the two initial programme periods. There was a very modest expenditure in 2000-2006, but a loss of momentum in 2007-2013. On the whole, it is estimated that these investments amounted to €15.6 million from 1989-2012 (equivalent to approximately 1.3 percent of ERDF overall expenditure across the period). During the 1989-1993 programme period, ERDF funding on Social Cohesion was mainly focused on building employment and training centres. The focus on construction continued in the 1994-1999 programme period with 14 projects to build and adapt infrastructures to support the economic and social integration of disadvantaged social groups, such as people with disabilities. From the total amount of €4.7 million of ERDF support during this programme period, for example €1.4 million were to support a project for the Portuguese Association of Cerebral Palsy.

During the 2000-2006 programme period, the focus broadened with a wider range of projects to develop facilities and services to promote social development, and to promote health and to disease prevention. During this programme period 10 municipal libraries and 6 museums also benefited from ERDF support[40]. The most important projects were the following:

- Tavira library (founded in 2005, with 20,000 books, has expanded to 50,000 books and resources, including DVD and CD-Roms). It has 3,000 regular readers and works together

[40] Notwithstanding that the expenditure analysis carried out by the case study team considered some of these projects relevant to other thematic axis, such as Structural adjustment; projects on culture infrastructures are significant to the social inclusion dimension of ERDF funded projects.

with the Algarve Historical Association in organising conferences and publishing books in foreign languages;
- Vila Real de Santo António library with 35,000 books promotes reading sessions and vising tours
- Faro library (the new building opened to the public in 2001 and has today 64,000 books). It develops literacy courses for adults, reading, creative writing and cinema seminars.
- Portimão Municipal Museum (with an average of 40,100 visitors/year).

Other municipal facilities, such as Olhão Auditorium and Lagos Science Centre were also ERDF supported.

The ERDF also co-funded four municipal nurseries (accommodating 197 children) and the development of internet resources, the latter aimed at reducing the digital divide between different income-level groups, and democratising access to knowledge and information. The small scale of projects meant that results were limited in scope to immediate outputs and these were not the focus of detailed reporting. More recently, in the current programme period, the social inclusion dimension has been connected to the creation of self-employment, but no specific data are available yet.

Overall social cohesion was not a Structural Funds priority in the Algarve, as with the low unemployment rate and the rising incomes there were already very positive trends in the main social indicators. The focus for the few projects that were funded was therefore specific disadvantaged groups such as some rural, disabled or elderly populations. Cultural (museums, libraries) and internet investments were privileged and the main logic was local or municipal rather than regional, not allowing for scale economies.

Although direct expenditure on social cohesion was negligible, the region experienced significant changes on a number of social indicators, partly due also to investment in infrastructure such as schools and hospitals as well as the wider economic growth and associated improvement in quality of life. Illiteracy declined from 31% in 1981 to 10.4% in 2001, although it is still higher than the national average of 9%. The population with complete compulsory education, in 2001 was 39.1% in the region, while the national average was 38%. The population with higher education in the Algarve approached the national average in 2001 at 7.3%, compared with a national figure of 8.6%. With regard to health, the infant mortality rate had a stunning fall from 20.5 per thousand in 1982 to 4.5 per thousand in 2003, though still marginally above the national average of 4.1 per thousand.

(vii) Spatial cohesion

The achievements of ERDF-based interventions have been constrained by the spatial organisation of the region. The population and the economic activity of the Algarve have historically been concentrated in coastal cities from Lagoa-Portimão-Lagos, through Faro-Olhão to Tavira-Vila Real de Santo António in a linear manner. The regional decline in agriculture and forestry also stimulated this trend[41]. As such, the Algarve has been over the years a region with unbalanced

[41] Today, this process of depopulation of certain municipalities appears to have come to a halt. The two last trimestral 'Employment Reports' indicate that agricultural employment is increasing. However, it is too soon to say whether this is a real and sustainable trend. It may be the result of workers with two jobs that previously declared themselves as employees in manufacturing or tourism and now – with the companies closing – declaring agriculture as their main activity.

social and economic development. The inland areas were somehow left behind, where economic development is concerned. It was only in the 2000-2006 programme period that these issues were recognised in the core of Structural Funds interventions in the region. So ERDF investments for the mitigation of the development problems of the Algarve interior only amounted to €61 million across the 1989-2012 period (equivalent to approximately 5 percent of overall expenditure across the period), being very marginal in the 1989-93 and 1994-99 programmes (0.5 and 1.5 percent, respectively) but much more important in the recent programme periods (increasing in weight to 9 percent in 2000-06 and 12 percent in 2007-2013 funding period – data from December 2012).

This said, it is possible to identify examples of projects realised specifically for the purpose of revitalising interior areas, such as the 'Cork Route' project (discussed in detail in Annex I). The 'Cork Route' is a tourist route taking visitors along the cork production chain, from the production areas to the processing units, via an interpretation of the heritage, traditions and flavours of the Algarve. In so doing, it promotes and enhances the cultural, agricultural and industrial heritage of an important economic resource for the rural interior of the Algarve region. The project funded by the 2000-2006 ERDF ROP (€230,000) benefits from collaboration and partnership with tour operators, lodgings, restaurants, museums and cork industries. The Route attracts various types of visitors, from schools to local and foreign tourists who seek nature and/or cultural activities as an alternative to the sun and sea, and to companies engaged in conferences and team-building activities. It provided an opportunity for many artisans and other local stakeholders to boost their employment as a result of increased tourism numbers.

The problem of depopulation of certain municipalities has been the subject of effort under the 2007-2013 sub-programme Integrated Action to Revitalise the Low-Density Areas - PROVERE. This initiative consisted of an investment of €38.2 million across an area that represents 78 percent of the region's territory. About €26.6 million – approximately 70 percent - was provided by the ERDF and ESF, and the remaining 30 percent was financed mainly through the resources of local municipalities. From 2000 to 2009, this supported a large number of small projects (232), including 25 larger integrated facilities (libraries and museums; integrated urban regeneration interventions including the renewal of the Monchique thermal complex; cultural projects and entertainment events in different inland locations; and the renovation of 10 museum sites including the River Museum in Alcoutim, which focuses on the natural and cultural heritage and history of the Guadiana River, forming the border with Spain).

This programme reached its objectives of enhancing the economic activity of these areas. The initiative contributed to an increase in the number of companies (2,388 additional companies in the 14 parishes, an increase of 30 percent) and jobs (13,912 additional jobs, an increase of 25 percent) created in those areas, which was accompanied by a 12 percent increase in the income levels of the workers [42]. Besides the direct economic impact of the programme in the Algarve rural areas, it also improved living conditions for local communities and improved the attractiveness of these communities for newcomers. New cultural and touristic sites were also developed in these areas, supported by local resources, both natural (e.g. landscapes) and cultural (e.g. local products, local cultural traditions).

[42] Source: ISCTE (2009).

A small number of historic centres were rehabilitated under the current ROP, including the renovation of the old towns of Monchique (with an investment of €1.2 million, 70 percent of which was ERDF co-funded) and Vila Real de Santo António (an on-going rehabilitation process receiving support from the JESSICA Programme). In the case of Monchique, the urban renovation project included, for example, the restoration of buildings (buildings facades, paintwork, roofs and terraces), the demolition of run-down buildings, and the placing underground of telephone and electricity networks and replacement of the pavement.

Whilst the main territorial challenges have been in the interior, there were also needs in the historic centres of the main coastal towns. Urban rehabilitation was important in the 1994-1999 programme period, and a large number of projects were realised – such as the rehabilitation of the Silves and Quarteira waterfronts, the improvement of Olhão's historic centre, and the repairs to the walls of the old town of Faro, as well as some initial restoration projects inside the walled town. In the 2000-2006 programme period renewal work was also undertaken in the historic centres of Faro, Lagos and Olhão, as well as old tourist sites, with problems of urban congestion. The present financial programme period also supported City Policies, with 38 projects receiving approval, with ERDF total funding of approximately €11.5 million, for historical centres in Tavira, Olhão, and Loulé,. These historic town centre projects are focused on the enhancement of public space, the rehabilitation of buildings, improvement of access for people with reduced mobility and generally increasing the attractiveness these areas, especially for tourists.

5.1.3 Institutional factors affecting achievements

The achievements of the ERDF programmes from 1989 to the present were stimulated and constrained by different institutional factors.

One of the first measures after Portugal's Structural Funds was the creation in 1983 of the Directorate-General for Regional Development (DGDR), a Central Administration body. DGDR developed a governance framework centred on the relationship between regional development authorities (the Regional Coordination and Development Commissions - CCDRs) and sectorial ministries. With time, the regional institutional framework changed considerably due to the emergence of other institutions with strategic regional knowledge (business associations, in particular) and to the steady upgrading of local administrations. These changes mostly affected the capacity for consensus building, making it more demanding and lacking in resources. The scarcity of coordination resources as result of this changing context became a new constraint on the intervention of the Algarve CCDR.

Another factor of internal organisation instability was introduced by the way the components of territorial and environmental planning were adopted, through a series of organic laws that regulated the CCDR's activity. In these, CCDR action does not just consist of exercising the functions of strategic coordination and consensus building, it also involves the representation of central authority in the region. The CCDR adopted an active role in this domain, in relation to the lengthy bureaucratic processes of licencing and inspection, a function that has been found to be a major consumer of internal resources.

The relations that the CCDR maintains with municipalities also creates a permanent tension between two positions: that of a strategic consensus building and that of a decentralised institution

intervening actively in the complex maze of municipal bureaucratic procedures. This permanent tension affects the internal framework stabilisation and undermines the acquisition of a more ambitious role in the strategic coordination of the Structural Funds.

This situation has been aggravated by the active participation of the CCDRs in the management of the ROPs since the 1994-1999 period. In the new context the CCDR streamlines the allocation of the Structural Funds, governs the management of ERDF in the region (insofar as the ROP management is the responsibility of the presidency of the CCDR), plays a leading role in territorial policies, all in addition to the previously-mentioned functions of tutelage over planning and the environment.

The complexity is undeniable, without the binding power of their efforts at consensus building having been fortified or, at least, clarified. The situation became much worse in the 2000-2006 programme period: the purpose behind the design of the Regionally Decentralised Management Model (MGRD), by which a very strong sectorial investment was introduced into the ROPs without the sectorial ministries being bound to a regional coordination approach, governed by the CCDR, makes the management of the ROPs a very delicate process.

With respect to the coordination of municipal investments, the ROPs management model also has some vicissitudes that undermine the binding nature of the CCDR action. In fact, municipal investments were initially controlled under a management unit, with a majority participation of the municipalities, which was empowered to approve projects. In this context the management of the ROPs had no formal binding power on municipal action, given the powers of the management units and their presence in most municipalities.

It may therefore be concluded that the role of a strategic centre for streamlining the allocation of resources and for strategically coordinating territorial policies has faced an extremely adverse context.

Meanwhile, the role of CCDRs as important players in the territorialisation of public policies is emerging in the context of a new legislative framework. Such is the case of Decree-Law 134/2007 of 27 April which, in the wake of a new organic law for the Ministry of Environment, Territorial Planning and Regional Development (MAOTDR) (Decree-Law 207/2006 of 27 October), established the internal organisation of the CCDRs, thus completing the constitutive legislative framework of these entities (Decree-Law 104/2003 of 23 of May), under the Programme for the Reform of Public Administration (PRACE). This new law established the CCDRs as peripheral services of the MAOTDR, with decentralised administrative functions and enjoying administrative and financial autonomy. The operational range of the CCDRs is established so that they can intervene in the areas of the environment, territorial and town planning and regional development, in the coordination of decentralised services of regional scope, while retaining the power to provide technical assistance to local authorities and their associations. Laws 45/2008 and 46/2008, both of 27 August (respectively, on Municipal Associations and on the Lisbon and Oporto metropolitan areas, repealing laws 10 and 11/2003, of 13 May) complete the framework and so ensure the prospects for a certain amount of stability in this domain.

The territorialisation of public policies will be the more effective the more the strategic assistance benchmarks are consolidated and the more widely these benchmarks are validated by a broader range of regional and local players and central public institutions. Among the bodies envisaged in

this new legal system is the Inter-sectorial Coordination Council, in whose powers lie the potential for the territorialisation of public policies. Among these powers are those of *"dynamising intersectorial engagement in terms of strategic concentration, territorial planning and planning economic, social and environmental interventions with a view to integrated sustainable development",* that of *"proposing measures to reconcile the sectorial operations of the central government in the region"* and that of *"promoting strategic planning, with a view to integrated regional development".*

In addition, the further potential that could be gained from boosting the operating conditions of the Regional Councils cannot be ignored. The Regional Council is the consultative body of the CCDRs which should represent the various public interests related to its coordination functions.

The competencies of the regional council include:

i) To pronounce on projects of national importance to be implemented in the region;
ii) To give opinions/reports on the coordination of regional operating resources and investment priorities;
iii) To give opinions/reports on regional development plans and programmes;
iv) To pronounce on sectorial plans with a territorial impact on the region and on regional territorial planning schemes;
v) To pronounce on decentralisation and administrative measures that have impact on the model and on the regional and local territorial organisation of public policies.

Besides the opportunities inherent in the powers of the two bodies, it is useful to note that there is real potential for public policy territorialisation to both influence their practical operation and inspire an inter-institutional desire to establish territorialisation as a focal point of their operations. Looking at the composition and extent of their (albeit consultative) competencies, what is striking is that the model defined for their membership is too formal to follow up the progressive reach of some of their competencies.

The removal of the inter-municipal association approach to the composition of the regional council (abandoned in favour of representing the agendas of regional development), the adoption of a formal approach to the participation of civil society, the absence of any business-related institutions and the non-voting participation of decentralised services amount to options that are inconsistent with the wealth of functions that their competencies stimulate. It is therefore felt that, in the context of their current legislative framework, and with changes in terms of composition, the action of the CCDRs in relation to strategic concentration and coordination could be considerably improved by using the activation of the space of the regional councils and councils for cross-sectorial coordination and including the issue of public policy territorialisation in their practices.

Currently, the consultative bodies of the CCDRs and the different municipal association experiments, together with the outsourcing of public policies and investments, represent the only spaces available in the present governance model to validate the benchmarks at the basis of these policies. But the appearance of new strategic streamlining centres at regional level is a necessary condition for the gradual but sustained improvement of the quality of regional development projects, which is measured largely by their strategic content and the contribution they might

make to the emergence an innovation-driven growth model. This question crucially involves the upgrading of the investments and the principle of selectivity.

5.2 Complementarities and synergies

5.2.1 Complementarity between ERDF and other EU-funded programmes

There are several examples of complementarities between ERDF and Cohesion Fund resources to fund shares of a single major investment. This was particularly the case in the funding of environmental sustainability and transportation infrastructure projects.

The intervention in the Algarve railway network was an example of complementarity and synergies between funds during this programme period. The Cohesion Fund supported improvements on the Ermidas-Faro line- which included the correction of some problems related to layout and signalling – while the ERDF resources were dedicated to complementary projects, comprising the installation of the CONVEL (Automatic Train Speed Control) System.

The Ria Formosa integrated project is a good example of the above. In 2007-2013, the Ria Formosa project saw synergies between both the Cohesion Fund and ERDF and between the national and regional ERDF programmes: the Cohesion Fund supported the erosion and coastal defences interventions, while the ROP Algarve supported the rehabilitation, regeneration and improvement of the waterways network (adjacent to the dune system) and also of the Ria Formosa waterfronts.

Complementarities between NOPs and ROPs were particularly common during the 2000-2006 programme period. In the first programme periods, regional OPs were multi-funded. The use of several funds in designing specific projects facilitated a more integrated approach. An example was the project for Revitalising the Inland Villages of the Algarve in the context of the Strategic Plan for Low-Density Areas. This complementarity was also reinforced by the existence of a Management Unit – common to all Structural Funds -, a unique experience in NUTS 2 Portuguese regions – that was considered most efficient. It disappeared in 2007, when programmes became mono-funded. This subsequently created a gap between ESF and ERDF interventions, which may be particularly important in projects that require a training component (such as in the field of entrepreneurial support and innovation).

Complementarities between ERDF and the ESF should also be pointed out. For instance, during the different programme periods, ERDF supported the modernisation of schools, while ESF funded training activities. The same goes for complementarities between ERDF and EARDF in the current programme period concerning communication infrastructures (division between rural and urban municipalities).The NOP Strategic Plan for Low Density Areas (2007-2013) also matches ERDF and ESF (see case study on the Inland Villages of the Algarve). This is a specific programme funded by ERDF and ESF and is part of the so-called Collective Efficiency Strategies. These framed different types of strategies that ought to be promoted through a formal partnership between local entities, such as enterprises, enterprise associations, municipalities, universities, local development agencies and other relevant institutions.

5.2.2 Complementarity with domestic regional policy

There is no tradition or experimentation in regional policy in Portugal that is separate from Structural Funds programming. The lack of a robust set of regional development policies prior to EU membership can be explained by the unique nature of the institutionalisation of regional planning in Portugal. Historically, the CCDRs represent a complement to a planning framework in which territorial development culture is limited and dominated by the adoption of sectorial policies on public investment. The strong link between the change in SF programming cycles and regional development policies in Portugal explains why the 1980s, especially up to 1988 when Structural Funds reform took place, were not a generous decade in terms of significant achievements in regional development policies.

Before the start of the Structural Funds programming cycles, the Portuguese system placed special emphasis on objectives to overcome the effects of market segmentation and remove barriers to the free circulation of factors. The influence of new paradigms in the regional economy was late to arrive and out of step with the research and literature on the subject, changing only with the exogenous effect of European integration and Community regional policy.

The change in regional development policy closely followed the succession of SF programming cycles. Although the influence of the Regional Development Plans (PDRs) should not be overstated, the requirement to create, during each programme period, a systematic document like the PDR in which the territorialisation of problems is absolutely necessary, has made a decisive change. The establishment of the Directorate-General for Regional Development (DGDR) has introduced a level of coordination into the planning framework that matches, at central level, the role played by the CCDRs at regional level.

The first version of the PDR, which corresponds to the 1986-1990 period, followed the generic nature of the first generation of plans. The weakness of the regional statistical base illustrated the difficulties in creating a regional approach to planning and the predominance of the sectorial perspective.

During preparations to join the ERDF, a combination of institutional changes to new incentive schemes took place. In addition to the creation of the Directorate-General for Regional Development in 1983, the first PDR (1986-1990) was drawn up following the creation of a "basic document on regional development policy and the means and instruments for its implementation".

The 1989-1993 period clearly showed a stronger influence of the Community framework in the development of regional policy in Portugal, most notably through the following elements:

(i) Concerted preparation of the National Development Plan Options (GOP), the Regional Development Plan (PDR) and Operational Programmes;
(ii) Complete coverage of national territory by the PDR, a circumstance that transforms the PDR into a global development policy more than a regional policy reference;
(iii) Concerted presentation of the PDR with a Community initiative proposal for the national territory (cross-border regions, outermost regions and the construction of a natural gas network);

(iv) The start of the creation of units specifically dedicated to SF management based on a principle of decentralised management.

In the Algarve, during this first programme period, the Algarve Regional Planning Document (PROTAL), was a most controversial document published by the CCR. The polemic evolved municipalities, Government members and companies on the issue of knowing "where and how to build". However, what leaves an indelible mark on this programme period is the transformation of the PDR into a fundamental document for national development strategy and policy. This choice is a corollary of the controversial decision made at that time to consider the mainland territory as a "single region". –

In the Algarve, during this first programme period, the Algarve Regional Planning Document (PROTAL), was a most controversial document published by the CCR (later CCDR). The polemic evolved municipalities, Government members and companies on the issue of knowing "where and how to build".

However, what leaves an indelible mark on this programme period is the Plan for Regional Development (PDR), a fundamental document for national development strategy and policy that was the negotiation basis with the European Commission for the 1989-1993 programme period. The fact that this was a national – rather than a regional – plan resulted from the controversial decision made at that time to consider the mainland territory as a "single region".

The 1994-1999 and 2000-2006 programme periods brought a new momentum to regional development policies, although Community guidelines continued to have a significant effect. Especially within the 1994-1999 period, the influence of the Single European Act and the Delors Package II was decisive, introducing some innovations in territorial policy: the implementation of the Cohesion Fund increased the funding for infrastructure allocation; the ERDF openness to the areas of education and health; civil society slowly began to participate in the creation of a benchmark for planning; the integrated operation model for development disappeared, and was followed by the creation of a typology of operational executor type-based programme, national-sectorial and regional in scope, with a resulting limitation on the public-public and public-private partnership model; the European Social Fund increased its presence in sectorial programmes; and the share of public investment co-funded by SF increased considerably.

The changes brought about by the second CSF are contradictory. If, on the one hand, the impact of SF became widespread, they tended to enhance the structural aspects of programming; which would turn out to be detrimental in terms of their contribution to structural change in the Portuguese economy. The expanded infrastructural aspect of programming, even when weighted by the increase in intangible action from the ESF, can undoubtedly be associated with this programme period.

The less consistent nature of these justifications offered by the 1994-1999 Community framework with the approval of the European Commission (which ultimately adopted the document as its own) is a good example of the difficulties of a consolidation of a regional development perspective. Indeed, it is hard to locate credible empirical research that demonstrates how "the overall development of the country, and especially its more prosperous regions, has a very important leveraging effect on the less developed regions".

In the Algarve, during this second programme period, a reference must be addressed to the "Strategic Framework for the Algarve Region, 1994-1999", a CCR published report. It meant a first attempt of participative planning in the region, launching an alert to the fragilities and disequilibria in the economy. An appeal was made for diversification - both among the different activities and inside the tourism sector.

Some important changes took place in the configuration of the ROPs during 1994-1999. These changes consist of establishing support for inter- or supra-municipal infrastructure projects, structural projects with a significant regional scope and greater impact on the development of each region or sub-region. One must also mention the introduction of a component of actions that were introduced into the structure of ROP measures during 1994-1999 known as "intangible measures": design, marketing, enhancement of assets and cultural resources.

Many of these actions occurred in territories that went beyond the scope of municipal action, often carrying the status of projects related to NUTS III regions or municipal associations. This component also allowed the types of stakeholders to be diversified considerably.

This new component of the ROPs appears in 1994-1999, linked to the NOP Promote Regional Development Potential (PPDR). The primary goal of this programme is to participate in the revitalisation of the rural and inland communities of the country by promoting new conditions for competitiveness. As part of this programme, a plan is drawn up, for the first time in Portugal, to create the Regional Development Agencies (ADRs), largely through the influence of Community authorities from the DG XVI.

The PPDR is important because, for the first time, it systematically introduces a framework of policy instruments for local economic development, combining actions based on increasing the value of assets, incentives for investment projects and the creation of rural support centres, disseminating a new supply of services in rural areas. The PPDR also has the unique feature of emerging as a possible interface between the ROPs and the SOPs, in so far as it was managed nationally but its operation was strongly territorialised.

The creation of the ADRs deserves some critical reflection. Firstly, the significant influence that the Community authorities had in this process should be recognised, associating their creation with the actual design and approval of the PPDR itself, in other words, viewing the ADRs as a decisive instrument to implement this programme and its different actions. Secondly, this was essentially a bottom-up process that challenged local and regional civil societies to form interest consortia. Thirdly, although the CCRs have been involved, the process occurred without clarification of the future relationship between the CCRs and the ADRs. The CCR logically assumed that it would take on a future leading role as a regional agency, as it had not been possible to assess the possibility of agencies coexisting with different scales of spatial intervention. One element of concern arose from the difficulty in agreeing upon the achievement of a minimum scale of intervention for each ADR. The procedure observed in the Algarve can be considered positive, as it achieved good organisation of societal processes, given the smaller critical mass of resources that could be mobilised.

The 2000-2006 period mid-term evaluation identifies positive experiences in the Algarve: the "Villages of the Algarve" programme, that organised some local interventions, involving the

convergent action of various ministries; the "Initiatives to Promote the Rural Algarve" project (coordinated by Globalgarve) that revealed good practice in terms of concentration aims and resources in a geographic area lacking initiative; and the "City Park" project, arranged around the anchor of the Algarve Inter-municipal Stadium.

This view was adopted in the present Community Structural Framework, where selectivity was a major concern. As such, at present, Portugal offers a compelling case study for a paradigm shift in regional policy, from subsidies targeting the reduction of regional disparities to investment supporting regional opportunities in order to enhance territorial competitiveness.

6. ASSESSMENT OF ACHIEVEMENTS AGAINST OBJECTIVES AND NEEDS (EFFECTIVENESS AND UTILITY)

6.1 Overall achievements of ERDF programmes measured against programme objectives (effectiveness)

Programme effectiveness is the extent to which the objectives of those programmes were achieved through the projects funded. As such, the objectives can be split into two levels: overarching high-level achievements (overall regional development), usually set in terms of aggregate regional indicators such as narrowing gaps with the rest of the country in terms of per capita GDP or employment; and specific objectives/targets of individual measures, and indicators relating to the outputs, rather than the changes resulting from the intervention.

As a consequence, in assessing effectiveness, it is necessary to reconstruct the logic of how measures contributed to the overall objectives and how the achievements of projects and measures fit the regional performance indicators used to define the high-level objectives.

Throughout the period 1989-2013, ERDF programmes in the Algarve had a constant and permanent implicit concern to guarantee tourism-based sustainable development and competitiveness. In fact, tourism was a sector that had already proved its potential for the region since the 1960s, and managed to steadily achieve an unrivalled position as the Algarve economic engine. Traditional sectors – such as cork, fishing or canned-fish – had gone into decline and the prospect of manufacturing-led growth was not a real option for the region.

As such, programmes focused on two main subjects, strategic for tourism development: environmental sustainability and accessibility infrastructures. That was particularly true for the 1989-1993 and the 1994-1999 programme periods. Environmental sustainability projects (water supply, sanitation, MSW) were decisive to endow the region with the necessary conditions to support the large number of tourists that – especially during the summer - increased the demographic density of the Algarve four times (from less than 90 inhabitants/km^2 to more than 300 inhabitants/km^2)[43].

Accessibility was equally critical. Major touristic markets (UK, Spain, and Germany) had to be served with quality and time-saving infrastructures. The peripheral location of the Algarve called for a particular emphasis on this, taking into account the initial low level of endowment and the increasing competition from other EU touristic destinations (Spain, Italy, and Greece). In both of these areas effectiveness was high, as infrastructures have been successfully delivered and have underpinned significant growth in tourism, leading to a narrowing of the GDP gap with the EU average.

[43] Source: Portimão Strategic Plan (2004).

Table 22: Outputs and achievements according to aggregate objectives

	Aggregate objectives / targets	Output	Achievements
1989-1993	Convergence to the EU 15		In 1986, GDP per capita was 45% of EU12 average In 1995, GDP per capita was 78% of EU15 average
	Environmental Sustainability	Algarve Water Supply (118km) and Sanitation (79km) network 126 environmental projects Odeleite, Beliche, Alcoutim, Funcho and Bravura dams	More than 150 thousand inhabitants covered by water supply and sanitation In 1991, 68% of the Algarve population was served with water supply systems (91% in 2001) and 56% of the population was served with sewage systems (81% in 2001).
	Accessibility development	Internal Connection – East section of A22 including Guadiana Bridge (92km) and 135km of national roads	Reduction of travel time (-200%) between East and West Algarve
	Social infrastructure development	Secondary and Professional Schools (32 schools intervened) Algarve University (3 projects) 10 interventions in hospital and health centres including Faro Hospital	Illiteracy rate = 31% in 1981; and = 14.4% in 1993Nº of doctors per 1000 inhabitants grew 12% (from 1.7 to 1.9) between 1989 and 1993
1994-1999	Convergence to the EU 15		80.8% GDP per capita EU15 in 1999

Table 22: Outputs and achievements according to aggregate objectives (continued)

	Aggregate objectives / targets	Output	Achievements
	Environmental Sustainability	Ria Formosa Environmental Recovery Algarve Water Supply and Sanitation network (134km plus 20 CF projects) Intermunicipal Solid Waste Treatment System (substitution of dumps with landfills) Population benefited (392 thousand between 1996 and 2005) from water supply, wastewater treatment and solid waste systems	89% of the population served by water supply networks (1999) 84% of the population served by wastewater treatment systems (2001) Waste disposal in dumps decreased 790,100 t/year between 1996 and 2005
	Accessibility development	Faro-Lisbon railway electrification Lagos Marina Municipal roads improvement (239km including the connection to the airport)	Increase of 5.3% in the km of roads Time reduction in Faro-Lisbon by train (from 4 to 3 hours) Reduction of 4% in the number of road accidents
	Social infrastructures	Faro District Hospital modernization 150 modernisation projects in schools of all education levels	Infant mortality rate fell from 20.5 to 4.5 per thousand (1982-2003) Nº of doctors per 1000 inhabitants grew 16% (from 1.9 to 2.2) Illiteracy declined from 31% in 1981 to 10.4% in 2001 Increase of 40% of students in Algarve Universities
	Economic Fabric Modernisation	311 projects of touristic regional promotion 39 projects of economic modernisation 115 projects of Small and Medium Enterprises 29 projects of Valorisation of the Endogenous Potential	GFCP[44] growth rate of +50.0% Nº of companies grew 20.6% (to 59 thousand) ROP created 319 gross direct permanent jobs and 2,810 gross temporary jobs

[44] Gross Fixed Capital Formation.

Table 22: Outputs and achievements according to aggregate objectives (continued)

	Aggregate objectives / targets	Output	Achievements
2000-2006	Convergence to the EU 15		82.7% GDP per capita EU15 in 2006
2000-2006	Environmental Sustainability	Algarve Water Supply (262km) and Sanitation (333km) network Coastal area regeneration interventions (beach cleaning, Ria Formosa recovery, Albufeira POLIS intervention) 122 projects related with environment sustainability	98% of the population served by water supply networks (increase of 191.5% since 1989) 88% population has residual water drainage and 84% is served through residual water treatment (increase of 161.7% and 149.8% since 1989) A 33% increase in the number of "Blue Flag Beaches" 14ha reforested in natural parks 30ha recovered in damaged areas
2000-2006	Accessibility development	IP1/A2 Faro-Lisboa motorway (60km – Castro Verde-Faro section) West Section of the A22 motorway (59km between Albufeira and Lagos) Municipal road network improvement (207km) Modernisation of the railway Faro-Lisboa Elimination of level crossings in Algarve Railway Line (-52) Expansion and modernisation of Faro international airport Portimão Marina	Reduction in 1h30m in the Faro-Lisbon road route (from 4h to 2h30m) Reduction of 35.6% in the number of road accidents Increase of 36.4% in the km of roads Road density per 1000km^2 of 121 (+47) Reduction of travel time (70%) by train (1994 - 2004) Number of airport passengers increased 60% from 1989 to 1999

Table 22: Outputs and achievements according to aggregate objectives (continued)

	Aggregate objectives / targets	Output	Achievements
	Social infrastructures	Barlavento Hospital Centre 10 health centres and 20 health extensions 194 interventions in schools of all education levels Interventions in culture facilities	Increase of 133 beds (1999-2010) and of no. of doctors per 1000 inhabitants, grew 22% (from 2.3 to 2.8) 70% of the population served by public libraries
	Regional potential development	453 projects of economic modernisation 178 projects on tourism 28 projects of touristic products 115 projects of wholesale and retail	GFCP growth rate of +56.0% ROP created 1185 gross jobs NOPs created 1586 gross jobs 350 000 visitors in events promoting regional products
	Urban recovery	38 projects of Historic town centres qualification	26% of the population living in urban centres covered by urban recovery interventions
2007-2013	Convergence to the EU 15		76.5% GDP per capita EU15 in 2011
	Competitiveness, Innovation and Knowledge	83 innovation SMEs 92 exporting SMEs Tourism cluster development (39 projects) Modernisation of 18 primary and basic schools Modernisation of Barlavento Hospital	GFCP growth rate of -0.04% (2007-2008) 15.3% of the active population has a college degree (growth of 4.1%) 1050 direct gross jobs* 84% of students attend the regular school system (2011)* (growth of 14.2%)
	Environmental Protection and Enhancement	POLIS Litoral and Ria Formosa Programs 17 Coastal regeneration actions	10 sq km of environmental liabilities recovered* 100% of the territory covered by risk prevention plans*
	Territorial Enhancement and Urban Development	232 projects in Low-Density Areas 38 Urban regeneration projects Municipal road network modernisation	The number of rural tourism units increased from 19 to 37 between 2001 e 2011. 10,000 residents benefit from urban regeneration projects* 40% reduction in the travel time on road sections intervened*

* programmed

Infrastructure investment also had the objectives of contributing to improvements in human capital and health, although without specification of targets for impacts. Again these capital projects were successfully delivered and have made a positive contribution to improvements in the stock of human capital in the region and to health outcomes. A large number of schools were modernised and have contributed to improved educational outcomes including literacy. In particular, the development of the University of the Algarve can be considered one of the most relevant legacies of ERDF investments in the region. It is probably the only regional institution to have overcome the regional specialisation lock-ins that has limited the potential for structural adjustment throughout the study period. Equally impressive is the growth of numbers of preschool students: the growth rates in the last three programme periods are, respectively, +68.7%, +26.5% and +15.9%.

Health investment made a major contribution to the quality of life in the Algarve - as well as providing necessary facilities for tourists – taking the form of the creation of a modern health service (hospitals and health centres with an increasing number of specialities). The reduction of infant mortality from 20.5 per thousand to 4.5 per thousand (1982-2003), has been partly due to this investment.

The first two programme periods also aimed to diversify the economic structure, namely through incentives to agro-food and environmental friendly manufacturing projects. However, the programmes were not successful in this, as most of the economic agents in the region viewed tourism as the most profitable sector, so there was little interest in developing projects for diversification. In the current programme period, there is a renewed strategic focus on innovation and diversification in the form of cluster creation and development, cooperative research projects, University-companies and communication infrastructures (internet platforms and networks). Clearly the effectiveness of these programmes is difficult to judge as yet as they are still in progress, but several restructurings have taken place and the economic crisis has meant a halt in terms of investment decisions, so it seems likely that effectiveness will not be high.

Overall across enterprise, structural adjustment and innovation, effectiveness has been low. Whilst substantial elements of the first two themes have been dedicated to stimulating growth and some diversification within tourism, there has been limited success in a further broadening of the economic base, so the region has become even more specialised on tourism. Attempts to grow new technology-based industries have not been successful so far, and have not been pursued with adequate resources or will.

Across other themes levels of investment in for example social cohesion and spatial cohesion were small, and whilst at a project level there has been successful implementation, the wider effects on the region are very modest.

From a global regional development perspective, the Algarve successfully achieved its main objective of economic convergence. From one of the least-developed regions in Europe, the region grew fast, reaching a level of GDP above the 75 percent EU average (82.7 in 2006), leaving the group of convergence regions after 2007. This positive evolution is also reflected in the above national average quality of life and in the traditionally low levels of unemployment. In 2004, the Algarve became the second highest region in Portugal in terms of purchase power per capita (107.8 compared with a national average of 100). Four Algarve municipalities were included in the 15 top in the country.

The survey respondents stressed this positive evolution with over 50 percent of the answers in all periods stating that the ERDF programmes strategies were appropriate and programme implementation was effective.

A DPP analysis on the economic convergence of Portuguese regions (1995-2006) – at both NUTS 2 and NUTS 3 levels[45] - corroborates the above conclusions in global terms: *"The Algarve converges both in GVA and in employment terms, but more strongly on the latter, which indicates a productivity problem"*. (DPP, 2009:8).

This study approaches the issue of regional convergence in two sub-periods: 1995-2000 and 2000-2006. For a national value of GVA variation always equal to 0.0, the values for the Algarve are respectively: 13.9 (1995-2006); 4.1 (1995-2000); and 9.5 (2000-2006), as such always above national average. The same reasoning (national variation = 0.0) for employment growth concludes the following data: 20.0 (1995-2006); 5.1 (1995-2000); and 14.2 (2000-2006).

An overview of achievements compared with objectives is provided in Table 23 below. It illustrates the extent to which, in each thematic axis, achievements have been above or below what was expected, given the level of effort and investment. Overall, there are few thematic axes across the programmes where achievements have exceeded expectations. As the large majority of SF was concentrated in just two priorities (infrastructures and environment) in all programme periods, other themes typically received insufficient funding to reach the scale thresholds at which effectiveness could be realised. This was particularly the case for structural adjustment, innovation and geographical issues.

[45] Those in the case of the Algarve are coincidental.

Table 23: Achievements compared with imputed objectives for eight thematic axes

	1989-93		1994-99		2000-06		2007-13	
Thematic axis	**Imputed objectives**	**Achieve-ments**	**Imputed objectives**	**Achieve-ments**	**Imputed objectives**	**Achieve-ments**	**Imputed objectives**	**Achieve-ments**
Enterprise	-	3	-	3	+	3	+	3
Structural adjustment	-	3	=	3	-	3	+	4
Innovation	-	2	-	2	=	3	-	2
Environmental sustainability	+	4	++	5	+	4	++	4
Labour market	-	2	-	2	-	2	-	2
Social cohesion	+	2	-	2	-	3	-	3
Spatial cohesion	=	2	-	2	-	4	-	3
Infrastructure	++	5	+	4	++	4	+	3

Imputed Objectives

++ Very high effort - this axis is a central aspect of the regional development strategy
+ High effort - this axis is an important element in the regional development strategy
= Average effort - this axis is included in the regional development strategy but is not particularly important
- Low effort - this axis is only marginally considered in the regional development strategy
-- No effort at all on this axis

Achievements (end of period with respect to beginning of period)

5 Very high achievement - the results for this axis are greatly above expectations given the effort put in and ex-ante conditions
4 High achievement - the results for this axis are above expectations given the effort put in and ex-ante conditions
3 Average achievement - the results for this axis are those which could be expected given the effort put in and ex-ante conditions
2 Negative achievement - the results for this axis are below expectations given the effort put in and ex-ante conditions
1 Very negative achievement - the results for this axis are considerably below expectations or even nil

6.2 Overall contribution of ERDF programmes to regional development (utility)

Utility in this report is used as a notion that refers to the extent to which programmes led to impacts that are in line with the needs of society or socio-economic problems. Utility may differ from goals stated explicitly in the programmes or may not even have been explicitly stated in the operational documents. The analysis of utility requires a reassessment of the needs that the programmes should have addressed. It is a crucial concept that facilitates the long time-span of the present evaluation. Political circumstances and priorities have changed during the period under study, so it is relevant to discuss what was done from a fixed perspective, i.e. what is considered relevant today. This requires a reconstruction of the intervention logic of the programmes and their reframing based on currently available knowledge.

The Algarve Region has a peripheral geographic position, at the extreme Southwest of Europe and the Iberian Peninsula. The organisation of its regional urban system and settlement pattern reveals

the territory's accentuated intra-regional asymmetry (littoral *versus* interior), with a high concentration of population and economic activities along the southern littoral strip, leading to subsequent pressures on the environment, infrastructure and social/collective facilities. The corollary of this was depopulation and rural decline in the interior with poor availability and access to public services and little participation in the growth industry of tourism. These structural aspects resulted in the recognition of infrastructure improvement (both transport and environmental) as a key issue to improve wider regional competitive capacity, to support territorial rebalancing and to strength territorial cohesion.

The strategy of investing in infrastructure, supported by an enterprise policy focused on tourism has undoubtedly stimulated growth in the region, and has had a wide set of impacts. The direct reduction of travel time both within the region and internationally has meant a better internal connectivity of the regional territory as well as supporting the internationalisation of its economy. Indirect effects have included:

(i) the improvement of the economic dynamism of rural areas and a stimulus to the diversification of their economic basis (including, for example, the emergence of new rural tourism activities and associated services and the commercialisation of value-added traditional products), a key element to support a better functional articulation of the regional system;
(ii) the improvement in the accessibility of citizens to public services and collective facilities (e.g. health, social, sports, education and cultural facilities);
(iii) social and cultural transformation in rural communities (including a more open social attitude towards entrepreneurship and innovation).

Other infrastructure spending on the environment and public services such as schools and hospitals have also enhanced quality of life in the region, improved access to services, especially in the interior, and contributed to economic development through a healthier, better educated workforce. The virtuous cycle between enhancing the underlying conditions for growth in the form of accessibility, quality of environment and quality of life, and the investment in tourism has proven to be an effective engine for growth in the region, which has then further reinforced quality of life through increased income and regional expenditure.

Additional social benefits include the strengthening of the regional identity and the knowledge of its history through the restoration of virtually all urban centres and historical sites, the preservation of the landscape through natural parks and reserve areas, and the development of new interpretative facilities. Whilst targeted mainly at tourism, this has helped foster a stronger sense of a regional identity and pride as well.

The limitation of the approach and its utility has been in the need for the diversification beyond tourism and the economic dynamism that will be needed to sustain further growth after the current crisis. The existing strategy has been able to narrow the gap with the EU average, but may be leading to natural limitations as the tourism industry reaches saturation point. Some further upgrading may be possible, but volume growth is likely to be less than in the past. The utility of programmes to date has been highly limited in that respect. Some foundation shave been put in place to provide a platform for the emergence of new sectors and for the wider modernisation of non-tourism activities, but with limited success. A key element has been the development of the

University of the Algarve, and this has had a vital role in the increase in the number of high-qualified citizens in the region, and will be a vital component in promoting the competitiveness and diversification of the region economy, but so far it is not enough and further development of a supportive infrastructure for enterprise and innovation is needed before economic modernization can take place.

6.3 Key elements of success and failure

6.3.1 Good practices and successes

The introduction of multi-annual programming

In Portugal, there has been no tradition or experimentation in regional policy that is separate from Structural Funds programming. No established body of public policies exists with characteristics that can be considered autonomous from the different public policy instruments co-funded by the European Community. In this regard, the experimentation and learning processes that have taken place during the application of this type of policy have occurred exclusively within the Structural Funds programming framework. The requirement to create, during each programme period, a systematic document such as the Regional Development Plans (PDRs), in which the territorialisation of problems is absolutely necessary, has been a major positive change in Portugal.

Integration of sectoral and territorial planning

In the past, the regional planning framework was based on the primacy of the sectoral intervention approach in which the territorial perspective was no more than a factor for adapting the policy. There was no formal space in which to connect sectoral policies with a global territorial strategy. The PDRs were the first opportunity for this connection to emerge, even though their practical implementation tended not to reach their full potential for integration. Alongside this new context of programming creation, the establishment of the Directorate-General for Regional Development (DGDR), in 1983, has introduced a level of coordination into the planning framework that matches, at central level, the role played by the CCRs at regional level.

Development of municipal competences and promotion of local development

During the first period, the ROPs were essentially focused on a type of municipal project that featured small, basic infrastructures in the domains of road access, basic sanitation and support for the economy. In this phase, the ROPs were evidence of the need to spread "*a new wave of Structural Funds*" through all the municipalities, thus corresponding to a phase of broad dispersion of infrastructure investment. The municipalities rapidly internalised the idea that the Structural Funds represented an opportunity to supplement the municipal budget and, above all, the action of transferring resources from the State budget to local level. As a result, the municipalities adapted their technical and administrative systems to the Community framework, in addition to building an increased ability to create, monitor and control infrastructure projects.

This new component of the ROPs in the second CSF was linked to the Programme to Promote Regional Development Potential (PPDR). The primary goal of this nationwide programme, designed to promote the potential of endogenous development in the regions, was to support in the revitalisation of the rural and inland communities of the country by promoting new conditions for

competitiveness. As part of this programme, a plan was drawn up, for the first time in Portugal, to create the Regional Development Agencies (ADRs). Support for recovery projects in rural centres, whose main objective *"was the creation of conditions to sustain the socio-economic well-being of small rural centres, assigning them infrastructures associated with economic activities",* and the different incentive schemes for investment and job creation (local initiatives for job creation), combining ERDF and ESF aid, together made up a wide menu of areas of intervention for local development, which previously did not exist within the framework of a single programme.

Rural and community development projects

The results of the third CSF mid-term evaluation identified positive experiences among some rural and community development projects. Three experiments are cited: (i) The Villages of the Algarve programme organised local projects, involving the convergent action of various ministries; (ii) The Initiatives to Promote the Rural Algarve project revealed good practice in terms of mobilising engagement and resources in a geographic area previously lacking local initiative; (iii) The City Park project, arranged around the anchor of the Algarve Inter-municipal Stadium, focused on attracting new sectors of demand (national and international) by providing high-quality sporting facilities. Also the application of the URBAN Community initiatives (urban regeneration and social inclusion) allowed the integrated planning approach to be preserved.

6.3.2 Bad practices and failings

Weak regional statistics

The first version of the PDR, which corresponded to the 1986-1990 period, suffered from an inadequate, statistically-based, regional "infostructure" corresponding to CCDR areas of intervention (Pires, 1998:44). The weakness of the regional statistical base observed at that time illustrates the difficulties in creating a regional approach to planning and the predominance of the national sectoral perspective.

Weak institutional learning

Bearing in mind the highly centralised nature of the programming process and the inflexibility of the project cycle model, certain perverse effects can be perceived in organisational learning. The approach of maximising the opportunities for executing programmed financial commitments tends to devalue the innovation component of public policies that the Structural Funds should be encouraging.

The assumption that institutional innovation was achieved in the programme period is fallacious. It ignores that CCDRs were fully aware of the financial amounts at its disposable and on the established priorities, defined centrally.

Weak regionalisation of national strategy

In the first programme period the PDR was transformed into a fundamental document for national development strategy and policy. This choice was a corollary of the controversial decision made at that time to consider the mainland territory as a single region. In other words, what could have been a good start, the connection of national development strategy with regional policy, would

eventually become an inability to territorialise national development policy in a consistent and coherent manner. One observer of this period is clear in his appraisal: *"Naturally, this duality of positions appeared during the creation of the PDR, with most participants favouring investment in the 'Atlantic region' and disregarding the less developed interior (…). In this perspective, we must also highlight the weak impact that the contributions encouraged by the CCDRs had on the overall balance of the PDR when these were confronted by the sectoral proposals of various ministries: as a rule, the sectoral approach ended because of the superimposition of regional concerns..."* (Pires, 1998, p. 93).

The changes brought about by the 1994-1999 programme period were contradictory. If, on the one hand, the impact of Structural Funds became widespread, they tended to enhance the structural aspects of programming; which would turn out to be detrimental in terms of their contribution to structural change in the Portuguese economy. The expanded infrastructural aspect of programming, even when weighted by the increase in intangible action from the ESF, can undoubtedly be associated with this programme period. Cohesion programmes continued to favour an outlook of national-sectoral intervention, citing three primary reasons as justification: - *"The development disparities in Portugal compared with the Community average are higher than those observed between the less prosperous regions of the country and the national average; - Recent studies on regional assessment would show that the overall development of the country, and especially its more prosperous regions, would have a very important leveraging effect on the less developed regions; - Considering the size of the country, the directed effort of a regional nature would complement the structuring actions of a national nature."*

The less consistent nature of these justifications, with the approval of the European Commission (which ultimately adopted the document as its own), is a good example of the difficulty experienced in Portugal and consolidation of a regional development perspective. Indeed, it is hard to locate credible empirical research that demonstrates how *"the overall development of the country, and especially its more prosperous regions, has a very important leveraging effect on the less developed regions"*.

On the other hand, in this programme period, the integrated operation model (OIDs) for development disappeared, and was followed by the creation of a typology of operational executor type-based programme, national-sectoral and regional in scope, with a resulting limitation on the public-public and public-private partnership model. And the share of public investment co-funded by Structural Funds increased considerably.

Regional Development Agencies

The creation of the Regional Development Agencies (ADRs) in the 1994-1999 programme period deserves some critical reflection, although it can be said their experience in the country had distinct nuances (more positive in Algarve than in the Norte). Firstly, the significant influence of the Community authorities in this process should be recognised, as the ADRs were seen as a key instrument to implement the PPDR and its different actions. Secondly, this was essentially a bottom-up process in which local and regional civil societies were challenged to form consortia. Thirdly, although the CCDRs had been involved since the beginning, that is, since the first awareness-raising meetings of regional agents, the process occurred without clarification of the future relationship between the CCDRs and the ADRs that would be created. The CCDRs assumed

that they would take on a future leading role as a regional agency. As that was not the case, CCDRs withdraw from the process and let ADRs "alone", with weak financial and time support.

Weak impact on institutional innovation

Finally, the input of the Structural Funds to the emergence of institutional innovation patterns is doubtful. For the institutional framework supporting local development, the effects of the investment-driven growth period have not only generalised the input-based financing models, but they have tended to produce the additional effect of prematurely atomising the local institutional fabric. There has been a long period of growth in the Portuguese economy, driven by the strengthening of the productive and infrastructure capacity, which is now showing signs of exhaustion. The gradual and conservative evolution observed in the pattern of structural change in the Portuguese economy suggests that the investment-driven growth period was not fertile in terms of accumulating technological knowledge, compared with other experiences of late industrialisation.

This process tended to co-determine a (path-dependent) evolution of the institutional framework, resulting in a dominant pattern of supply-oriented, input-based public policies, far removed from an approach marked by proximity to companies and with a low level of accountability and ex-post appraisal of actions undertaken and resources expended. These public policy systems are known to react badly to periods of budgetary restraint or result-based public finance policies.

7. CONCLUSIONS

7.1 EQ1: To what extent did the programmes address regional needs and problems over time?)

EQ1a: What were the initial regional needs and problems and what has been their evolution?

The Algarve had broadly based needs at the outset, with low levels of income, a weak economy, and inadequate public infrastructure of all kinds. At the end of the 1980s there was a consensus that the region needed to improve its infrastructures, and these perceived needs took precedence over the weakness of the industrial sector, with tourism seen as the main opportunity for growth. As tourism gained increasing momentum over traditional activities, the issue of endowing the region with the needed environmental facilities for the high demographic levels during the tourism season became a priority. Transport infrastructures were also seen as key problems to be addressed, taking into account the peripheral location of the Algarve and the initial weaknesses of the road, railway and air connections.

With the (at least partial) satisfaction of environmental and transport needs others became more apparent. Attention became focused on urban rehabilitation – also with direct impacts on the tourism sector – and the health and the education systems.

Over the two last programme periods (2000-2006 and 2007-2013), despite growth in tourism, there has been increasing concern with the region's over-specialisation and dependence on that sector. A consensus has been reached that new strategies are needed to diversify and improve the region's economy, in the face of a rapidly growing unemployment rate and the decrease in tourism revenue per capita. Innovation, and cluster-based diversification are seen as increasingly important needs, whilst the tourism industry also needs support to diversify its offer and improve quality standards.

EQ1b: What was the strategy of ERDF programmes of each programme period? What has been their evolution?

In the first two programme periods, strategies focused on supporting the region in two main areas: environment and transport, both directly connected to tourism expansion. Other objectives and interventions in the field of social infrastructure (education and healthcare) – in particular after the 1994-1999 programme period – focused on quality of life but also contributed to the tourism strategy through raising education and skills levels and providing hospital facilities.

During the first two programme periods there were also major concerns about the region's need for economic diversification, with modest provision to support the modernisation of agriculture and environmental-friendly manufactures. However, this had negligible effects as tourism absorbed most industrial support, and so the 2000-2006 programmes no longer viewed tourism as a problem, but as the solution. It was assumed that tourism success would generate profits and management expertise that would naturally diversify the regional economy. New types of tourism and connected activities were supported, such as urban renovation which became a third priority during the third programme period – allowing for the restoration of heritage buildings and urban centres. New types of tourism (rural, spas, sports) were also supported. Nonetheless, the priorities of the initial programme periods - environment sustainability and transport – continued to be the two most important, even during the 2000-2006 programme period.

Finally, the current programme period brought a new emphasis on enterprise and clustering. Rising unemployment is leading to a return to traditional sectors, modernising them through a focus on the construction of future regional innovation systems. This is particularly the case with the maritime cluster and in the interior areas with the support for rural micro-clusters (cork, flowers, and fruits).

EQ1c: What were the priorities and objectives of ERDF programmes of each programme period? What has been their evolution? Were the objectives SMART?

During the two first programme periods the priorities were accessibility and environmental sustainability. Accessibility (transport Infrastructures) was one of the main areas of Structural Funds intervention, both in terms of expenditure (benefiting from the Cohesion Fund complementarity) and tangible achievements. The growth of tourism and the subsequent increase in the number of vehicles on the Algarve roads contributed to make the investments in internal and external connectivity a priority.

Environmental sustainability (water supply, sanitation, MSW) was also decisive to endow the region with the necessary conditions to support the large number of tourists that increase the region demographic density by four-fold during the main tourism season and to improve the quality of life of the local population.

Starting in the second programme period - and deepened in the third programme period – was the urban recovery priority, whose main objectives were the restoration of several historical urban centres, monuments and buildings. These programmes were in line with the explicit strategy of diversification inside the tourism sector.

With regard to whether the objectives were SMART, the following observations can be made:

The main objectives of programmes have never been highly specific. Rather, programmes have been sufficiently inexplicit and broad enough to allow for different interpretations. Even at the level of specific programmes, it was possible to provide support for projects that only tentatively fitted the respective objectives. There was considerable flexibility around targets with only limited specified output targets so that much of what was achieved was not necessarily specified in advance.

- At the outset there was little attempt to set measurable targets beyond a limited range of outputs and there was an absence of socio-economic variables (number of jobs created or targeted economic growth rate). At most the achievements were measurable in terms of physical achievements (kilometres of roads built or number of renovated schools, for example). With time – particularly during the current programme period – quantification has increased and programmes have goals with measurable objectives (such as the number. of direct jobs created, increased share of the population served by interventions in urban transport systems, number of students benefitting from an intervention, number of supported start-ups or SMEs).
- As programme goals were generally seen as infrastructure investments, they were broadly achievable, and targets were exceeded at times, mainly because the targets were so limited or were set at a low level. At a regional scale, the overall goal of reducing the

income gap with the national average - one that could be interpreted as an on-going objective – was achieved.
- The objectives were broadly relevant, focusing on an improvement in living conditions, in the level of education of the population, and in the competitiveness of the tourism sector.
- Finally, the objectives of the programmes were in general timely.

EQ1d: What has ERDF support been spent on in each programme period? Have there been significant transfers from initial allocations of ERDF resources to other priorities in any period?

When analysing the expenditure data against the eight thematic priorities used in the present report, it is possible to observe a gradual shift of priorities. The evolution of the ERDF and CF expenditures, changed from an emphasis on infrastructure and environmental sustainability in the earlier periods towards a more balanced distribution in the later periods.

In the first two programing periods, 1989-1993 and 1994-1999, 87.95 percent of SF (ERDF+CF) expenditure was on two thematic priorities, infrastructure and environment. Infrastructure was the main beneficiary in the 1989-93 programme period (72.4% of ERDF and CF) while environment took the lead in the 1994-99 period (57%).

The remaining expenditure was mainly on Enterprise (6.1% in the 1989-93 period), and Structural Adjustment (7.1% in 1994-99) with all the other themes receiving relative small levels of financial support (in the second programme period 0.8% both for Social Cohesion and Territorial Cohesion, 0.6% for Innovation).

In the 2000-2006 programme period Infrastructure was once again largely prioritised (65% of ERDF and CF). Environmental Sustainability (12.7%) and Enterprise (10.5%) follow at a significant distance. As this was the first time the ROP budget surpassed that of the NOPs it is interesting to analyse where the Algarve OP spent its ERDF support, again prioritising infrastructure (61.3%) and environmental sustainability (16.6%). The remaining themes supported significantly were Spatial Cohesion (14.7%) and Structural adjustment (6.1%).

The current programme period (in terms of approved expenditure on December 2012) has spent 45.2% of its resources on Environmental Sustainability (ERDF and CF). Next, in decreasing order, is Enterprise (25.4%) and Infrastructure (15%).

Taking only the ROPs into account, there were virtually no transfers from ERDF initial allocations in all programme periods. However there were small adjustments, during the 2000-2006 period, the most important being a reduction in Spatial cohesion in favour of more Social cohesion and Labour market interventions.

The Algarve achieved good levels of absorption of Structural Funds across all four programme periods. The execution rates varied from 100% in 1989-1993, to 88% in 1994-1999 and 87% in 2000-2006. The NOPs and ROPs execution rates are broadly similar, even if the NOPs achieved higher levels (such as during the 1994-1999 programme period where the NOPs achieved 91% compared with 83% in the ROP).

7.2 EQ2: To what extent do ERDF achievements meet regional objectives and needs in each programme period and across all periods?

Overall the programmes have contributed to significant regional growth with the consequence that the region moved out of the convergence category in 2007. The region managed to successfully address some of its major needs in the form of improvements in basic infrastructure and these underpinned growth in the tourism industry, thereby raising regional incomes. However, the focusing of effort on a limited set of priorities and a single industry has led to an economy which is heavily skewed to tourism and is now seen as a weakness and a limitation on future growth.

EQ2a: What are the reported achievements of each programme period?

Achievements in the initial programme period of 1989-93 were focused on transport and environmental services. In this and the second period the connection with Andalucia (Via do Infante and Guadiana Bridge projets) was prioritised, leaving the Faro-Lisbon motorway and connections with the rest of the country for the third period. Faro airport was successively modernised and enlarged across several programme periods in order to attract tourists. These works increased the airport operational and logistic capacity, and improved its service level to the standards of the top tourist destinations in Europe. The annual number of passengers doubled from 2.6 million in 1990 to 5 million in 2009.

Environmental achievements evolved from the initial delivery of water infrastructure (supply and sanitation) in the earlier periods towards the protection and conservation of nature in the later ones. In the first programme period, the main achievements were increased access to clean water and enhanced treatment of waste. Two other major achievements during this time period were in Education (with the development of the University of the Algarve) and in Health (with the construction of new hospitals and health centres).

In the 1994-1999 programme period, environmental sustainability was the major concern and improvements were made in the Algarve water supply, wastewater treatment and solid waste systems and the Ria Formosa Natural Park recovery was launched. Transport improvements were made through the electrification of the Faro-Lisbon railway, and improvements to municipal roads. The construction of the Lagos marina was also an important new facility to assist tourism growth and diversification.

Structural adjustment and enterprise interventions led to an estimated 311 projects of tourism regional promotion, 39 projects of economic modernisation, 115 SME projects and 29 projects of valorisation of the endogenous potential. The effects on employment were not assessed however.

In 2000-2006, environmental sustainability and infrastructures continued to be major regional priorities, this time complemented in a significant way by urban recovery, structural adjustment and social cohesion. The Algarve water supply and sanitation networks were virtually completed and additional coastal area regeneration improvements were undertaken (beach cleaning, Ria Formosa recovery, Albufeira Polis). The Faro-Lisboa motorway was completed as was the West Section of the A22 motorway, the expansion and modernisation of Faro airport, and the removal of level crossings in the regional railway line. Social cohesion needs were met namely through the construction of Barlavento Hospital, 10 health centres and 20 health extensions and 194

interventions in schools of all education levels. In terms of urban recovery, the major achievements were the redevelopment of 38 historic town centres. Structural adjustment support was channelled mainly through the ROP, the result being 453 projects of economic modernisation, 178 touristic projects and 115 projects of wholesale and retail.

Finally, during the current programme, enterprise was a priority: 83 innovation SMEs, 92 exporting SMEs and 39 projects in the tourism cluster were developed. Still more infrastructures were completed (municipal roads) with particular emphasis in the building of basic and primary schools and the Barlavento Hospital modernisation. Spatial cohesion acquired growing importance during the 2007-2013 programs with 232 projects in low density areas and 38 urban regeneration projects.

EQ2b: To what extent were objectives achieved in each programme period?

In the first programme period, 1989-1993, reported achievements were presented as simple outputs (kilometres of water pipes or kilometres of roads). Overall though the objectives were largely met, and in some aspects of infrastructure were exceeded.

The 1994-1999 programme evaluation system was very similar to the previous one, although now each NOP Managing Authority was responsible for the definition of the relevant output indicators. But the achievement-monitoring system still had major limitations: inconsistencies between targets and achievements (for example, in the municipal road indicators); the quality (flawed design) and quantity (only output indicators were used) of the indicators; and, in a few cases, the inability of programme authorities to set realistic targets (quantified targets should have been more exhaustive and comprehensive). Programmes continued to present physical achievements but also some impact measures such as the population served by wastewater or water supply systems, or the reduction in the number of road accidents. However some initial estimates of jobs created were made which showed good achievement against objectives.

By the 2000-2006 programme period, virtually all the Algarve population had been connected to water supply networks, 88% of the population had residual water drainage and 84% residual water treatment. The A22 Motorway was completed and the number of road accidents was reduced (across all the Algarve) by 35.6%. Gross Fixed Capital Formation increased by 56% and it is estimated that the ROP created 1,185 gross jobs and NOPs created 1,586 gross jobs.

Even if achievements for 2007-2013 cannot yet be fully assessed there appears to be progression in at least some areas of support, although the effect of the financial crisis may limit achievements against objectives

EQ2c: To what extent were needs met in each programme period? To what extent can observed changes in regional needs and problems be imputed to ERDF programmes over time?

The region needs were met across the four programme periods but with a certain degree of variability.

Investments in transport infrastructure have contributed to a significant reduction of travel times within the region and connecting to the rest of Portugal and to Andalucia, assisting the development of tourism but also local access to services, especially for the rural interior of the region. There has also been a reduction in road and rail accidents and an improved

internationalisation of the region's economy. These have had the indirect effect of the improvement of economic dynamism of rural areas and the stimulus to their economic diversification (including new rural tourism activities), a key element to support a better functional articulation of the regional urban system. There has been an improvement in the accessibility of citizens to services and collective facilities (health, education and cultural facilities) and a social and cultural transformation of rural communities (including a more open social attitude towards entrepreneurship and innovation).

Environmental sustainability needs were also effectively met with more than 300,000 inhabitants benefiting from water supply and sanitation. This meant a substantial increase in the quality of life of the population, through a steady access to fresh water and sanitation services. There were also significant landscape improvements through the creation of natural parks and nature reserves.

The creation of the University of the Algarve and the restoration of historical sites and urban centres also reinforced regional identity.

The significant need for enterprise development and structural adjustment in the Algarve has however only been partially met through actions taken in the 2000-2006 and 2007-2013 programing periods. So whilst some new companies in high-tech sectors such as marine biotechnology or technological marketing and in new tourist related activities, have emerged, this has had only a limited effect on the competitiveness and diversification of the regional economy.

EQ2d: What have been the complementarities and synergies of ERDF interventions with ESF; EAGGF/EAFRD; and with domestic regional policy interventions?

The examples of complementarities between different ERDF-funded programmes are relatively few, as NOPs were managed centrally by each sectorial ministry and complementarity between programmes was seen as too complex and time-consuming. However, with the creation of the Cohesion Fund and its support to generally large investments in transport and the environment, there was more complementarity between the ERDF and Cohesion Fund resources to co-fund major investment projects. The Algarve railway network or the Ria Formosa Natural Park are good examples of these complementarities.

Complementarities between ERDF and the ESF, on one hand, or between ERDF and EAFRD are much rarer even if some examples were identified (schools with training actions, communication infrastructures in urban and rural municipalities). The Strategic Plan for Low Density Areas (2007-2013) also integrates ERDF and ESF.

Regarding complementarities with domestic regional policy interventions, there has been a serious lack of experimentation in regional policy in Continental Portugal other than Structural Funds programming.

EQ2e: What has been the overall contribution of ERDF programmes to regional development?

The Algarve has seen considerable progress on a number of different dimensions, assisted by the investment in ERDF programmes

In economic terms, the Algarve has been relatively successful in comparison with the other Portuguese regions and, according to the latest published data, has achieved a higher level of both GDP per capita and labour productivity. In 1986, the Algarve was one of the poorest regions in the country (and the EU), but reached in 2006 a GDP per capita above the 75 percent of EU average (82.7), leaving the group of Convergence Regions.

On a social level, the Algarve has also seen remarkable employment expansion, at rates almost three times as fast as those of the rest of Portugal (by 20 percent cumulatively between the late 1990s and the late 2000s). This positive evolution is also reflected in the above national average quality of life and in the higher purchase power per capita (107.8 compared with a national average of 100). The Algarve also shows a smaller Gini Coefficient (28.4) of inequality when compared to the rest of Portugal.

Environmentally, the Algarve has achieved a major improvement in the proportion of the population served by fresh water, wastewater treatment system, by solid waste treatment, etc). Natural parks with special protective status were created and the number of beaches with the European Blue Flag has risen steadily since 1989.

At institutional level, the establishment of a specialised body for regional development and the management of European funds has facilitated the coordination and the design of appropriate instruments. The dialogue and coordination between central and regional scales was continuous and managed to solve most of the problems.

However, many problems persist: the lack of economic diversification, low levels of human capital, high risk of forest fires, geographical disparities between coastal and interior areas, just to name a few. And clearly the current economic and financial crisis aggravates them. But the ERDF programmes have undoubtedly better prepared the Algarve to deal with the current economic difficulties.

7.3 EQ3: What are the main lessons learnt on the effectiveness and utility of ERDF interventions?

The experience of the Algarve has demonstrated the joint impact that environmental sustainability and transport infrastructures can have on a peripheral and tourism-dominated economy. A concerted effort has endowed the region with the necessary conditions to support the large number of tourists that during the summer increase the demographic density of the Algarve, and which have enhanced the region's economy. However challenges remain and, whilst the region has learnt considerably from these experiences, future diversification will need new approaches and new forms of intervention.

EQ3a: What are the main good / bad practices?

Good practices include:

- The requirement to create, during each programme period, a systematic Regional Development Plan, establishing the nature of problems, their territorial nature and the desired development strategy of the region.

- The integration of national sectoral strategies and regional territorially based strategies was also new to Portugal and was an improvement in integrated development strategies.
- The ROPS helped establish new municipal competences and approaches to local integrated development.
- The URBAN Community initiatives provided a role model for local development with the renovation of rural villages and urban cores.

Bad practices included:

- The initial absence of regional statistical bases upon which programmes could be planned.
- The approach of maximising the execution of programmed financial commitments tended to devalue the innovation component of public policies that the Structural Funds should be encouraging, leading to an absence of learning.
- National strategies were only weakly regionalised.
- The new regional development agencies were weak and lacking adequate support
- The impact of the Structural Funds on institutional innovation was weak.

EQ3b: What conclusions can be drawn for improving ERDF programme design, implementation, results-based management, achievements?

Accountability is needed, but it should focus on the results of the projects in terms of the intended purpose, rather than simply on their financial and physical execution. Hence, more emphasis should be placed on results than on the administrative processes.

There is a need for procedural simplification, project selectivity, concentration of goals, and the subsidiary principle in the management of the funds within Portugal.

Future programmes will need to address the consequences of the ageing population in the interior of the Algarve and the new urban poverty in those cities (e.g. Olhão), currently suffering a process of industrial decay. Combined ERDF and ESF actions are needed to address these challenges.

8. ANNEX I – ANALYSIS OF PROJECT SAMPLES

8.1 Algarve Marinas

Summary Description

Portugal has about 30 marinas (12,000 moorings), half of which have been awarded Blue Flag certification, mostly concentrated in Lisbon and the Algarve. However, Portugal has only 4.27 moorings per km of coastline, which is a small number when compared with France (32.7 berths/km) or Spain (13.6/km).

The Algarve´s coastal area concentrates the majority of the economic activity within the region Tourism and related sectors are by far the most important economic activities in the region: 45 percent of Algarve's GDP (66 percent, if related activities such as construction and real estate are taken into account) and about 60 percent of total employment.

There are currently 11 facilities destined to support boating in the Algarve: four marinas,[46] three recreational ports, two recreational docks, a pier and an installation which is part of a tourist resort, which as a whole provide a total of 4,081 berths (39 percent of the national total). From 1974 to 2008, the number of berths increased by 320 percent (with the expectation of a further increase of 583 places, as a result of the expansion of Vila Real de Santo António's recreational port to 590 berths and of the construction of a new marina at Ferragudo, with a capacity for 340 berths).

Despite this rather significant growth, this capacity still limits the growth of recreational boating. Portugal has only 0.9 moorings/1000 inhabitants, well below the 3.8 moorings/1000 inhabitants in France, the world's second biggest nautical tourism market after the USA, which explains the low ratio of recreational boats per capita in Portugal, 6 for every 1000 inhabitants, compared, for example, with the ratio of 167 boats/1000 inhabitants in Norway or with the ratio of 143 vessels/1000 inhabitants in Finland (2007 data from UCINA, 2009).

According to the CCDR Algarve, there is a concentration in the supply of moorings for boats up to 9.99 metres, since the three classes encompassed there constitute 64.2 percent of the total, with a predominance of the class from 8 to 9.99 metres. Moreover, the shortage of berths for vessels longer than 15 metres is identified as one of the weaknesses – some of the marinas in the region are unable to accommodate large boats (from 15 to 35 metres), whilst in others the number of moorings is insufficient in relation to demand.

It is thus clear that the Algarve, although having excellent conditions for nautical tourism, has not yet properly exploited this opportunity.

[46] Lagos, Portimão, Albufeira and Vilamoura.

Table 24: Strengths and Weaknesses of the Marinas in the Algarve

Strengths	Weaknesses
Excellent weather and natural conditions	Absence of complete nautical stations
Constant traffic of sailboats along the Algarve coast	Insufficient supply of berths, especially for large vessels
Blue Flag marinas, ranked in the world's top by 'The Yacht Harbour Association'	Absence of a maritime cluster organisation
Good supply of accommodation, restaurants and cultural entertainment	Insufficient diversification of nautical activities
Good safety conditions	Lack of suitable product promotion regarding operators and interest groups
Plays host to major international sporting events	

Source: authors.

Underlying Problem and Context

In 2009, the Algarve remained the main Portuguese tourist destination (35.5 percent of total 12.9 million overnights). Nevertheless, the evolution of overnight stays in the Algarve showed a significant decrease of 9.4 percent compared to the previous year (and this decrease is even more significant when compared with 2000, which amounts to 11.5 percent) (Turismo de Portugal, 2009) particularly regarding foreign markets. The excessive specialisation in sectors linked to tourism, and within this, especially in the coastal tourism based on the 'sun and sea' product, the very little diversification and the high seasonal effects, have led to a loss of competitiveness.

Nautical tourism is considered a strategic touristic segment and a way to diversify and reinforce competitiveness. It enriches the experience of other tourist products, contributes to differentiating supply and mitigates seasonality.

Detailed Description

The total direct budget investment (related to the construction of two marinas, in Lagos and Portimão[47] amounted to €15.4 million, of which €3.4 million were ERDF-funded under the Sub-programme Tourism and Cultural Heritage (1994-1999 specific programme). Lagos marina project, approved in 1994, amounted to €9.3 million, of which 12.8 percent was ERDF-funded, while in the case of Portimão marina (year of approval: 1999) it consisted of €6.108 million of eligible cost approved, with a subsidy rate of 36.7 percent.

[47] Since the direct investment of the other two was linked to construction, it was funded with own capital or bank financing.

Table 25: Direct investment of 1994-1999 Programmes (Euro – €)

Programme or Sub-Programme/Project	Municipality	Date of approval	Eligible cost approved	ERDF approved	Subsidy rate
Sub-Programme Tourism and Cultural Heritage					
Lagos Marina – construction	Lagos	1994	9,293,178	1,189,633	12.8%
Construction of the Marina da Rocha (Praia da Rocha – Portimão)	Portimão	1999	6,107,890	2,244,591	36.7%
Total			15,401,068	3,434,224	

Source: Financial Institute for Regional Development (IFRD).

The ERDF indirectly co-funded other investments related to the marinas: engineering and technical works essential to the marina operations and/or risk prevention, accessibility, environmental protection and water pollution prevention and control measures, and quality enhancement of the surroundings (in the nearby beaches) as listed below.

Table 26: Indirect investments of 1989-1993 Programmes (Euro - €)

Programme or Sub-Programme/Project	Municipality	Date of approval	Eligible cost approved	ERDF approved	Subsidy rate
Programme ENVIREG					
Acquisition of technical means to combat maritime pollution by dangerous substances	Portimão	1991	110,989	63,858	57.5%
Storage and treatment of water contaminated by oils	Portimão	1991			
Acquisition of equipment to fight fires in hydrocarbon transfer operations	Portimão	1991			
Cleaning operations of beaches	Lagos	1991			
Total ENVIREG			**511,469**	**283,863**	**55.5%**
OP Eastern Algarve					
Construction of circular route V3 (2nd phase) – Access to Praia da Rocha/Vau passage	Portimão	1991	4,418,247	2,379,056	53.8%
Total OP Eastern Algarve			**4,418,247**	**2,379,056**	**53.8%**
Global Total			**4,929,716**	**2,662,919**	

Source: Regional Development Financial Institute (IFDR).

Table 27: Indirect investments of 1994-1999 Programmes (Euro – €)

Programme or Sub-Programme/Project	Municipality	Date of approval	Eligible cost approved	ERDF approved	Subsidy rate
Sub-Programme TRANSPORT					
Improvement of the Port of Portimão	Portimão	1994	3 146 972	2 140 304	68.0%
Sub-Programme TRANSPORT Total			**3 146 972**	2 140 304	68.0%
Sub-Programme FISHERIES					
Construction works of the fishing Port of Quarteira	Loulé	1997	8 210 091	6 157 568	75.0%
Sub-Programme FISHERIES Total			**8 210 091**	6 157 568	75.0%
Global Total			**11 357 062**	**8 297 872**	

Source: Regional Development Financial Institute (IFDR).

Table28: Indirect investments of 2000-2006 Programmes (Euro - €)

Programme or Sub-Programme/Project	Municipality	Date of approval	Eligible cost approved	ERDF approved	Subsidy rate
OP Algarve (PROALGARVE)					
Landscape arrangement of Praia da Rocha	Portimão	2006	2 119 560	1 059 780	50.0%
Extension of West Breakwater of the Fishing Port of Quarteira	Loulé	2004	1 246 182	934 636	75.0%
Construction of the harbour of Albufeira	Albufeira	2001	8 015 689	3 494 840	43.6%
OP Algarve Total			**11 381 431**	**5 489 257**	

Source: Regional Development Financial Institute (IFDR).

Table29: Indirect investments of 2007-2013 Programmes (Euro - €)

Programme or Sub-Programme/Project	Municipality	Date of approval	Eligible cost approved	ERDF approved	Subsidy rate
OP Algarve (ALGARVE 21)					
Creation of the Underwater Ocean Park Revival	Portimão	2012	3 000 000	2 100 000	70.0%
Urban renewal of Quarteira/Vilamoura coastal zone	Loulé	2012	3 349 530	2 344 671	70.0%
OP Algarve Total			**6 349 530**	**4 444 671**	**70.0%**
OP Territory Enhancement					
Artificial feeding of the stretch of beaches between Forte-Novo/Garrão	Loulé	2012	5 911 981	5 025 184	85.0%
Artificial feeding of Albufeira beach	Albufeira	2012	3 182 550	2 705 168	85.0%
	Portimão	2012	2 654 823	2 256 599	85.0%
	Portimão	2012	1 752 164	1 499 339	85.0%
OP Territory Enhancement			**13 501 518**	**11 476 290**	**85.0%**
Global total			**19 851 048**	**15 920 961**	

Source: Regional Development Financial Institute (IFDR).

Lagos Marina is located in an ancient maritime town, with more than 2000 years of history. The port can be traced back to before the Phoenician times. In the 15th century, the seaport was closely connected to the discoveries of Prince Henry the Navigator and was established as a trading centre. In 1587, the town was attacked and severely damaged by the English 'Pirate' Sir Francis Drake, and many other sea battles were fought off the Algarve coast, usually involving the British fleet.

Since 1960, the city has embraced tourism, which has become its most important economic activity. Lagos Marina began operations in 1994. From then and up until 2005, there were 20,000 boat registrations. In 2007, the average occupancy rate reached a peak of 85.6 percent. The movement in the low season, which has steadily increased, contributed to this performance, and there was even a record high of 94.7 percent in October. In that year, 1944 vessels entered the marina, mostly flying the UK flag (31.7 percent), followed by nationals (19.7 percent) and by Spanish vessels (10.3 percent).

Portimão Marina is located in the confines of the Arade River estuary, in front of the historical forts of Santa Catarina and São João. The water in the river and the marina is deep, so vessels can come and go at any state of the tide, and the marina can cater for yachts of up to 50 metres with plenty of room for manoeuvring. The Portimão Marina started its operations in 2000. In 2007, there was a movement of 2603 vessels, mostly Portuguese, English, Spanish and French. The average annual occupancy rate has increased since its opening, corresponding to 76.2 percent in the year 2007. Chosen as the official training base for Team ABN AMRO, winner of the 2005 Volvo Ocean Race, the Marina de Portimão has been the stage for a number of important international events (examples include the International Big Game Fishing Championship, TP52, Power 1World Championship, World Yacht Match Racing, 'Portimão Portugal Match Cup 2011').

The town of Albufeira occupies a central position in the Algarve, where tourism began to flourish in the 1960s. Today, Albufeira receives a considerable percentage of the 5 million tourists who visit the Algarve every year. The Albufeira Marina enjoys an ideal geographical location in the Algarve, right at the end of the motorway from Lisbon and 40 kilometres from Faro airport. The Albufeira Marina, open since 2003, has seen an increase in its average occupancy rate of around 9 percent per year. In the summer of 2007, it reached an occupancy of 100 percent, which contributed to attaining an annual average value of 77.8 percent. The marina is used mainly by Portuguese vessels, which in 2007 accounted for 45 percent of the entries. Following this, vessels from the UK (20.8 percent) and Spain (15 percent) are the most important markets.

Vilamoura is a large tourist complex, covering some 20 km^2 of land. At the heart of Vilamoura is the marina, which has the capacity to berth almost 1,000 vessels. Opened in 1974, the marina occupies a place of reference in the world of recreational boating, being the largest private infrastructure of this kind in Portugal. The average annual occupancy reached a peak of 82 percent in 2005, mainly by vessels from Portugal (51 percent), the UK (21 percent), Spain (8 percent), France, the Netherlands and Germany (4 percent each). In 2006 and 2007, it maintained high occupancy rates throughout the year.

Outputs and Achievements

The supply of berths in the Algarve grew throughout two clearly different cycles: a prolonged stagnation between 1974 and 1994 (the opening year of the Lagos Marina), followed by sustained growth until the inauguration of Albufeira Marina in 2003, an upward trend that continues until today. Although significant, this supply is still scarce in relation to the level of demand and in view of the potentialities underlying both the product and the region, particularly during the high season, as regards the services that can be associated with this infrastructure.

The Algarve region concentrates a great deal of Portugal's nautical infrastructure supply and has about 40 percent of the total moorings available. These moorings are located in two areas with different weightings, respectively, to the west and east (including Ria Formosa) of Cape Santa Maria, comprising, respectively, 73.2 percent and the remaining 26.8 percent of the total moorings available.

The increase in GVA resulting from total expenditure from nautical practitioners who use the Algarve's marinas (combined with other recreational ports) can be estimated at between €70 million and €99.3 million. This corresponds to 1.48 percent to 2.10 percent of regional GVA, depending on whether only the direct and indirect effects are considered or also the induced effects.

In terms of employment, the impact of the total expenditure of sailors and their vessels varies between 2962 to 3969 jobs in the region, corresponding to 1.57 percent to 2.10 percent of total regional employment, once again depending on whether only the direct and indirect effects are considered or also the induced effects.

Value-Added

One major positive externality of nautical tourism is its mitigation of tourism seasonality, benefiting from the quality and exquisite location of the available infrastructure and the tempered Mediterranean climate.

In August, the Algarve marinas reach occupancy rates consistently above 80 percent, but it is perhaps more important that annually these rates rarely fall below 70 percent in a region where classified accommodation establishments presented a Seasonal Amplitude Index of 3.58 in 2007 (Perna *et al.*, 2008). This means that for every overnight registered in the first quarter (the least sought), 3.58 overnights are registered in the third (the most popular), which demonstrates the strong seasonality associated with regional tourist activity. This provides empirical evidence to argue that nautical infrastructure can have a decisive effect in reducing seasonality.

The 10,700 entries of recreational boats that take place annually in marinas and recreational ports in the Algarve involve an estimated minimum volume of 35,000 nautical practitioners, with an estimated impact, calculated by Perna *et al.* (2008), of 1.48 percent on regional GVA and about 1.57 percent on regional employment (direct and indirect effects). These findings clearly indicate that nautical tourism and recreational boating constitute an important segment which cannot be neglected, either due its relative weight or due to it being labour-intensive and with high value-added production. According to Fortunato (2009), the type of profile associated with the nautical tourist indicates a client with a rather high average age, usually retired or with sufficient free

time, with an appreciation of natural and cultural heritage, and who has a prolonged-to-medium stay in the Algarve and a quite high average daily expenditure.

Finally, a note should be made concerning the relationship between the two variables, GVA and employment, with emphasis on direct and indirect effects. This sector is relatively labour intensive in the creation of its GVA and simultaneously demonstrates a high potential for generating wealth in the regional economy. In accordance with the assumptions of elasticity, nautical tourism is a sector where productivity gains have a significant multiplier effect on the general maritime cluster.

Conclusions

Nautical tourism should be regarded both as a complementary product in the context of a consolidated tourism industry and as a segment that backs up the revitalisation of existing resources, contributing towards the mitigation of seasonality and the attraction of new markets. Marinas assure a variety of complementary services, such as hotels, restaurants and shopping facilities, and maintenance services for the vessels (e.g. travel lift and repairers, amongst others). There is also considerable concern over quality and environmental management, a fact which can be attested through various certificates, such as the Blue Flag Marinas and Recreation one, issued by the European Blue Flag Association/FEE Portugal, as well as ISO certification, which was attributed to all the marinas in the Algarve.

8.2 The Cork Route, a unique tourist product

Brief Description

The Cork Route is a tourist route taking visitors along the cork production chain, from the production areas to the processing units, via an interpretation of the heritage, traditions and flavours of the Algarve hills. The Cork Route promotes and enhances the cultural, agricultural and industrial heritage of an important economic resource for the livelihoods of the São Brás de Alportel municipality, in the rural interior of the Algarve region.

The project was promoted by the Cork Route Association, a partnership between public and private stakeholders: the Municipality of São Brás de Alportel, the Portuguese Cork Association (APCOR), the Farmers Association of São Brás de Alportel, the Serra do Caldeirão Forestry Association, the Santa Casa da Misericórdia de São Brás de Alportel, the In Loco Association and the Algarve Tourism Authority.

The project contributes to the sustainable development of the Algarve inlands, mitigating the regional disparities caused by the gradual depopulation of the countryside and the concentration of economic activity in the coastal strip, and promoting the Barrocal and Serra[48] territory as a quality tourist destination. It also encourages the development of economic activities in the Algarve inlands.

The Cork Route has been fully operational since 2008, thanks to the decisive stimulation from the ERDF funding obtained under the 2000-2006 Algarve ERDF-ROP PROAlgarve (2000-2006), and to the

[48] Two interior áreas in the Algarve (see Chapter 1 for more detailed information).

project's economic sustainability, which is currently guaranteed by growing demand from visitors, mostly foreign tourists.

Underlying Problem and Context

In the Algarve, tourism developed since the 1960s, based on the sun and sea product, and grew to become the most important economic activity in the region. Population and economic activity gradually shifted towards this sector, and consequently to the coastline, to the detriment of traditional activities in the rural inland (typically agriculture).

To counter the depopulation trend and the loss of productive critical mass, major investments were made in the last decade to promote the settlement of population in the internal areas of the region. Co-funded by the ERDF, these investments focused on modernising the infrastructure of towns and villages (e.g., roads and social facilities such as libraries, sports facilities and nurseries). In addition, investments were made that sought to develop economic activities related to tourism, relying on these areas' natural and landscape resources, including developing the four routes described in Table 30.

Table 30: Thematic routes developed under 2000-2006 Algarve ERDF-ROP

	Description	Total Investment	ERDF	Promoter
Ecovia do Litoral	Bike trail crossing the region	580,235*	427,676	Vila do Bispo Municipality
The Cork Route	Tourist route based on the value of cork	229,425	160,597	The Cork Route Association
The Creeks Route	Tourist route along the hydrographical resources of the interior Algarve.	206,399	144,479	CCDR Algarve
Via Algarviana	Hiking trail across the interior of the Algarve, between the Lower Guadiana and Cape St. Vicente	371,934	260,353	Almargem Association

* This funding represents the first phase of the Coastal Ecovia, which included only 39 km crossing three municipalities. In total, the Coastal Ecovia currently spans 214 km from Cape St. Vicente (Vila do Bispo) to Vila Real de S. António, across 12 municipalities. The total investment reached €4.3 million, of which 75 percent was funded by INTERREG IIIA, 2000-2006 programme – Algarve Operational Programme and PIPITAL- Public Investment Programme of Tourist Interest for the Algarve. The remaining 25 percent was supported by the municipalities.[49]

Source: CCDR Algarve.

The Cork Route stands out because it has transformed and incorporated the economic, cultural and social legacy of an important natural resource of the interior Algarve – cork – into a thematic tourist product, complementary to the traditional sun and sea product offered by the region.

The Cork Route brings together a range of actors in the cork value chain (producers, industries and artisans), valuing and protecting a product in which Portugal is the world leader (producing almost half of the entire world production; FAO, 2010).

[49] http://www.ecoviasalgarve.org/conteudo.php?cat=Intro.

The cork value chain once constituted one of the main manufacturing sectors in the Algarve. Dozens of factories were established there from the inception of the cork industry in the 19th century, to exploit the vast cork oak forests that still cover the municipality.[50]

Although this activity had high potential to attract tourists, before the onset of the Cork Route there were no organised initiatives to properly appreciate it as a tourist attraction. The Cork Route project was developed to fill this gap and to address the need to encourage economic activities

Detailed Description

The establishment of the Cork Route was preceded by two years of research and pooling of resources. The project was launched in 2002 by the Southern Association of Manufacturers and Exporters of Cork, which was later joined by the stakeholders mentioned in Section 1, to establish the Cork Route Association, a non-profit association that is currently in charge of the initiative. Between 2002 and 2004, a group of representatives of the cork industry and of the territory dominated by 'Sobral' (the cork oak tree) worked on the definition of the goals and key elements of the Cork Route. They conducted a survey and evaluation of local, public and private locations that small investments could reconvert into spaces of interpretation of the various phases of the 'cork cycle'. A survey of resources linkable to the Route was also initiated (e.g. crafts, catering, housing, culture, fauna, flora, geology, hydrography).

In addition to building pathways and partnerships, the study defined the financial requirements for the implementation of the initiative. In 2000-2006, the project received a round of ERDF funding to define and implement its communication strategy, information systems and the equipment for the Route and for the thematic hubs; for the design, preparation, testing and signalling of the trails; and for the start of the trialling phase of the route.

The Cork Route has been fully operational since 2008. It is divided into six thematic hubs:

- Heritage – the discovery of the cultural heritage of the Algarve as seen in its architecture, landscapes and traditions. This thematic hub is the entry point for visitors to the world of cork.
- Nature – hiking trails to discover the habitats of the oak forest and the techniques that have been employed for centuries to collect the cork from the trees and to stack it up.
- Rural Life – discovery of the habits and the cuisine of the Algarve countryside, through the fields and villages of the 'Barrocal'.
- Tradition – discovery of the ancient techniques of preparing and processing cork, which are still used.
- Innovation – to show visitors how the cork industry keeps abreast of technological developments, experimenting and incorporating new and more efficient production methods and finding new product applications, such as in the fashion industry.
- Knowledge – cork-related seminars and workshops are regularly organised and open to the public.

[50] In the summer of 2012, this area was hit by a major fire that consumed a significant part of production. Damage assessment is on-going.

Outputs and Achievements

The project funded by the Algarve 2000-2006 ERDF ROP was only the first step in establishing the Cork Route tourist product. The initial total investment under the ROP was c. €230,000, but the Cork Route Association continues to develop initiatives to promote the product, ensuring the project's maintenance and sustainability.

In addition to the organisation of tours, which benefits from collaboration and partnership with tour operators, lodgings, restaurants, museums and cork industries, the Association promotes complementary activities such as cork oak trees plantation, bird-watching, identification and collection of mushrooms, nocturnal walks, photographic competitions and entrepreneurship workshops linked to organic products.

The Route attracts various types of visitors, from schools to local and foreign tourists who seek nature and/or cultural activities as an alternative to the sun and sea, to companies engaged in congresses and team-building activities.

At the start of the project, the Association employed two people, although this was later reduced to just one person. Nonetheless, the Cork Route was the impetus to boost employment elsewhere, as many artisans and other local stakeholders became interested in cork and started working it. So the Route is also an engine for the development of individual entrepreneurial initiatives.

Value-Added

The project integrates various thematic strands in the same itinerary: the environmental aspect, through the enhancement of old sustainable practices related to nature; culture and heritage, related to the cork industry; and the industrial component, based on visits to the production, collection and processing sites of cork, which are still in full operation.

The project has allowed the region to take advantage of the increasing demand for natural and cultural tourism, complementing the more traditional (and much more developed) coastal tourism. The Cork Route is a highly distinctive tourist product in the Algarve and for several reasons an asset for the region: it unlocked the tourist potential of a natural resource that was exploited only from the industrial point of view; it established itself as a distinctive and complementary tourism product in the wider tourism supply of the region; it has contributed to the economic development of the Algarve countryside, contributing to a wider strategy against depopulation.

Conclusions

The Cork Route project has contributed to the discovery of the interior parts of the Algarve, which have seen a sharp depopulation in recent years. This project proves that the region's interior area has the potential and local resources for economic development, through the establishment of a sustainable alternative within tourism. After the initial ERDF-co-funded investment, the project is managing to remain financially viable, through revenues generated by visitors and complementary sources, and through the on-going partnership with hotels and tourism operators in the region.

8.3 Revitalising the inland Villages of the Algarve

Summary Description

The low-density areas of the Algarve correspond to the region's inland territory. These areas are characterised by population densities that are lower than the regional and country average, and by accentuated ageing indexes caused by a continuous decrease in the population in recent decades. Another trait of these areas is a rate of employment in agriculture that is above the national and EU averages.

To address the problems of depopulation and loss of momentum for its economic activity, the Strategic Plan for the Low-Density Areas of the Algarve was developed in the context of the ERDF 2000-2006 ROP, which put forward a number of investments in the urban areas of the 'Barrocal' and the 'Serra',[51] aiming at improving culture and heritage, developing infrastructural facilities and local services and promoting local traditional products. One of the most interesting initiatives was the 'Revitalisation Programme of the Villages of the Algarve', which carried out investments in eleven villages of the low-density areas, and economically, socially and culturally stimulating those rural spaces. This was combined with other complementary investments aimed at improving those territories. Overall, the projects resulted in a positive impact on economic activities, with the establishment of new businesses and the creation of jobs.

Underlying Problem and Context

In recent decades, the transformation of the economic specialisation of the Algarve in favour of tourism has been accompanied by a shift in its territorial model, with companies and people moving towards the coastal strip of the region. The residential population in these areas has been decreasing, and the ageing index and the proportion of agricultural employment are well above the national and EU averages. As a consequence, the socio-economic and demographic dynamics of the inland low-density areas were lowered, in a territory accounting for more than two-thirds of the region and corresponding to the spaces of the Barrocal and the Serra, and the Costa Vicentina and Lower Guadiana (see Figure 33).

Figure 33: The Low-Density Areas of the Algarve

Source: CCDR Algarve (2002a, pp. 14-15).

[51] Two interior areas of the Algarve (see Chapter 1).

The question of contributing to the development of these territories of the Algarve has concerned generations of technicians and politicians, but the programmes and initiatives put into practice were poorly suited to local needs. Accordingly, a Strategic Plan for the Low-Density Areas of the Algarve was developed under the steerage of the Regional Development and Coordinating Commission of the Algarve, implementing a number of physical and non-material initiatives that sought to develop those territories with measures to sustain and attract people, to safeguard the environment and the landscape, and to unlock the potential for local development.

A wide range of stakeholders contributed to the preparation and validation of the Plan. Firstly, there were the local structures of the Ministries for Agriculture, Environment, and Economy, Employment and Social Affairs. Furthermore, the local authorities provided important input for planned investments and projects through the 'Association of Municipalities of the Algarve', and especially the Local Development Associations – Alcance, In Loco, Odiana and Vincentina and Globalgarve - the Regional Development Agency. The Plan established three sub-programmes:

(i) PROLOCAL Programme – focusing on structuring the territory through initiatives in the villages of the Algarve, in the development of thematic clusters bringing together cultural, environmental and touristic resources to attract both the local population and visitors, and in urban regeneration, socio-economic promotion and development of pilot projects to enhance endogenous resources.

(ii) PRESTÍGIO Programme – focusing on supporting projects with a structural impact on the socio-economic dynamics of the territories.

(iii) SOFIA Programme – focusing on activities related to innovation and knowledge networks.

The programme was partly funded through a specific measure of the ERDF 2000-2006 ROP with the budget allocation shown in Table 28. Particularly with regard to this, it should be underlined that the linked use of different funding instruments was one of the most interesting and innovative aspects of the Strategic Plan. Supported by national resources and EU funds (both ERDF and ESF), national sectoral interventions, the Strategic Plan for Low-Density Areas of the Algarve sought to further enhance the use of EAGGF and other EU initiatives, especially LEADER and INTERREG.

Table 31: Budgetary allocation of the Strategic Plan for the Low-Density Areas (thousand Euros)

Programme	Total Cost	EU Funds				National Resources
		Total	%	ERDF	ESF	
PROLOCAL						
Algarve Villages	10 541	7 379	70%	7 379	-	3 162
Thematic Networks	4 000	2 800	70%	2 800	-	1 200
Urban Regeneration	4 000	2 800	70%	2 800	-	1 200
Endogenous Potential / Pilot Projects	2 143	1 500	70%	1 500	-	643
Subtotal PROLOCAL	**20 684**	**14 479**		**14 479**	**-**	**6 205**
PRESTÍGIO						
Promoting Rural areas	1 750	1 050	60%	1 050	-	700
Marketing local products	714	500	70%	500	-	214
Sagres' Oceanography Centre	10 000	6 000	60%	6 000	-	4 000
Monchique Biopark	1 857	1 300	70%	1 300	-	557
Animation of the Rural Algarve	1 167	700	60%	700	-	467
Subtotal PRESTÍGIO	**15 488**	**9 550**		**9 550**	**-**	**5 938**
SOFIA						
Knowledge Centres	2 835	2 126	75%	2 126	-	709
Training	5 826	4 079	70%		4 079	1 747
Subtotal SOFIA	**8 661**	**6 205**		**2 126**	**4 079**	**2 456**
TOTAL	**44 833**	**30 234**		**26 155**	**4 079**	**14 599**

Source: CCDR (2002a, p. 54).

Detailed Description

The most important and interesting initiative in the context of the Strategic Plan for Low-Density Areas of the Algarve was the 'Revitalisation of the Villages of the Algarve Programme', within the ERDF 2000-2006 ROP. The 11 villages of the low-density areas engaged in this specific programme – Cacela Velha, Odeleite, Vaqueiros, Cachopo, Estoi, Querença, Paderne, S. Marcos da Serra, Caldas de Monchique, Carrapateira, and Budens - acted as structuring points for the remaining initiatives of the Strategic Plan. The revitalisation programme of the villages acted in four areas:

- Urban regeneration – recovery of historical and cultural heritage, restoration of historic centres, mobility;
- Community and leisure facilities – recovery, expansion or construction of community facilities to improve the living conditions of the population (e.g. museums and sports, environmental and ethnographic centres);
- Support for economic activities – fairs and other facilities for events, rehabilitation of local markets, spaces for productive activities (e.g. arts and crafts centres);
- Socio-economic animation – local initiatives (e.g. festivals, fairs and other cultural activities), based on the characteristics of each village, so as to promote their specificities.

To enhance coherence and efficiency, a specific plan was prepared for each village, characterising the physical space of the village and the territories of influence, and, most importantly, identifying key issues, strategic options, investment plans, projects and the additional financial instruments to be applied, as well as the outcomes of the initiatives.

Overall, 56 projects were approved in the 11 villages, with a total investment of €13.3 million with €9.3 million from ERDF funding. Final execution involved an investment of €12.5 million and co-financing of €8.7 million.

Outputs and Achievements

Overall, the ERDF 2000-2006 ROP measure called 'Integrated Action to Revitalise the Low-Density Areas' consisted of an investment of €38.2 million in material and non-material actions in a territory that represents 78 percent of the region's area. Community funding (ERDF and ESF) was €26.6 million (~70 percent), and the remaining 30 percent was mainly financed through the resources of local municipalities. In the 2000-2009 period, 232 projects were implemented, and in particular:

- 25 sectoral integrated facilities, such as the Cândido Guerreiro and Condes de Alte Library/Museum;
- 7 integrated interventions of urban regeneration, including the intervention performed in Caldas de Monchique, that contributed to reactivating the existing thermal complex, making it one of the most distinctive attractions of the region;
- 3 structural projects, such as the 'Let's catch the Theatre' project, which transformed a bus into a theatre where the Algarve Theatre Company performed shows in about 40 different inland locations;
- 37 promotion / animation / entertainment events receiving more than 621,000 visitors, such as the Nativity initiative, recovering the tradition of Nativity scenes in public spaces as a place for the coexistence of populations during Christmas;
- Creation/renovation of 10 museum sites, including the River Museum in Alcoutim, which is retrieving the natural and cultural heritage and history of the Guadiana river, on the border with Spain.

The Strategic Plan for Low-Density Areas of Algarve reached its goal of impacting on the economic activity of these areas. The initiative contributed to an increase in the number of companies and jobs created in those areas (see Table 29 and 30) which was accompanied by an increase in the income levels of the workers (see Table 31).

Table 32: Enterprises in the Villages of the Low-Density Areas of the Algarve 2003-2006

Village	Year		2003-2006 (%)
	2003	2006	
Vila Nova de Cacela	117	158	35%
Cachopo	11	12	9%
Bordeira	12	19	58%
Estoi	70	123	76%
Querença	14	20	43%
Paderne	76	101	33%
São Marcos da Serra	34	36	6%

Source: CCDR Algarve (2009b, p. 140), quoting MTSS.

Table 33: Employment in the enterprises in the Villages of the Low-Density Areas of the Algarve 2003-2006

Village	Year		2003-2006 (%)
	2003	2006	
Vila Nova de Cacela	466	838	80%
Cachopo	49	47	-4%
Bordeira	38	52	37%
Estoi	350	546	56%
Querença	60	69	15%
Paderne	465	543	17%
São Marcos da Serra	121	129	7%

Source: CCDR Algarve (2009b, p. 141), quoting MTSS.

Table 34: Salary variation in the Villages of the Low-Density Areas of the Algarve 2003-2006

Village	2003-2006 (%)
Vila Nova de Cacela	30%
Cachopo	-2%
Bordeira	27%
Estoi	12%
Querença	27%
Paderne	9%
São Marcos da Serra	6%

Source: CCDR Algarve (2009b, p. 144), quoting MTSS.

Value-Added

The Strategic Plan stimulated the competitiveness of the Low-Density Areas of the Algarve based on the preservation of their historic, cultural and landscape identities. The project defined thematic networks across those territories, aggregating and linking poles of cultural and tourist interest, which now complement the traditional sun and beach tourist product offered by the region. Therefore, the project enhanced the economic activity in areas that had gradually lost their economic and social dynamics, given the decline of agriculture, formerly the main economic activity.

Interventions in the villages enabled a set of rehabilitation, revitalisation and economic promotion actions, together with the implementation of essential infrastructure designed to improve the living conditions of the population, thus promoting their permanence there, and addressing one of the problems that triggered the development of the Strategic Plan in the first place. On the other hand, the animation initiatives (e.g. exhibitions, competitions, performances, fairs) generated a greater influx of domestic and foreign visitors, thus contributing to increasing the openness and visibility of these territories.

The design of the project constituted an innovative component. The programme is an example of coordination between different funding instruments, addressing a hindrance repeatedly mentioned elsewhere by the interviewees of this study. In this case, it was possible to arrange EU funds, mainly from the 2000-2006 programme (linking the ERDF and the ESF), from national funds and from national sectoral operational interventions. In turn, the investments made in the low-density areas have boosted other initiatives, in particular those within LEADER and INTERREG, through the Local Development Associations involved in the process of supporting a number of productive projects from private promoters, and also joint cross-border initiatives. For instance, in the Barlavento area, the LEADER initiative and the AGRO programme (funded by the EAGGF) each supported the establishment of two sausage-processing units, creating 20 new jobs; in the Sotavento area, LEADER+ created 44 new jobs and supported the maintenance of 49 more (CCDR Algarve, 2009b,. p. 12).

Conclusions

The programme proved that the dynamics of each territory are not defined by the presence or absence of resources, but by the ability to give value to available resources. The investments sought to strengthen socio-economic activities and the diversification of the productive base of those territories, relying on the natural heritage and on the use of endogenous resources, coupled with the improvement of infrastructure and basic facilities, in order to improve the living conditions of the populations in those locations.

The villages of the Algarve are now seen as places where people live better and newcomers can enjoy a high residential standard, which in turn fosters the development of other competitive activities. Examples of this include rural and nature tourism activities, which have developed more intensively in recent years, as an alternative to the traditional sun and beach coastal tourism in the Algarve, and the activities of the Strategic Plan of the Low-Density Areas of the Algarve have contributed decisively to this outcome.

8.4 The Wholesale Market of Faro

Brief Description

Wholesale markets are defined by Portuguese law as sites bringing together producers and distributors, mainly of perishable goods, aiming at the concentration of wholesale transactions and other related activities. A number of wholesale markets were built throughout Portugal under the 1994-1999 and the 2000-2006 programmes, including the Wholesale Market of Faro (known as MARF). This infrastructure was financed through 2000-2006 ERDF ROP, with a total investment of €14.3 million (€5.6 million from the ERDF).

The Wholesale Market of Faro began operations in August 2004, and it currently occupies an area of 34 hectares. The structure is divided into several areas, bringing together: wholesalers, retailers, manufacturers, distributors and carriers. About 900 vehicles enter MARF daily, of which 70 percent belong to the logistics area and the remaining 30 percent are fruit and vegetable market customers.

The creation of the Wholesale Market of Faro has enabled the concentration of the wholesale supply of a wide range of food and non-food products, enhancing synergies and partnerships. MARF is a modern logistics centre and an important structuring hub, fundamental to regional planning and the commercial development of the area.

Underlying Problem and Context

Wholesale markets are defined by Portuguese law as sites bringing together producers and distributors, mainly of perishable goods, aiming at the concentration of wholesale transactions and other related activities. In view of the importance of these structures, the Programme to Support Wholesale Markets of Public Interest (PROMAB) was created in 1994 within the 1989-1993 programme framework, and subsequent specific funding measures were defined under the following CSFs, with budget appropriations co-financed by NOP PRIME and ERDF, covering not only Wholesale Markets of Public Interest, as well as other smaller Municipal Markets of Relevant Interest. Within this framework, a number of wholesale markets were built throughout Portugal, as shown in Table 35.

Table 35: Wholesale markets funded under the 1994-1999 and 2000-2006 programmes

Programme Period	Location	Investment (thousand €)	ERDF (thousand €)	NUTS II
1994-1999	Lisboa (MARL)	68,843	31,134	Lisboa
1994-1999	Coimbra (MARC)	14,710	7,339	Centro
1994-1999	Évora (MARÉ)	8,984	4,470	Alentejo
1994-1999	Porto (MAP)	694	347	Norte
2000-2006	Cova da Beira – Fundão (MACB)	4,617	1,732	Centro
2000-2006	Braga (MARB)	14,503	5,546	Norte
2000-2006	Guimarães	961	721	Norte
2000-2006	Chaves (MARC)	5,696	2,204	Norte
2000-2006	Faro (MARF)	6,657	2,925	Algarve
	Total	**125,666**	**56,417**	

Source: The authors, based on data from CCDR Algarve, CCDR Centro and CCDR Norte.

SIMAB, S.A. is a public company owned by the Portuguese state, providing services involving design, installation, sizing, revitalisation and modernisation of wholesale and municipal markets, and support to their management. This company cooperated in the initial development of most of the wholesale markets mentioned in Table 35, and other such infrastructure around the country, as well as abroad.

SIMAB, S.A. is currently the main shareholder of four companies managing wholesale markets across the country, located in Lisbon, Évora, Faro and Braga. The remaining equity is normally owned by the respective municipalities and/or other organisations related to the wholesale sector, as shown in Table 36.

Table 36: SIMAB, S. A. shareholdings

Company	Share		Equity (thousand €)
	Owner	%	
MARL, S.A. – Wholesale Market of Lisboa	SIMAB, S.A.	87.87%	30,000
MARÉ, S.A. – Wholesale Market of Évora	SIMAB, S.A.	68.86%	1,747
MARF, S.A. – Wholesale Market of Faro	SIMAB, S.A.	74.68%	2,996
MARB, S.A. – Wholesale Market of Braga	SIMAB, S.A.	81.26%	3,995
MAC, S.A. – Wholesale Market of Coimbra[52]	SIMAB, S.A.	58.63%	2,500

Source: SIMAB, S. A. (2011).

These markets are part of the Network of Wholesale Markets of Public Interest, which by their nature, organisation and size are recognized as providing a social function, with significant impact on the organisation of marketing channels, predominantly in the agro-food sector. They are dynamic, versatile and multifunctional logistics and distribution centres, located near strategic logistics corridors, gathering a multitude of products and business agents from food and non-food sectors – wholesalers, manufacturers, transporters, distributors, and others – who can thus carry out their activities and their businesses in an organised and competitive manner.

Detailed Description

The Wholesale Market of Faro (known as MARF) is considered as a structuring facility of public interest, fundamental to the regional, logistical and commercial development of the Algarve. This infrastructure was financed through the PROAlgarve (2000-2006) period, during which three other significant local markets were established in the region, as shown in Table 37.

Table 37: Planned investment in regional and local markets in ERDF ROP (2000-2006)

Market	Investment (thousand €)
Wholesale Market of Faro	34 070
Municipal Market de Faro	23 725
Municipal Market of Portimão	6 786
Municipal Market of Loulé	3 830

Source: CCDR Algarve (2010).

MARF was set up with values significantly lower those than those initially approved, at around €14.3 million, with €5.6 million from ERDF (~40 percent). An initial investment of €1.3 million, with a contribution of €0.76 million from ERDF, allowed the initial development of the project (non-material component). The subsequent investment of about €13 million, and a co-financing of approximately €4.9 million from ERDF, was allocated to the construction component: a fruit and

[52] This equity was completely liquidated in May 2011 (SIMAB, S.A., 2011).

vegetable warehouse, refrigerated warehouse, other warehouses, depots, hygienic packaging centre, infrastructure and landscaping, and equipment.

The market is managed by MARF - Wholesale Market of Faro, S.A., a public limited company in which SIMAB, S.A. owns about 75 percent of the capital and the Municipality of Faro the remaining 25 percent.

The Wholesale Market of Faro began operations in August 2004, and currently occupies an area of 34 hectares, with a building area of 50 000 m^2, a berthing area of 53 600 m^2, and 2280 parking spaces. MARF is a trade and logistics platform, endowed with infrastructure and equipment, making it one of the most modern logistics centres in the country, particularly with regard to its telecommunications network for voice and data-processing, effluent treatment system, fire fighting, 24/7 security, 7000 KVA of installed power, waste collection and recovery system.

The structure brings together a wide variety of economic agents in the food and non-food industries: wholesalers, retailers, manufacturers, distributors and carriers. The horticulture market currently brings together about 200 vendors, including wholesalers and distributors, and is visited daily by buyers, who are now presented with a wide choice of fresh produce of high quality, and a set of complementary services, composed of a bank branch, a restaurant, and a shop for plastic packaging products.

In MARF, areas are available with commercial capacity to attract new tenants, which for reasons inherent to the specificity of their activity may opt for constructing their own facilities, adapted to their logistics and their commercial operating needs.

Outputs and Achievements

Direct employment generated nationally by the network operators of wholesale markets managed by SIMAB, S.A. has resulted in about 3 500 jobs. SIMAB, S.A., itself directly employs approximately 65 employees in the management structures of its affiliated markets. These markets generate a daily flow of about 10,000 vehicles, ranging from traditional retailers, HORECA channel, collective consumers, to modern distribution companies, among others. The four supplying markets bring together around 1500 operators from the following sectors: horticulture (1145), flowers (120), fresh and frozen fish (135), other food products (40), non-food products (20), services (30) and restaurants (10).

In particular, the construction of the Wholesale Market of Faro has contributed to improving the efficiency of supply and food safety in the region, fostering the modernisation of the retail sector and promoting the organisation and flow of agricultural production under conditions that enable a better appreciation of these products. These are crucial aspects for the region, because the dynamics of tourism has led to a competitive HORECA sector, which plays an important role in the supply chain of the touristic product, central to the economy of the Algarve.

MARF created 6 direct jobs within its management structure. Other immediate beneficiaries of the project are the estimated 257 operators and their employees, and about 400 wholesalers and 2750 retailers. MARF currently has an occupancy rate of up to 75 percent (see Table 38), although the value rises to 86 percent when considering only the operators permanently located in MARF, i.e. eliminating the floating operators that use the places available in the yard.

Table 38: Occupancy rate of the Wholesale Market of Faro

Space	No.			%
	Existent	Occupied	Available	
Main Building				
Boxes	34	34	0	100%
Yard places*	227	172	55	76%
Offices	17	2	15	12%
Stores (including restaurant)	7	3	4	43%
Technical Area	2	2	0	100%
Warehouses	8	8	0	100%
Depots				
Depot 1	2	1	1	50%
Depot 2	13	10	3	77%
Depot 3	12	8	4	67%
Depot 4	1	1	0	100%
Total	**323**	**241**	**82**	**75%**
Note:* Number of places occupied at 31/12/2010.				

Source: The authors, based on data from MARF (2010) and MARF website (www.marf.pt).

About 900 vehicles enter MARF daily, of which 70 percent belong to the logistics area and the remaining 30 percent are fruit and vegetable market customers. On the busiest days of the week, typically Wednesdays and Fridays, entries may reach 1000 vehicles. On Wednesdays, the fruit, vegetables and clothes markets are the most dynamic areas, accounting for about 50 percent of the operation. On Fridays, with the weekend approaching, the dominant activity is that of the horticultural market.

There has been a gradual increase in the level of traffic and cargo movement, with greater momentum in the months of May to September, in line with the seasonality of the Algarve, stemming from the touristic orientation of economic activity in the region.

Value-Added

The coordinated implementation of the Network of Wholesale Markets of Public Interest sparked synergies at the national level and has enabled the introduction of a range of benefits, from the reorganisation and modernisation of wholesale trade, reflected mainly upstream and downstream of the agro-food supply chain, and promoting the production and consumption of local products. The benefits translate into increased efficiency of marketing channels, support to the promotion and sales of agro-food produce, improved hygiene, safety and quality of transactions and products, price transparency, and the working conditions, productivity and competitiveness of economic agents and the promotion of commercial and urban planning in each region.

The creation of the Wholesale Market of Faro followed these lines, and it enabled the concentration of the wholesale supply of a wide range of food and non-food products, enhancing synergies and partnerships for the location of businesses and business development. MARF is a

modern logistics centre and an important structuring hub fundamental to regional planning and the commercial development of the area.

MARF is strategically located on the outskirts of Faro (8 km north) at the confluence of the main roads that cross the Algarve, about 1.5 km from the IP1 / 'Via do Infante' / A22 highway, and only 12 km from Faro International Airport, positioning the structure as a logistics and distribution platform, for both the local and regional supply chain, as well as a trade link with the rest of the country and even with foreign markets, especially with neighbouring Spain.

Conclusions

The Wholesale Market of Faro has proved its importance in shaping the region's trade. There is currently an on-going project to install a new commercial outlet, intended primarily for the retailing of non-food products, taking advantage of the favourable accessibility of the location, and the dynamics generated over the years.

However, MARF is just one of several infrastructures enhancing the anchorage of companies in the Algarve. The region has a set of Business Location Areas spread throughout the territory, involving private and public initiative, seeking to attract companies and stimulate the respective areas of influence. Given the diversity of promoters, and the spatial dispersion of this infrastructure, the Coordinating Commission of the Algarve (CCDR) and the Regional Directorate for the Economy of the Algarve jointly launched the 'Algarve Acolhe' – Algarve Embraces – project (www.algarveacolhe.com), developed under the ERDF ROP 2007-2013. This project consists of a geo-referenced website, where promoters of companies wishing to locate within the region can access the relevant data and information concerning the availability of areas and/or allotments, and their strengths, accessibility and contact information.

9. ANNEX II – STRUCTURE OF PROGRAMMES 1989-2013 IN ALGARVE

1989-1993 Programme period - ERDF expenditure

Programme	Sub-Programme	Expenditure ERDF
Science	I. Promotion of R&D Infrastructures in Priorities	1,288
ENVIREG	1 - Sanitation, Planning and Protection of Biotopes in Coastal Areas	14,277
	2 - Enhancement of Organic Waste	133
	3 - Maritime Pollution	928
HORIZON	Creation/Adaptation of Socio-Professional Integration Infrastructure (ERDF)	15
INTERREG	P1 - Integration and Articulation Roads	91,395
	P4 - Recovery of Tourism Heritage	1,002
	P5 - Conservação dos recursos hidricos e saneamento	7,148
	P6 - Crossborder Cooperation Actions	1,500
PEDIP 1	PEDIP 1.1 - Basic Infrastructure	4,178
	PEDIP 1.2 - Technological Infrastructure	1,898
PNICIAP	Economic Promotion Agents	171
	SIBR	2,849
	SIFIT	7,439
	SIFIT II	4,436
	SIPE	417
PODAEEF	Personnel Employment and Training Structures	3,721
	Training of Trainers and Strengthening of Training Structures	1,185
PRODAC	Regional Accessibility	9,019
	Continent Accessibility	78,170
PRODEP	Construction and Equipping of New Classrooms	13,437
	Vocational Education	1,624
	Higher Education	4,794
PRODIATEC	1 - Cultural Facilities of Tourist Interest	2,256
	2 - Tourist Accommodation	1,848
RDP Projects 94 - 99	RDP Projects 94 - 99	453
PROTEDE	1 - Transport and Distribution of Electricity	7,209
SIMC	Incentive Scheme for Trade Modernisation	2,237

Programme	Sub-Programme	Expenditure ERDF
STAR	SISAT	311
STRIDE	Promotion of National Technological Capacity	157
	Science and Technology System Internationalisation	570
TELEMATIQUE	1 - Support the Use of Advanced Telecommunications Services in SMEs	1,241
	2 - Support to Services Development in the Public Sector	555
VALOREN	SIURE	31
	VALOREN	330
Western Algarve OP	1 - Productive Activity Support Infrastructure	23,388
	2 - Support to Productive Activity and Services to SMEs	243
	5 - Operational Programme Execution	437
Eastern Algarve OP	1 - Infrastructures for the use of Water Resources	16,756
	2 - Productive Activity Support Infrastructure	19,826
	3 - Support to Productive Activity and Services to SMEs	455
	6 - Operational Programme Execution	593

Expenditure calculated in thousands of euros in 2000 prices.

1994-1999 Programme period - ERDF expenditure

Programme	Sub-Programme	Expenditure ERDF
ALGARVE	Actions of Support to the Region Development	47,964
	Economic Dynamisation Support Actions/Endogenous potential enhancement	6,846
	Local Development Support Infrastructure	48,047
ENVIRONMENT AND URBAN REVITALISATION	Environment	12,661
	Urban Revitalisation	342
TECHNICAL ASSITANCE	ERDF Technical Assistance	5
KNOWLEDGE AND INNOVATION	Science and Technology	3,566
	Education	38,430
EMPLOYMENT AND HUMAN RESOURCES DEVELOPMENT	ERDF	69
VOCATIONAL TRAINING AND EMPLOYMENT	Support for Training and Human Resources Management	2,875
DEVELOPMENT SUPPORT INFRASTRUCTURES	Energy	5,288
	Telecommunications	1,970
	Transport	12,373

Programme	Sub-Programme	Expenditure ERDF
INTERREG II (CROSSBORDER)	Environment and Architectural Heritage(PORTUGAL)	2,236
	Socio-economic Development(PORTUGAL)	5,248
	Management and Control(PORTUGAL)	15
	Improve Border Permeability(PORTUGAL)	1,365
ECONOMIC MODERNISATION	Trade and Services	3,468
	Industry	2,715
	Fisheries	11,620
	Tourism and Cultural Heritage	31,294
FISHERY	Fisheries	2,420
SME	Competitiveness Improvement and SME Modernisation	2,068
	Improving the Business Environment for SMEs	388
REGIONAL DEVELOPMENT POTENTIAL PROMOTION	Rebalancing Specific Actions	8,694
	Regional and Local Incentives	14,013
	Local Development Initiatives	6,556
HEALTH AND SOCIAL INTEGRATION	Social and Economic Integration of Disadvantaged Social Groups	9,376
	Health	75,970

Expenditure calculated in thousands of Euros in 2000 prices.

1994-1999 Programme period – Cohesion Fund expenditure

SECTOR	Type of Project	CF Support
ENVIRONMENT	Environmental Protection	9,059
	MSW Treatment System	23,306
	Wastewater Treatment	80,601
	Water Supply	137,656

Expenditure calculated in thousands of Euros in 2000 prices.

2000-2006 Programme period - ERDF expenditure

Programme	Sub-Programme	Expenditure ERDF
EMPLOYMENT, TRAINING AND SOCIAL DEVELOPMENT OP	Promotion of Social Development	2,494
	Promotion of Equity and Effectiveness of Employment and Training Policies	134

Programme	Sub-Programme	Expenditure ERDF
ACCESSIBILITY AND TRANSPORTS OP	Integration of the Territory Structuring Corridors in the European Transport Network	3,600
	Promotion of Quality, Efficiency and Safety of the Transport System	2,618
	National Cohesion Strengthening	950
	Strengthening of Intermodal Coordination	14,227
AGRICULTURE AND RURAL DEVELOPMENT OP	Enhance the Human Potential and the Services to Agriculture in Rural Areas	433
SCIENCE AND INNOVATION 2010 OP	Science and Higher Education	2,711
	Science and Innovation for Technological Development	1,123
	Development Scientific, Technologic and Innovation System	3,878
	Fostering Scientific and Technological Culture	234
CULTURE OP	Enable the Access to Culture Goods	4,659
	Enhance Historic and Cultural Heritage	4,988
ENVIRONMENT OP	Sustainable Management of Natural Resources	4,860
	Environment Integration in Economic and Social Activities	1,522
EDUCATION OP (PRODEP III)	Technical Assistance	23
	Youngsters Initial Qualifying Training	13,175
	Learning Society	4,863
FISHERY OP	Creating Conditions for Greater Sector Competitiveness	715
HEALTH OP	Improve Access to Quality Healthcare	15,808
	Promote Health and Prevent Disease	2,693
	Promoting New Partnerships and New Actors in Health	348
INFORMATION SOCIETY OP	Skills Development	215
	Integrated Innovation in ICT	30
	Mass Access to the Knowledge Society	49
	Digital Portugal	3,032
ALGARVE OP	Territorial-Based Integrated Actions	26,433
	Support to Investment of Municipal and Inter-municipal Interest	127,619
	Regionally Decentralised Central Government Interventions	142,175

Expenditure calculated in thousands of Euros in 2000 prices.

2000-2006 Programme period – Cohesion Fund expenditure

Sector	Type of Project	CF Support
ENVIRONMENT	MSW Treatment	6,830
	Water Supply	11,820
	Water Supply and Wastewater Treatment	33,429

Expenditure calculated in thousands of Euros in 2000 prices.

2007-2013 Programme period - ERDF expenditure

ERDF	Total*
Human Potential	**14,720**
Rehabilitation of School Network 1st Cycle of Basic Education and Preschool Education	14,720
Competitiveness Factors	**54,457**
Financial Engineering Instruments for Innovation Funding and Risk-Sharing	3,501
Incentives for Innovation and Renewal of the Business Model and Pattern of Specialisation	41,173
Integrated Interventions to Reduce Public Administrative Costs	4,757
Incentives for the Development of the Information Society	440
Promotion of Integrated Actions for the Economic Enhancement of the Least Competitive Territories	4,586
Territorial Enhancement	**42,729**
Networks, infrastructures and facilities for territorial and social cohesion	4,095
Cities policy	12,818
Strengthening of international connectivity, accessibility and mobility	9,058
Prevention, management and monitoring of natural and technological risks	2,090
Protection and enhancement of the environment	14,668

* approved expenditure on December 2012

Expenditure calculated in thousands of Euros in 2000 prices.

2007-2013 Programme period – Cohesion Fund expenditure

COHESION FUND	Total
Territorial Enhancement	**64,667**
Prevention, management and monitoring of natural and technological risks	16,951
Protection and enhancement of the environment	47,716

* approved expenditure on December 2012

Expenditure calculated in thousands of Euros in 2000 prices.

10. ANNEX III: REPORTED ACHIEVEMENTS

10.1 1989-1993 Algarve Regional Operational Programmes (East and West Algarve)

The 1989-1993 regional programmes had a formal achievement-tracking system, despite its strong limitations, since the outputs were available for each intervention and were not standardised. Hence, it was necessary to aggregate and simplify available data.

	Progr.	Executed
West Algarve		
Sub-Programme 1 – Productive Activity Support Infrastructure		
Water Reservoirs – Nº	10	8
Water Abstractions – Nº	7	1
Water Pipes Network - Km	66.7	66.7
Pumping Stations – Nº	9	8
Sewage Network - Km	41.7	41.2
Wastewater Treatment Plants (WWTP) – Nº	2	2
Roads Constructed or Improved - Km	70.8	70.8
Bridges Constructed of Improved – Nº	5	5
Sports Halls Constructed or Improved – Nº	1	1
Cultural Centres Constructed or Improved – Nº	4	4
Schools Improved – Nº	4	4
Sub-Programme 2 – Support to Productive Activity and Services to SMEs		
Coordination of the Informational Support to Productive Activity – Nº of Appointments with businessman	300	620
Coordination of the Informational Support to Productive Activity – Nº of Reunions	75	75
Coordination of the Informational Support to Productive Activity – Nº of Participants in the reunions	140	180
Coordination of the Informational Support to Productive Activity – Nº of Visits to enterprises	25	30
Coordination of the Informational Support to Productive Activity – Nº of Documents produced	40	35
Coordination of the Informational Support to Productive Activity – Nº of Documents printings	8,000	12,000
Studies Supported – Nº	6	6
Sub-Programme 3 – Vocational Training		
Training Actions – Hours	3,143	657

	Progr.	Executed
Training Actions – Nº	25	23
Trainees – Nº	430	478
Trainers – Nº	29	25
Sub-Programme 4 – Rural and Agricultural Development		
Actions Supported – Nº	22	22
Involved Individuals – Nº	4,580	4,560
Sub-Programme 5 – Technical Assistance		
Execution Reports Development Supported – Nº	7	8
Dissemination Actions – Nº	25	24
East Algarve		
Sub-Programme 1 – Hydro Resources Infrastructure		
Interventions for the Construction of Hydro Resources Infrastructure - m^3 of Excavations	991,850	1,113,015
Interventions for the Construction of Hydro Resources Infrastructure - m^3 of Landfills	476,000	538,000
Interventions for the Construction of Hydro Resources Infrastructure - m^3 of Concrete	18,000	17,750
Interventions for the Construction of Hydro Resources Infrastructure – Nº of Construction Sites	2	2
Constructed Water Treatment Plants	1	1
Constructed Dams	2	2
Water Pipes Network - Km	4.5	4.5
Sub-Programme 2 –Productive Activity Support Infrastructure		
Water Reservoirs – Nº	3	3
Water Abstractions – Nº	1	1
Water Pipes Network - Km	47.2	46.4
Pumping Stations – Nº	3	3
Sewage Network - Km	38.9	38.1
Wastewater Treatment Plants (WWTP) – Nº	6	6
Roads Constructed or Improved - Km	63.6	63.8
Bridges Constructed of Improved – Nº	2	2
Sports Infrastructure Constructed or Improved – Nº	12	12

	Progr.	Executed
Surroundings of Sports Infrastructure Benefited Area - m²	2.991	2,503
Municipal Pools Constructed – Nº	3	3
Hospitals Intervened – Nº interventions	10	10
Hospitals Intervened – Nº of new equipment	51	51
Sub-Programme 3 – Support to Productive Activity and Services to SMEs		
Coordination of the Informational Support to Productive Activity – Nº of Appointments with businessman	400	700
Coordination of the Informational Support to Productive Activity – Nº of Reunions	100	100
Coordination of the Informational Support to Productive Activity – Nº of Participants in the reunions	300	300
Coordination of the Informational Support to Productive Activity – Nº of Documents produced	30	30
Coordination of the Informational Support to Productive Activity – Nº of Visits to enterprises	50	43
Coordination of the Informational Support to Productive Activity – Nº of Documents printings	12,000	14,400
Studies Supported – Nº	4	4
Sub-Programme 4 – Vocational Training		
Training Actions – Hours	3,344	793
Training Actions – Nº	28	24
Trainees – Nº	464	397
Trainers – Nº	37	30
Sub-Programme 5 – Rural and Agricultural Development		
Actions Supported – Nº	140	139
Involved Individuals – Nº	5,000	5,000
Types of Products – Nº	4	4
Participation in Fairs – Nº	2	1
Sub-Programme 6 – Technical Assistance		
Execution Reports Development Supported – Nº	7	8
Dissemination Actions – Nº	25	24

10.2 1994-1999 Regional Operational Programme (PROA)

The 1994-1999 regional programmes had a formal achievement-tracking system, with no major changes from the previous programme period. The achievement-tracking system is still very limited and simplistic.

	Progr.	Approv.	Executed
Accessibility			
Construction/improvement of the municipal road network - Km	65	238	238
Construction of circular roads on main urban centres - Km	6	6.38	6.2
Improvement of declassified road network - Km	30	64.18	64.13
Construction/improvement of structural regional axes - Km	30	2.01	2.01
Environment			
Construction of reservoirs – N°	6	12	12
Construction of water and sewage systems - Km	30	133	133
Wastewater treatment system – N°	1	1	1
MSW treatment system – N°	4	4	4
Solid waste cleaning equipment	50	34	54
Enhancement interventions (urban, protected areas, tourist interest areas) – ha (area)	50	37.09	31.89
Enhancement interventions (urban, protected areas, tourist interest areas) – N°	5	23	16.94
Other Infrastructure			
Construction/improvement of public facilities – ha (area)	37	2.08	2.08
Construction/improvement of productive activity infrastructure – ha (area)	17	0.702	0.702
Construction/enlargement of centres to support economic activity	2	2	2
Interventions in sports and culture infrastructure	4	5	4.79
Promotion Actions for Regional Development			
Support to initiatives that promote the region – N°	90	45	50
Actions for the execution of informative flyers – N°	36	76	87
Processing questions placed by regional firms about the region – N°	3,000	1,412	1,820
Processing requests of cooperation by region firms interested in finding partners in other EU countries – N°	420	121	210
Support to enterprises for the consultation of EU data bases – N°	480	552	564

	Progr.	Approv.	Executed
Technical Assistance			
Hired technicians – N°	9	9	9
Studies promoted – N°	6	23	23
Dissemination actions – N°	15	53	84
Implementation Reports	20	8	8

10.3 2000-2006 Regional Operational Programme (PROALGARVE)

The interest assigned to the efficiency analysis in this CSF is much greater than previously. The list of indicators is much more complete and adequate. Thus, they have meaning and value to serve as a strong support to achievement analysis.

Overall, execution and implementation levels are adjusted to the regional programme's established goals.

Priority 1:

Objectives	Physical Indicator	Achievement 2000-2009	Programmed Goal 2000-2006	Financial Execution (€)
Territory Enhancement Infrastructure	Municipal road network constructed/ improved (km)	206.57	160	37M€
	Urban rehabilitation interventions (n°)	32	20	30M€
	Urban mobility interventions (intermodal centres) (n°)	0	3	-
	Areas for the support to productive activity constructed/improved (n°)	6	5	7M€
Collective Equipment	Primary school centres created (n°)	23	18	17M€
	Cultural equipment (n°)	12	10	25M€
	Sports equipment (interventions) (n°)	6	10	3M€
Human Resources	Training actions per year (n°)	266	126	9M€
	Men trainees per year (n°)	1,484	645	
	Women trainees per year (n°)	1,941	1,038	
	Professional internships (n°)	70	85	700M€
	Support studies	0	4	0

Objectives	Physical Indicator	Achievement 2000-2009	Programmed Goal 2000-2006	Financial Execution (€)
Territory Enhancement Specific Actions	Interventions in degraded areas, with tourism promotion (n°)	10	7	9M€
	Support initiatives for cultural promotion/animation (n°)	85	35	1.3M€
	Conferences, seminars and workshops supported (n°)	47	50	1.7M€
	Supported services provider organisations for regional promotion and enhancement (n°)	2	3	1.6M€
	Community information initiatives (n°)	26	30	-
	Technical projects supported (n°)	1	6	1.4M€
Interest rate subsidy on lines of credit for municipalities investment	Contracted loan (n°)	36	40	4M€
Basic Sanitation	Water supply networks constructed (km)	223	60	59M€
	Water supply networks improved (km)	39	36	
	Wastewater systems networks constructed (km)	233	100	
	Wastewater systems networks improved (km)	44	44	

Priority 2:

Objectives	Physical Indicator	Achievement 2000-2009	Programmed Goal 2000-2006	Financial Execution (€)
Integrated Actions for the Enhancement of Low Density Areas	Structural projects implemented (n°)	3	3	2M€
	Interventions in natural areas (n°)	6	3	1.7M€
	Integrated sector equipment (n°)	25	10	5M€
	Urban rehabilitation integrated actions (n°)	7	6	6M€

Objectives	Physical Indicator	Achievement 2000-2009	Programmed Goal 2000-2006	Financial Execution (€)
	Visitors in regional products promotion events (nº)	621,000	350,000	n,d,
	Supported initiatives of cultural promotion/animation (nº)	37	20	n,d,
	Supported services provider organisations for regional promotion and enhancement (nº)	2	2	1.5M€
Integrated Actions for the Qualification and Competitiveness of Cities	Extension of bicycle paths (km)	2.33	1.8	n.d.
	Urban rehabilitation interventions (nº)	17	11	20M€
Support to Integrated Regional Development – Low Density	Training actions per year (nº)	12	6	
	Men trainees per year (nº)	53	30	
	Women trainees per year (nº)	123	50	
	Training hours per year (nº)	3,823	5,600	
Support to Integrated Regional Development - Cities	Training actions per year (nº)	13	8	
	Men trainees per year (nº)	83	50	
	Women trainees per year (nº)	142	80	
	Training hours per year (nº)	886	4,400	
Support to Integrated Regional Development – New Opportunities Initiative	Training actions per year (nº)	10	7	
	Male trainees (nº)	47	54	
	Female trainees (nº)	101	53	

Priority 3:

Objectives	Achievement Indicator	Initial Situation	Achievement 2000-2009	Programmed Goal 2000-2006
Education Infrastructures	Nº of pre-school classrooms constructed/improved	-	41	40
	Nº of new laboratories in basic education schools	-	42	12
Vocational Training	Nº of beneficiaries that obtained level III professional qualification	-	580	384
Employability Promotion and Local Employment	Nº of unemployed people covered active policy measures (training e internships/year)	-	1,905	1,800
	Nº of new jobs created at the local scale per year	155	169	195
	% of unemployed people (non-long duration) that received support from active policy measures	12	34	35
Science, technology and Information	Nº of Ciência Viva centres created	1	2	1
Information Society - Digital Portugal	Nº of projects integrated under information society scope	0	2	1
	Nº of municipalities involved in integrated projects	0	16	16
	Nº of forms available with on-line submission in integrated projects	0	26	4
Information Society - Open Government	Nº of administrative bodies with internet connection	0	53	50
	Administrative bodies that provide e-mail to their workers	50	397	160
	Administrative bodies that use ICT in common processes	0	59	57
Local Health Systems	Peri-natal mortality rate (%)	7.8	6.1	6
	Ratio between appointments in health centres and external appointments	4.8	5.48	5.5
Culture	Nº of proprieties to rehabilitate	0	11	10
	Nº of partnerships to establish	0	2	3

Objectives	Achievement Indicator	Initial Situation	Achievement 2000-2009	Programmed Goal 2000-2006
Sports	M² of sports area per inhabitant	2.61	2.85	2.71
Agriculture and Rural Development	Annual average growth rate of work productivity in forest activities (relation between GVApm and units work)	1,878	0	>4%
	N° of reforestation ha in natural spaces	0	4	4
Fishing Ports Infrastructures	N° of constructed and improved fishing ports	1	10	5
Economy	N° of operators provided resulting from the enlargement of the regional markets networks	0	310	200
	N° operators provided resulting of the enlargement of wholesale markets	-	289	448
Accessibility and Transports	Reduction of road travel times (min) – Faro-Lisboa	192	145	145
	Castro Marim-Lisboa	224	162	173
	Road density per 1000 km²	74	162	121
Environment	N° of users in the support infrastructures to nature tourism	0	0	8,000
	% of territory under the status of protection for nature preservation (protected areas of regional/local scope)	18.4	27	27
	Extent of coast intervened	-	11.91	10
	Population covered by interventions of urban qualification	-	65,373	25,000

10.4 2007-2013 Regional Operational Programme (ALGARVEXXI)

The structure of achievement indicators in the 2007-2013 programme period is very complete, assigning great relevance to efficiency analysis.

2011 ALGARVEXXI Execution Report shows the following evolution:

Thematic Areas	Indicators	2011 – Execution	Programmed
Jobs Created	Nº of direct jobs created	22	1,050
R&D	Nº of R&D projects	0	30
	Nº of cooperation projects (firms-investigation institutions)	0	8
	Nº of investigation jobs created	0	60
Direct Support to SME's Investment	Nº of projects	4	275
	Nº of supported start-ups	1	25
	Nº of jobs created	22	300
	Induced investment (M€)	0.53	200
Information Society	Nº of projects	8	54
Transports	Nº of projects	1	15
	Km of new roads	0.85	5
	Km of reconstructed or improved roads	0	45
	Km of reconstructed or improved railways	n.d.	n.d.
	Value (in € per year) of the gains in journey times, generated by roads construction and reconstruction projects	n.d.	n.d.
	Value (in € per year) of the gains in journey times, generated by railways construction and reconstruction projects	n.d.	n.d.
	Increase in population served by interventions of urban transport systems expansion	12,902	20,000

Thematic Areas	Indicators	2011 – Execution	Programmed
Renewable Energy	Nº of projects	0	20
Environment	Nº of projects seeking quality of air improvement	0	1
	Rehabilitated area (km^2) for the recovery of environmental liabilities recovery	0.2	10
Climate Changes	Reducing emissions of greenhouse gases	n.d.	n.d.
Risk Prevention	Nº of projects	0	5
	Nº of population that benefits for protection measures (floods)	0	434,023
	Nº of population that benefits for protection measures (fires)	0	434,023
Tourism	Nº projects	4	50
	Nº of jobs created	15	250
Education	Nº of projects	9	25
	Nº of students that benefit from the interventions	2,447	7,000
Health	Nº of projects	2	3
Urban Rehabilitation	Nº of projects that ensure sustainability and improve cities attractiveness	18	35
Cities Competitiveness	Nº of projects that seek to stimulate enterprise activity, entrepreneurship and use of new technologies	0	15
Social Inclusion	Nº of projects targeted to youngsters and minorities	9	28

11. ANNEX IV: LIST OF INTERVIEWEES

Name		Position (current and former roles where relevant)	Programme Period	Type	Place	Date	Form (face to face / telephone)
1	Adriano Pimpão	UAlg Professor and Former President of CCDR Algarve	1989-1993 and 1994-1999	Strategic	Faro	2/7/12	Face to Face
2	Manuel Tão	UAlg Professor	2000-2006 and 2007-2013	External	Faro	2/7/12	Face to Face
3	Fernando Magalhães	Vila Galé Hotels Financial Director	1994-1999, 2000-2006 and 2007-2013	Beneficiary	Lisboa	21/9/12	Face to Face
4	João Guerreiro	UAlg Dean and Former President of CCDR Algarve	2000-2006	Strategic	Faro	15/10/12	Face to Face
5	Miguel Freitas	PS Deputy and Former Vice-President of CCDR Algarve	1994-1999 and 2000-2006	Operation	Faro	15/10/12	Face to Face
6	Macário Correia	Faro Municipality and AMAL (Algarve Municipalities Association) President	All	Project Holder/ Beneficiary	Faro	20/10/12	Face to Face
7	Vanessa Sousa	Sociologist/Expert	2007-2013	External	Faro	22/10/12	Face to Face
8	Ana Fernandes	ACRAL (Algarve Trade and Services Association) Member	2000-2006 and 2007-2013	Project Holder/ Beneficiary	Faro	23/10/12	Face to Face
9	Rita Pestana	Eastern Algarve Group for Coastal Action	2007-2013	Project Holder	Olhão	23/10/12	Face to Face
10	Valter Matias	ODIANA Association Member	2000-2006 and 2007-2013	Project Holder/ Beneficiary	Castro Marim	25/10/12	Face to Face
11	António Covas	UAlg Professor	All	External	Faro	25/10/12	Face to Face
12	José Campos Correia	Former CCDR Algarve President	2000-2006	Strategic	Faro	26/10/12	Face to Face
13	Priscila Soares	IN LOCO Association	2007-2013	Beneficiary	São Brás de Alportel	29/10/12	Face to Face
14	Elidérico Viegas	President of AHETA (Algarve Hotels Association)	All	Project Holder	Albufeira	11/10/12	Face to Face
15	Isabel Conceição	HUBEL Director	2000-2006	Beneficiary	Pechão	29/10/12	Face to Face
16	Rui Brás	INESTING Partner	2000-2006	Beneficiary	Faro	26/10/12	Face to Face

Name	Position (current and former roles where relevant)	Programme Period	Type	Place	Date	Form (face to face / telephone)	
17	Pedro Dornellas	Vicentina Association Director	1994-1999, 2000-2006 and 2007-2013	Project Holder/ Beneficiary	Bensafrim	31/10/12	Face to Face
18	David Santos	President of CCDR Algarve	2007-2013	Strategic	Faro	02/11/12	Face to Face
19	Marco Vieira	NERA (Algarve Enterprise Association) Executive Director	1994-1999, 2000-2006 and 2007-2013	Project Holder/ Beneficiary	Loulé	29/10/12	Face to Face
20	João Rodrigues	UAlg Administrator and Former IAPMEI Delegate for Algarve	1994-1999, 2000-2006 and 2007-2013	Operational	Faro	25/10/12	Face to Face
21	Carolina Travassos	IAPMEI Delegate for Algarve	2000-2006 and 2007-2013	Operational	Faro	23/10/12	Face to Face
22	Demétrio Alves	Member of the 2007-2013 programme Observatory	All	Operational	Lisboa	25/11/12	Face to Face
23	Pedro Monteiro	Member of the Algarve General Management for Fishing	2000-2006 and 2007-2013	Operational	Lisboa	25/11/12	Face to Face
24	Desidério Silva	Albufeira Municipality President	All	Beneficiary	Lisboa	26/11/12	Face to Face
25	Rui André	Monchique Municipality President / Western Algarve Group for Coastal Action	2007-2013	Beneficiary	Monchique	28/11/12	Face to Face
26	Josiane Martins	Head of CCDR-Algarve Planning Division	2000-2006 and 2007-2013	Operational	Faro	29/11/12	Face to Face
27	Maria Filomena Coelho	Technical Secretary of ALGARVEXXI ROP	1994-1999, 2000-2006 and 2007-2013	Operational	Faro	29/11/12	Face to Face
28	Carla Leal	Head of IFDR Financial Coordination Unit	n.a	Strategic	Lisboa	26/11/12	Face to Face
29	Ricardo José	Albufeira Marina Operations Manager	n.a.	Beneficiary	Albufeira	28/11/12	Face to Face

LIST OF WORKSHOP PARTICIPANTS

Name		Position
1	Ana Paula Barreira	FE UAlg – Algarve University
2	Francesco Berettini	Inesting – Technologic Marketing Enterprise
3	Rui Cabral e Silva	FCT UAlg – Algarve Universiry
4	Fátima Catarina	Algarve Tourism Entity
5	Pedro Dornelas	Vicentina Association – Local Association
6	João Fernandes	Algarve Tourism School
7	Artur Gregório	InLoco Association – Local Association
8	Sérgio Inácio	AMAL Association – Municipalities Association
9	José Leite Pereira	DR Agriculture/ FE UAlg – Algarve University
10	Pedro Monteiro	DR Agriculture – Regional Management Entity
11	António Ramos	CCDR Algarve – Regional Development Coordination Entity
12	Efigénio Rebelo	FE UAlg – Algarve University
13	Daniel Santana	UGT - Syndicate
14	Bento Serra	DR Culture – Regional Management Entity
15	António Travassos	IEFP – Employment and Training Institute
16	José Vitorino	Faro Council Former President
17	Marco Andrade	ICNF – Nature and Forests Protection Institute
18	Carlos Baía	IEFP - Employment and Training Institute
19	Francisco Calhau	ISE UAlg – Algarve University

12. ANNEX V: OVERVIEW OF SOURCES USED FOR THE CASE STUDY

Programme name	OP	AIR	FIR	Spend (by measure & year)	Evaluation reports	Strategic interviews	Operational interviews	External interviews	Stakeholder/ Beneficiary interviews	Workshop
1989-93 West Algarve ROP	No	No	Yes	Yes	No	Yes	Yes	Yes	No	No
1989-93 East Algarve ROP	No	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
1994-99 Algarve ROP (PROA)	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
1994-99 Education NOP (PRODEP II)	No	No	Yes	No	Yes	Yes	No	Yes	No	No
1994-99 Science NOP (PRAXIS XXI)	No	No	Yes	No	Yes	Yes	No	Yes	No	No
1994-99 Vocational Training and Employment NOP	No	No	Yes	No	Yes	Yes	No	Yes	No	No
1994-99 Development Support Infrastructures NOP	No	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
1994-99 Economic Structure Modernisation NOP (POMTE)	No	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
1994-99 Environment and Urban Enhancement NOP (POA)	No	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
1994-99 Health and Social Integration NOP	No	No	Yes	No	Yes	Yes	No	Yes	No	No
1994-99 Regional Development Potential Promotion NOP	No	No	Yes	No	Yes	Yes	No	Yes	Yes	Yes
2000-06 Algarve ROP (PROALGARVE)	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2000-06 Education NOP (PRODEP III)	Yes	No	Yes	No	Yes	Yes	No	Yes	No	No
2000-06 Employment, Training and Social Development NOP (POEFDS)	Yes	No	Yes	No	Yes	Yes	No	Yes	No	No
2000-06 Science and Innovation NOP (POCI)	Yes	No	Yes	No	Yes	Yes	Yes	Yes	No	No
2000-06 Knowledge Society NOP (POSC)	Yes	No	Yes	No	Yes	Yes	No	Yes	No	No

Programme name	OP	AIR	FIR	Spend (by measure	Evaluation reports	Strategic interviews	Operational interviews	External interviews	Stakeholder/ Beneficiary	Workshop
2000-06 Health NOP (SAUDEXXI)	Yes	No	Yes	No	Yes	Yes	No	Yes	No	No
2000-06 Culture NOP (POC)	Yes	No	Yes	No	Yes	Yes	No	Yes	Yes	Yes
2000-06 Public Administration NOP (POAP)	Yes	No	Yes	No	Yes	Yes	No	Yes	No	No
2000-06 Agriculture and Rural Development NOP (AGRO)	Yes	No	Yes	No	Yes	Yes	No	Yes	No	No
2000-06 Fishing NOP (MARE)	Yes	No	Yes	No	Yes	Yes	No	Yes	No	No
2000-06 Accessibility and Transports NOP (POAT)	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
2000-06 Environment NOP (POA)	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
2000-06 Economy NOP (PRIME)	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
2007-13 Algarve ROP (ALGARVEXXI)	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes
2007-13 Territory Enhancement NOP (POVT)	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	Yes
2007-13 Human Potential NOP (POPH)	Yes	Yes	No	No	No	Yes	No	Yes	No	No
2007-13 Competitiveness Factors (COMPETE)	Yes	Yes	No	No	No	Yes	No	Yes	Yes	Yes

13. ANNEX VI: REFERENCES

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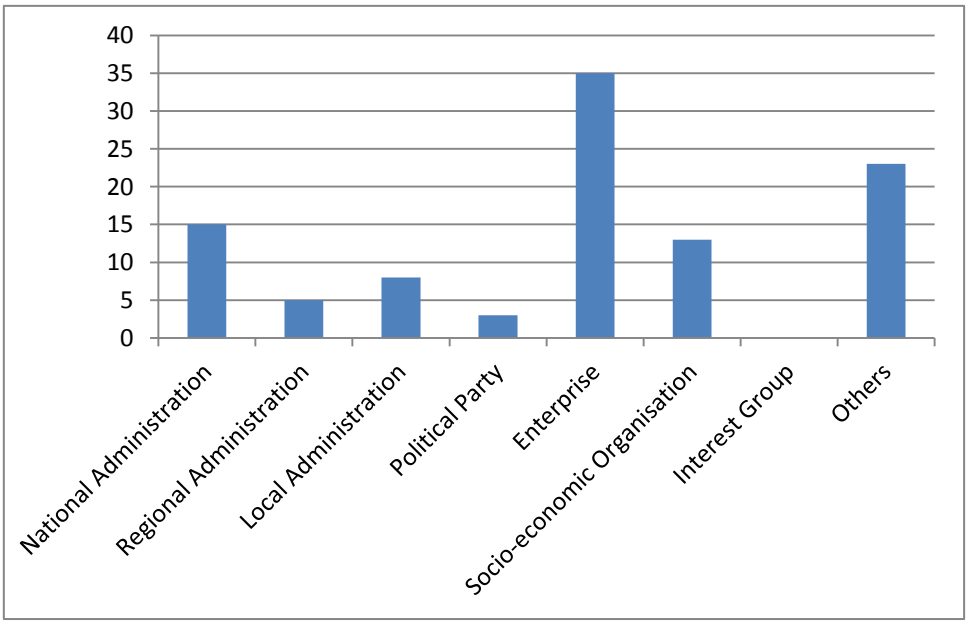
14. ANNEX VII: SUMMARY OF SURVEY RESULTS

The following analysis aims to synthesise the core results of the survey addressed to the Algarve stakeholders and institutions. A first analysis shows that only 45 individuals responded the survey (a low response rate), of which only 42 percent (19 respondents) completed all the questions in the survey. Additionally, 11 percent (equivalent to 5 respondents) initiated the survey but didn't answer a single question, and 47 percent of the inquired (21 respondents) did not complete every question of the survey. Therefore, the conclusions underlined by this analysis have limitations that should be taken into account.

A general overview of the survey results show that the type of the respondents was two-fold: 'Enterprises' with 35 percent (14 responses) and 'National Administration' bodies with 15 (6 responses). In addition the 'Others' group also displayed a very high percentage of responses with 23 percent in the overall (equivalent to 9 responses). A more detailed overview of the 'Others' group allows the conclusion that 78 percent of the individuals that set their typology as 'Others' can be in fact related to the socio-economic organisations group (7 of the 9 respondents). Therefore, if one includes these to the initial 13 percent of respondents of the 'Socio-economic Organisation', this group would increase to 27 percent in the overall (equivalent to 12 respondents).

Figure 34: Organisation Represented by the Respondents (%)



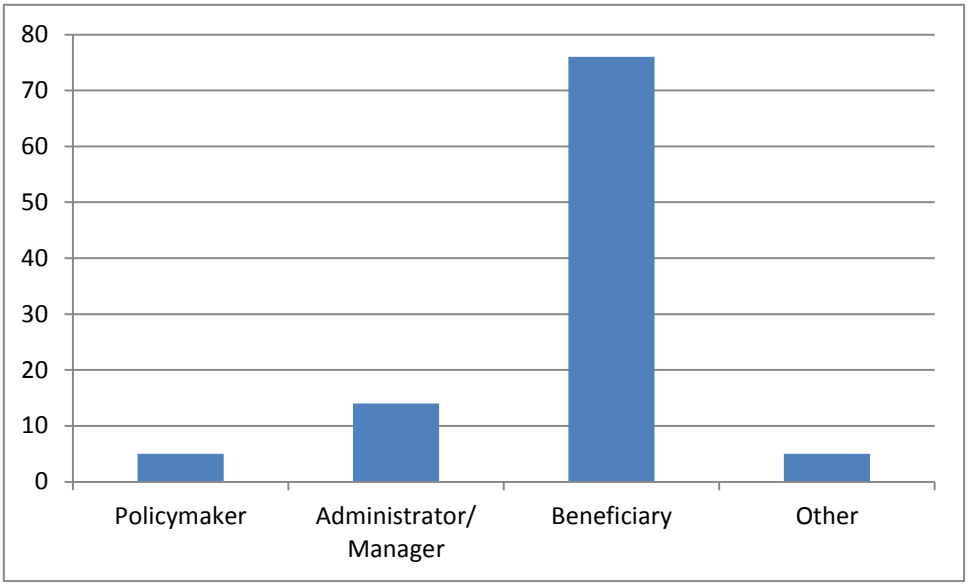
Source: core team survey results.

Regarding 'Enterprises', the typology of the respondents was evenly balanced with 33 percent from micro enterprises, 33 percent from small enterprises and 33 percent from medium enterprises (no respondents from large enterprises). In turn, where the 'Socio-economic Organisations' group is concerned, the respondents' typology is dominated by non-profit institutions with 60 percent of the

respondents (corresponding to 3 individuals) and enterprise associations, with the remaining 40 percent (2 respondents).

Involvement of the respondents in the ERDF programmes is mostly direct with 54 percent (19 responses), whereas indirect involvement has a share of 37 percent (13 respondents). The remaining 9 percent (equivalent to 3 individuals) corresponds to the respondents with a simultaneous (direct and indirect) involvement in the programmes.

Figure 35: Type of Direct Involvement in ERDF Programmes (%)



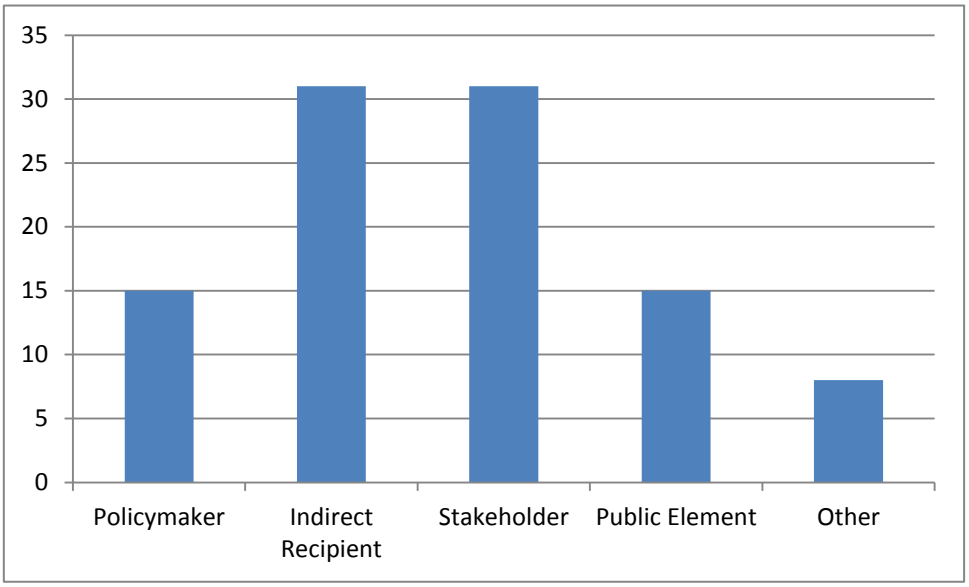
Source: core team survey results.

The majority of the respondents are programme beneficiaries, with a share of 76 percent (corresponding to 16 responses). Accordingly, other categories have only a marginal share of respondents, with 14 percent as administrators/managers (3 respondents), and 5 percent as policymakers (1 respondent).

In turn, the indirect involvement with ERDF programmes is much more balanced with stakeholders and indirect recipients sharing the same level of involvement (31 percent - equivalent to 4 respondents), followed by the element of the public and policymaker respondents, with 15 percent each of the share of involvement (corresponding to 2 respondents).

With regard to respondents with a simultaneous involvement in ERDF programmes, 67 percent (2 respondents) were directly involved as beneficiaries and the remaining 33 percent (1 respondent) as policymakers, whereas indirect involvement was more balanced with 33 percent of the respondents involved as an element of the public, 33 percent as a stakeholder with specific interests and 33 percent as an indirect policymaker (1 respondent for each typology).

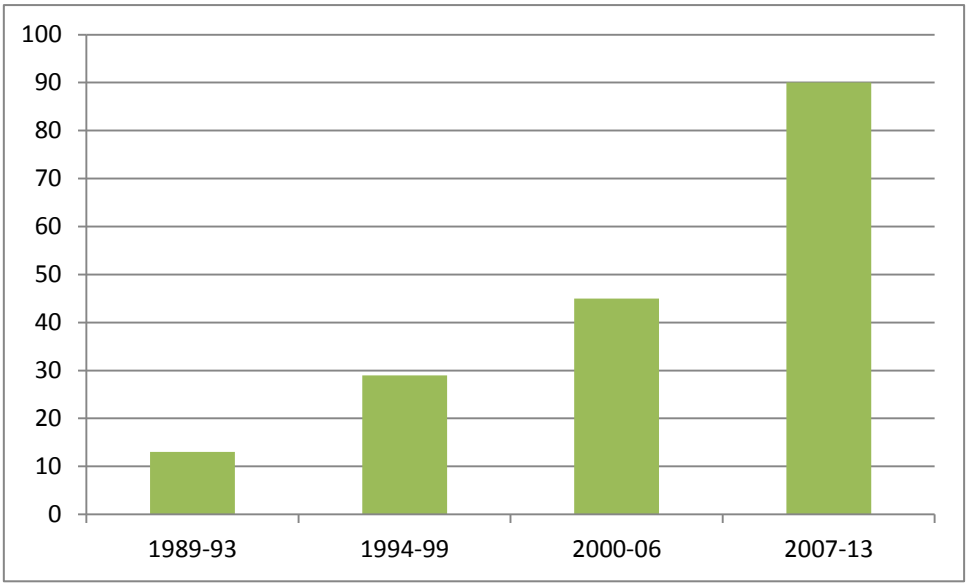
Figure 36: Type of Indirect Involvement in ERDF Programmes (%)



Source: core team survey results.

Regarding the period of involvement with ERDF programmes,[53] 45 percent of the respondents were involved in more than one period, and the 2007-13 period is the one where most respondents were involved with 90 percent (28 respondents). Consequently, 1989-1993 and 1994-1999 programmes correspond to the periods where the involvement level of the respondents was lower with, respectively, 13 percent and 29 percent of responses.

Figure 37: Periods of Involvement with ERDF Programmes (%)



Source: core team survey results.

[53] There were 55 different periods marked through the 31 responses.

Additionally, a few remarks can be discerned regarding each programme period:

- All the respondents involved in the 1989-93 period (13 percent) were also involved in subsequent programmes, namely in the 1994-99 and the 2000-06 periods.
- Similarly, all of the respondents involved in the 1994-99 programme (29 percent) were also involved in the programmes of subsequent (all of the respondents) and previous (44 percent of the respondents) periods.
- 79 percent of the individuals involved in the 2000-2006 programme were also involved in the 2007-13 programme period and 64 percent were also involved in previous programmes.
- 61 percent of the respondents that were involved in the 2007-13 period had no involvement in previous programmes.
- 10 percent of the respondents were involved in every programme. The same percentage applies to the number of respondents that were involved in ERDF programme with the exception of the 2007-13 period.

With regard to the achievement levels of ERDF programmes, most responses display, in the outlined fields, a significant level of achievements, followed by quite significant and modest levels. This means that in a general way every respondent acknowledged the relevance of ERDF programmes for regional development in a different number of fields, namely the ones related with the improvement of infrastructure and equipment.

Accordingly, it is possible to highlight a few fields that contain the greatest number of very significant and significant answers: regional accessibility improvement with 81 percent, environmental quality improvement with 71 percent and external accessibility, communication enhancement (ports, airports, etc.) with 62 percent and enterprise growth with 57 percent.

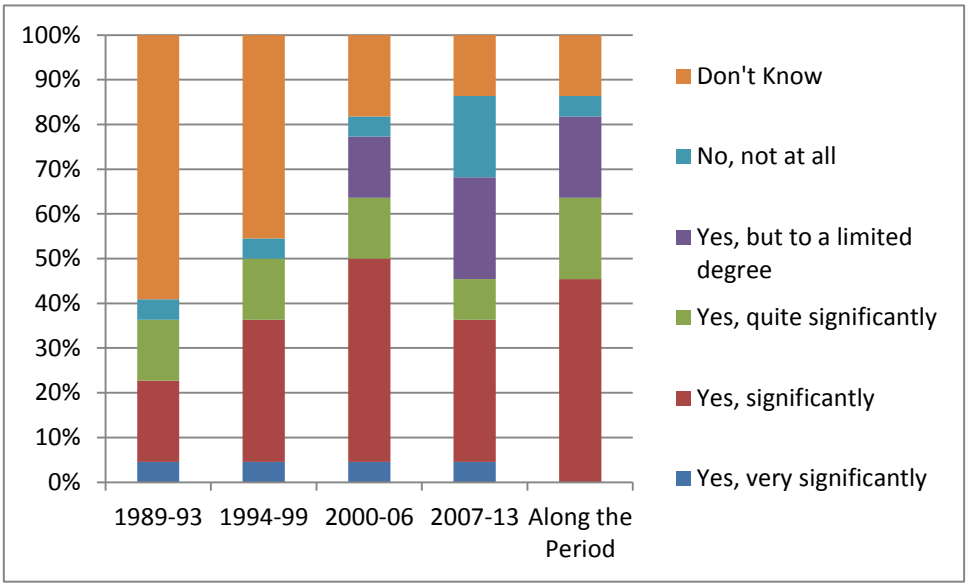
In summary, most achievements were related with regional infrastructure endowment, especially transport, communications and environment improvement, but also related with the growth in number and in competitiveness of regional enterprises. When questioned about regional accomplishments due to the ERDF action, respondents were clear in confirming the above analysis, stating that ERDF programmes allowed for the improvement of the Algarve population standard of living, through the development of needed infrastructure and through the support to enterprises' modernisation. Nevertheless, for a few respondents such achievements could have been even greater, namely due to: the lack of support to the industry and agriculture sectors; the increase of territorial inequalities between coastal and interior Algarve; and the excessive construction of public infrastructure (surpassing the needed levels).

Regarding the programme's goals against regional needs, it is important to stress that, as discussed above, most respondents experience is in the 2000-06 and 2007-13 programmes. This is reason enough to explain the high number of 'Don't Know' responses for the first two programme periods (59 percent for the 1989-1993 programme and 46 percent for the 1994-1999 programme).

For the most recent periods in the analysis, responses show that the programme objectives are accounting in a significant way for regional needs, as shown by the 46 percent of responses for

2000-06 and 32 percent for 2007-13. Overall analysis confirms this trend, since 46 percent of the respondents across the whole period under study, considered the way regions needs were addressed by each programme goals as 'significant'.

Figure 38: Programmes Goals and Regional Needs (%)



Source: core team survey results.

Regarding incompatibilities between regional needs and ERDF programmes, most respondents felt they were not well informed/experienced to answer properly, 55 percent responding 'Don't Know'. Nonetheless, if accounting for only the remaining responses, it is possible to discern existent incompatibilities but not too substantial between regional needs and ERDF programmes, overall (23 percent) and in each period.

In the respondents' opinion, these incompatibilities had impact but did not undermine the relevance and the achievements of ERDF programmes. In fact, the only stated major incompatibilities were addressed to the 2007-13 programme, namely the low and unrealistic co-financing rates.

Regarding the analysis of each of the programme period specific characteristics, the survey shows that, in a general way (i.e. for the whole period of study), respondents agree that programme strategies, design and implementation were adequate, as well as the fund distribution, the complementarities between programmes and their effectiveness and utility.

For the 1989-93 and the 1994-99 periods, the low degree of responses do not allow a clear framework of the respondents assessment of each these programmes. For the 2000-06 programme period, the overall number of responses increased to 8. The most positive responses were towards the appropriateness of programme strategies (88 percent), followed by the effectiveness of programme implementation (75 percent), the programme efficiency due to the concentration of funding in selected domains (75 percent) and the good integration of the programme with other EU policies (75 percent).

In addition, negative answers only accounted for 18 percent of all responses, thus the ones that gathered most replies were that fund distribution was not targeted to the region most prominent needs (25 percent) and the programmes' lack of flexibility to accommodate changing socio-economic and stakeholders needs (13 percent).

For 2007-13, as one would expect, the number of responses was much more satisfactory (16 responses). Nonetheless, they are similar to the ones observed in the previous period. In fact, the ones with most responses were the appropriateness of programme strategies with 63 percent, followed by the effectiveness of programme implementation with 56 percent and the programme efficiency due to the concentration of funding in selected domains with 50 percent. Interestingly, this last domain also gathered a high number of negative answers (50 percent), showing that responses do not follow a general or specific pattern; in fact it is not possible to discern forms of response based on the typology of the respondents, which allows to conclude that answers for a few domains (not only the one highlighted) are more related to the vision of the programme that each respondent has than the nature of the organisation he/she represents.

Lastly, the remaining domains that gather more negative views are the of lack of flexibility to accommodate changing socio-economic needs with 53 percent and the inefficiency of the programmes due to the concentration of funding in large projects with 44 percent.

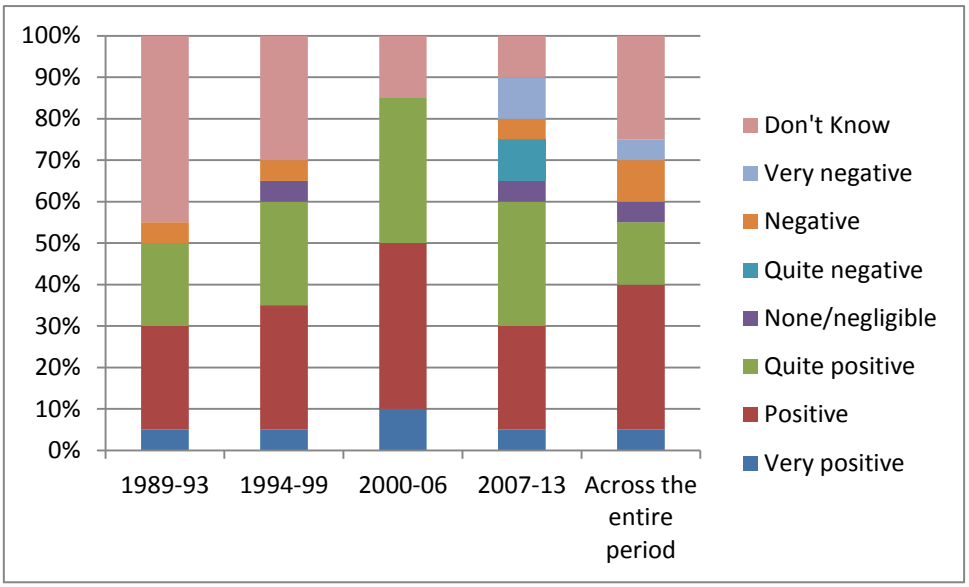
In summary, the positive and negative trends highlighted by the responses throughout the entire study period were the following:

- A consensus among most respondents and through all periods towards the appropriateness of ERDF programme strategies.
- Recurrence of positive answers highlighting the relevance of the funding concentration in selected domains for the programmes' efficiency, the effectiveness of programmes' implementation and the complementarity with other EU policies.
- A general idea that ERDF programmes' lacked flexibility to accommodate the region's changing socio-economic needs and their failure in promoting a larger public participation, in order to involve stakeholders' opinion in the programmes' design.

The above analysis is also helpful to confirm the ERDF programmes impact in the region. The number of respondents that highlight the positive impact of the programmes clearly surpass negative views in all periods (idea also transversal to all respondent organisations), with the very positive, positive and quite positive responses accounting for over 50 percent of the answers in all periods.

The most negative views of ERDF programmes' impact emphasise the low impact of the 2007-2013 programme (highlighted by the 10 percent of share to the very negative impact in 2007-13), due to the diminishing of available funding (in comparison with previous periods), consequence of the Phasing-Out of Objective 1 Convergence.

Figure 39: ERDF Programmes' Impact by programme period (percent)



Source: core team survey results.

Concerning the future of ERDF funded programmes', despite the diversity of answers provided, the respondents outline as the main needs for improvement four main ideas (the ones that have response rates above equal or above 50 percent):

1. Simplification in fund administration for the programme beneficiaries. 65 percent of the respondents highlighted this need.
2. The need to use evaluations of previous programmes to outline strategies more related with regional needs. 50 percent of the respondents highlighted this need.
3. Increase flexibility during programme periods in order to adapt to changing regional needs. 50 percent of the respondents highlighted this need.
4. The need to broaden the categories of investments eligible for ERDF funding.

Lastly, it is important to discern the respondents' recommendations to improve ERDF programmes' impact for the next programme period. In summary, respondents stress the need to consider regional stakeholders inputs for the programme design, so that programmes have a more assertive and oriented impact in the improvement of the region's territorial cohesion. To achieve this, respondents recommended promoting a decentralised management of the programmes, so that selected projects have the ability to justify the investment needed for their implementation.

Additionally, respondents stressed the need to support activities that can enhance local economies, namely through the use of natural resources (development of agriculture products of high quality) and the promotion of new types of tourism (such as nature tourism, eco-tourism, agro-tourism, etc.), and well as clear support to SME development and modernisation and promotion of networking as a way to boost regional competitiveness.