

Study on the relevance and the effectiveness of ERDF and Cohesion Fund support to Regions with Specific Geographical Features – Islands, Mountainous and Sparsely Populated areas

Second Intermediate Report

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Study coordinated by ADE

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3.4 Centro

1.1. Identification of NUTS2 area and corresponding NUTS3 region(s)

Code	Name	Nuts level	Country
PT16	Centro	2	PT
PT164	Pinhal Interior Norte	3	PT
PT165	Dão Lafões	3	PT
PT166	Pinhal Interior Sul	3	PT
PT167	Serra da Estrela	3	PT
PT168	Beira Interior Norte	3	PT
PT16A	Cova da Beira	3	PT

Source: Eurostat, 2011.

1.2. Identification of relevant programmes supported by ERDF or Cohesion funds: Regional Development Programmes for Centro

Period	Programme	Progr. type	EU Contribution (EuroM)		
			ERDF	ESF	EAGGF
00-06	Operational Programme “Centro”	Regional	1,289	213	206
07-13	Operational Programme “Centro”	Regional	1,701		
07-13	Operational Programme “Cohesion Fund – ERDF”	National	3,060		

Source: European Commission, 2011.

Regarding the ERDF there was an increase of 412 million Euros (32%) in the 2007-2013 Operational Programme “Centro” as compared to the previous 2000-2006 period.

2. Regional features and Domestic Policy Responses

2.1. Main characteristics

Centro is a NUTS2 region, integrating six NUTS3 areas. The main geographical challenges of the region derive from problems of accessibility and intra-regional connection. Centro is quite asymmetric; it has a more developed and dynamic coastal area, with some main urban poles - Aveiro, Coimbra, Leiria – and an interior territory with mountains and greater problems in terms of accessibility, economic performance and social cohesion. The NUTS3 region in question are in fact areas affected by specific geographical features, are remote territories, with mountains and sparsely populated conditions.

2.2. Position, trends and dynamics

The population of Centro (2.3 mio.) represents around 23% of the total population of Portugal and has enjoyed 3.2% increase during the last period 2000-2007. Yet its population density in 2007 was relatively low (52.7) compared to the national average (82.2).

Population and population density

Nuts code	Region name	Total Population (M)		Incr.	Population density		Incr.
		2000	2007		(2000)	(2007)	
EU27		n.a.	n.a.	n.a.	111	115.2	3.8%
PT	Portugal	10.195014	10.599095	4.0%	82.2	84.6	2.9%
PT16	Centro	2.312390	2.385891	3.2%	52.2	52.7	1.0%
PT164	Pinhal Interior Norte	136657	137904	0.9%	80.9	83.5	3.2%
PT165	Dão Lafões	281879	291458	3.4%	23.5	21.7	-7.7%
PT166	Pinhal Interior Sul	45039	41599	-7.6%	57.4	55.4	-3.5%
PT167	Serra da Estrela	49765	48281	-3.0%	28	27.2	-2.9%
PT168	Beira Interior Norte	114069	111182	-2.5%	67.1	66.6	-0.7%
PT16A	Cova da Beira	0.092109	91844	-0.3%	111	115.2	3.8%

Source: Eurostat, 2011.

In terms of economy, the region also lags behind the national average; in 2007, Portugal presented a GDP of 15,400 compared to 13,100 of Centro. However for the 2000-2007 period, the total growth of the region (37.9%) is nearly that of the country as a whole (37.5%).

GDP and total growth

Nuts code	Region name	GDP at current market prices		Total Growth 00-07 (%)
		2000	2007	
EU27		19100	24900	n.a.
PT	Portugal	12000	15400	37.5
PT16	Centro	10100	13100	37.9
PT164	Pinhal Interior Norte	6800	9200	39.4
PT165	Dão Lafões	8200	10800	47.9
PT166	Pinhal Interior Sul	7000	11400	58.3
PT167	Serra da Estrela	6300	9000	52.5
PT168	Beira Interior Norte	7900	10500	50
PT16A	Cova da Beira	7800	10200	36

Source: Eurostat, 2011.

Until 2007 the unemployment rate of the region (5.6%) was lower than the national one (8%) and lower than the EU average (7.2%). Additionally, it is worth noting that two NUTS3 regions - Cova da Beira and Serra da Estrela – scored significantly worse – until 2007 – compared to the regional average (9.4% and 8.3% respectively).

Unemployment

Nuts code	Region name	Unemployment rate % (15 or over years),		Incr.
		2000	2007	
EU27		9	7.2	-20.0
PT	Portugal	4	8	100.0
PT16	Centro	2.2	5.6	154.5
PT164	Pinhal Interior Norte	1.8	4.6	155.6
PT165	Dão Lafões	2.9	6	106.9
PT166	Pinhal Interior Sul	2.3	2.9	26.1
PT167	Serra da Estrela	2.8	8.3	196.4
PT168	Beira Interior Norte	1.6	4.2	162.5
PT16A	Cova da Beira	2.9	9.4	224.1

Source: Eurostat, 2011.

In Centro Region the Agriculture and Fishing sector decreased around 9.1% and Services increased in 12%, while in Portugal the Agricultural sector decreased only 6.2% and the Services increased 11.5%. Regarding the NUTS3 areas, Serra da Estrela and Pinhal Interior Sul were the 'big losers' in terms of percentage of primary employment.

Employment per sector at NUTS 1, 2 and 3 ('000)

Nuts code	Region name	Employment					
		Agriculture, fishing			Services ⁶²		
		2000	2007	Incr.	2000	2007	Incr.
EU27		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
PT	Portugal	613.2	575.1	-6.2	2784.5	3103.9	11.5
PT16	Centro	304.5	276.8	-9.1	503.8	564.4	12.0
PT164	Pinhal Interior Norte	16.2	13.6	-16.0	22.2	25.1	13.1
PT165	Dão Lafões	43.5	41.6	-4.4	56.1	61.1	8.9
PT166	Pinhal Interior Sul	11.2	8.7	-22.3	6.4	7.4	15.6
PT167	Serra da Estrela	8.3	5.5	-33.7	7.3	8.3	13.7
PT168	Beira Interior Norte	26.5	25.1	-5.3	21.3	23.9	12.2
PT16A	Cova da Beira	16.7	19.2	15.0	17.7	19.3	9.0

Source: Eurostat, 2011.

Tourism in Centro Region (number of bed-places) increased during the same period (2000-2007) at a similar rate as Portugal (19%-20%) more than double EU average (10%). Yet there are differences within the region, Dão Lafões gained almost 1000 bed-places (27% increases) and Cova da Beira 800 new beds (+ 75%).

⁶² Services include (except extra-territorial organizations); Wholesale and retail trade; hotels and restaurants, transport; Financial intermediation; real estate, public administration and community services; activities of households

Tourism

Nuts code	Region name	Tourism (Nr. of bed-places*)		
		2000	2007	Incr.
EU27		10639232	11715177	10%
PT	Portugal	222958	264747	18.7
PT16	Centro	30608	36837	20.4
PT164	Pinhal Interior Norte	450	640	42.2
PT165	Dão Lafões	3445	4370	26.9
PT166	Pinhal Interior Sul	103	198	92.2
PT167	Serra da Estrela	463	507	9.5
PT168	Beira Interior Norte	1093	1690	54.6
PT16A	Cova da Beira	1043	1830	75.5

* Hotels and similar establishments

Source: Eurostat, 2011.

Finally, it is worth noting the outstanding promotion of the information society and new technologies within the region for 2000-2007 when the percentage of households having broadband Internet access increase by 67%.

ICT

Nuts code	Region name	Households that have Broadband Internet access at home (%)		
		2007	2010	Variation 07-10 (%)
EU27		n.a.	n.a.	n.a.
PT	Portugal	n.a.	n.a.	n.a.
PT16	Centro	27	45	67%

Source: Eurostat, 2011.

The main economic challenges stem from a low productivity level resulting in low wages and a high use of natural resources; the effects of EU expansion and the progressive liberalization of developed economies (especially on certain industry sectors in regression where the region shows a specialization, such as textiles, wood); a low investment and low endowment of human resources for R & D; the low innovative capacity, particularly at business level; specialized productive industries focused on low-tech; and, the small size of enterprises together with a high degree of industrial atomization.

To address these challenges the region counts on the following potentials: accumulation of physical capital with the development of new and better accessibility and logistic conditions; significant levels of expertise accumulated in some sectors that can help diversify the productive and increase levels of internationalization; the possibility of renewal and diversification in the traditional sectors (e.g. agro-food industries); good positioning in energy production from renewable sources (e.g. wind power); capacity building in terms of the regional innovation system with some universities assuming leadership and visibility (e.g. University of Beira Interior); a more pragmatic and business focused approach in terms of regional development. The region also counts on the high potential of the tourism sector, with different characteristics across the territory (e.g. city escapes; mountain and nature activities; culture and heritage, etc.).

2.3. Domestic Policy Responses

Portugal is a highly centralized country and the only autonomous regions are Azores and Madeira, both insular ultra peripheral regions. Mainland Portugal is divided into five NUTS2 regions, including Centro Region, which are managed by the decentralized national administration. The Commission of Coordination and Regional Development is the administrative public organism in charge, having limited power and autonomy for policy design and delivery. During the first EU programming periods, including 2000-2006, the main policy instruments focused on regional development were the Operational Programs. Domestic policies and plans were more limited and narrower. In a certain way it is possible to say that the Portuguese regional policy was the European regional policy applied to Portugal, meaning also that the national and the local administrations were much more relevant than the regional administration. Nevertheless during those programming periods, institutional capacity building occurred and decentralization efforts occurred. The preparation of the 2007-2013 period benefited from the organizational learning and experience, with the institutions and regional stakeholders getting more capacitated to plan strategically. The current Regional Operational Programme also reflects a change in terms of transformation of the territory and therefore a change in public priorities and policy delivery. Projects to be implemented are designed having more in consideration the need to have an added value in terms economic performance; there is the recognition that small and isolated initiatives are not enough to bring a positive output, in contrast with the need to have more robust and articulated projects, with scale and concentration of efforts and resources. And that is especially important for more peripheral and poor territories, with mountains and other geographical and demographic limitations.

The Regional Operational Programme 2000-2006 had three strategic orientations concerning the qualification of the territory, the competitiveness of the economy and the protection of the environment and natural resources. The Plan focused on five main objectives in order to boost the sustainable economic growth, which were to give to the population access to basic services and infrastructures; urban qualification; rural development; valorisation of the endogenous capacities of specific territories; and qualification of regional competitiveness factors. The Plan targeted the deficit of the region in terms of infrastructures and equipments (e.g. at different levels - environmental, social, cultural equipments) enhancing the territorial cohesion and the reduction of the intra-regional asymmetries.

For the period 2007-2013 the Regional Operational Programme had five strategic priorities: 1) Competitiveness, innovation and knowledge (with actions towards R&D projects; incentives for SME; pilot projects in renewable energies; knowledge society initiatives; entrepreneurial collective actions); 2) Urban development (with programmes regarding urban regeneration partnerships; networks for urban innovation and competitiveness; urban mobility); 3) Consolidation and qualification of sub-regional specific areas (with actions for provision of public goods and services in rural areas; valorisation of specific resources of the territories; creation and qualification equipments and infrastructures); 4) Environmental protection and valorisation (with actions towards the water cycle qualification especially in terms of urban use; prevention of natural and technological risks); 5) Governance and institutional capacity (to enhance the relation between business and administration; electronic government; institutional promotion of the region).

Comparing with the previous period, it is possible to observe a more focused orientation and investment allocation towards economic performance, employment and endogenous growth focusing on the activity sectors. The deficit in terms of infrastructures and access to basic services and equipments was reduced and the goal of competitiveness was enhanced. Traditionally in the previous programs, the goals in terms of cohesion were the priority and the focus of the public policies and actions were narrower than in the current period. That's transversal but it also affects the way of looking and thinking the development of geographical areas with specific features, looking more to handicaps in terms of economic / entrepreneurial performance and less in terms of access to infrastructures, for example.

3. ERDF and CF (where relevant) Programme priorities and fields of intervention

The total EU budget allocation for Centro regional Operational Programme for the period 2000-2006 for was of 1.708 mio. Euros. The contribution came from different funds, namely the ERDF 1.289 mio. Euros (75%) followed by the ESF EuroM 213 Euros (13%) and finally the EAGGF EuroM 206 Euros (12%).

For the 2007-2013 programming period, the regional operational programme 'Centro' received a total of EuroM 1,701 Euros, entirely coming from ERDF. This allocation is similar to the previous programming period 2000-2006. In addition to this, the region also benefited from the national type programme 'Cohesion Fund – ERDF', entirely financed by the ERDF (EuroM 3,060 Euros).

Total budget allocation

Period	Programme	Progr. type	EU Contribution (EuroM)		
			ERDF	ESF	EAGGF
00-06	Operational Programme "Centro"	Regional	1,289	213	206
07-13	Operational Programme "Centro"	Regional	1,701		

Source: European Commission, 2011.

Looking at budget allocated by priority, the below tables show that for the 2000-2006 period, there were 3 priority areas, namely 1) Support to investments of municipal and inter-municipal priority; 2) Integrated actions of territorial base; and 3) Central administration interventions with regional decentralization. For the 2007-2013 programming period there are six priority areas: 1) Competitiveness, innovation and knowledge; 2) Urban development; 3) Consolidation and qualification of sub-regional specific areas; 4) Environmental protection and valorisation; 5) Government and institutional capacity; and 6) Technical assistance.

Allocation by priority

2000-2006: Regional Operational Programme Centro		Contribution			
Priority Area	Total	EU	%	National	
1 – Support to investments of municipal and inter-municipal priority	797,093,998	559,608,054	70%	237,485,944	
2 – Integrated actions of territorial base	302,730,948	194,620,279	64%	86,637,070	
3 – Central administration interventions with regional decentralization	1,759,997,054	956,295,667	54%	658,673,986	
Total	2,859,822,000	1,710,524,000	60%	982,797,000	

2007-2013: Regional Operational Programme Centro		Contribution			
Priority Area		Total	EU	%	National
1 – Competitiveness, innovation and knowledge		1,081,859,896	576,892,050	53%	504,967,846
2 – Urban development		486,650,793	250,000,000	51%	236,650,793
3 - Consolidation and qualification of sub-regional specific areas		668,571,428	468,000,000	70%	200,571,428
4 –Environmental protection and valorisation		343,834,697	210,756,820	61%	133,077,877
5 – Government and institutional capacity		235,135,662	140,681,178	60%	94,454,484
6 - Technical Assistance		65,062,442	55,303,076	85%	9,759,366
Total		2,881,114,918	1,701,633,124	59%	1,179,481,794

Source: European Commission, 2011.

By field of intervention at NUTS2 and NUTS3 level, (see table below) the SWECO analysis for the 2000-2006 programming period identifies the six NUTS3 regions as “Mountain” type, with relatively larger investment in environmental infrastructures (PT164, PT 165, PT166); and relatively larger investment in social and health infrastructures.

Comparison of ERDF and CF commitments by fields of intervention, 2000-2006

Fields of intervention	Territorial level (Nuts)	EU	EU	PT	PT16	PT164	PT165	PT166	PT167	PT168	PT16A
	Name		Mountains	Portugal	Centro (P)	Pinhal Interior Norte	Dão-Lafões	Pinhal Interior Sul	Serra da Estrela	Beira Interior Norte	Cova da Beira
	Region eligibility SGF	Obj. 1	Obj. 1		Obj. 1	Obj. 1	Obj. 1	Obj. 1	Obj. 1	Obj. 1	Obj. 1
		M			M-	M-	M-	M-	M-	M-	M-
11 Agriculture		0,1%	0,1%	0,0%	0,0%						
12 Forestry		0,0%		0,0%	0,0%						
13 Promoting the adaptation and the development of rural areas		0,4%	0,3%	1,5%	0,7%	2,1%	0,5%	1,0%	0,6%	4,7%	3,1%
14 Fisheries		0,1%	0,2%	0,1%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
15 Assisting large business organisations		5,8%	4,8%	7,2%	9,1%	2,6%	9,9%	0,5%	0,9%	2,9%	0,6%
16 Assisting SMEs and the craft sector		9,6%	12,6%	12,4%	13,4%	15,0%	14,7%	30,5%	10,3%	17,0%	14,1%
17 Tourism		2,9%	4,5%	2,4%	1,5%	1,9%	0,4%	0,7%	8,9%	6,6%	8,7%
18 Research, technological development and innovation (RTDI)		6,2%	4,1%	4,7%	4,8%	2,5%	3,2%	1,8%	3,1%	4,7%	5,6%
21 Labour market policy		0,1%	0,0%	0,1%	0,0%						
22 Social inclusion		0,1%	0,0%	0,3%	0,0%						
23 Developing education and vocational training		1,5%	0,8%	0,3%	0,0%						
24 Workforce flexibility, entrepreneurial activity, innovation, ICT		0,0%	0,0%		0,0%						
25 Positive labour market actions for women					0,0%						
31 Transport infrastructure		34,0%	33,6%	29,1%	24,5%	18,6%	19,9%	17,1%	25,8%	18,0%	24,3%
32 Telecommunication infrastructure and information society		3,2%	3,9%	3,7%	2,9%	2,3%	2,6%	1,3%	2,2%	2,7%	3,7%
33 Energy infrastructure		1,0%	1,0%	3,1%	3,1%	2,6%	2,7%	0,5%	1,7%	0,9%	1,1%
34 Environmental infrastructure		19,3%	17,3%	14,4%	17,4%	30,7%	23,5%	30,4%	19,9%	20,3%	11,1%
35 Planning and rehabilitation		10,1%	10,7%	8,9%	11,0%	9,6%	12,6%	5,0%	8,1%	12,9%	14,5%
36 Social and public health infrastructure		4,2%	4,6%	10,8%	11,1%	12,0%	9,8%	10,9%	18,2%	9,1%	12,8%
41 Technical Assistance and innovative actions		1,4%	1,5%	1,0%	0,4%	0,2%	0,2%	0,2%	0,3%	0,2%	0,2%
Total		100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Total 1 Productive environment		25,1%	26,7%	28,4%	29,5%	24,1%	28,8%	34,5%	23,9%	35,9%	32,3%
Total 2 Human resources		1,8%	0,9%	0,6%	0,0%						
Total 3 Basic Infrastructure		71,7%	71,0%	70,0%	70,1%	75,7%	71,0%	65,3%	75,9%	63,9%	67,5%
Total 4 Technical Assistance		1,4%	1,5%	1,0%	0,4%	0,2%	0,2%	0,2%	0,3%	0,2%	0,2%

Source: Sweco, 2008.

4. ERDF and Cohesion Fund (where relevant) strategies and relevance

The OPs address the problem of the geographical specificity of the region during the phase of strategy development for the Programme, but on a generic perspective. In both programmes there are references the limitations caused by mountainous specific geographic feature of the areas, but there is also consideration to the opportunities associated with nature, heritage and winter sports in those areas (e.g. Serra da Estrela). The potentialities for tourism and for promoting traditional economic activities are also explored.

In addition, there are the PROVERE – Programmes for the Economic Enhancement of Endogenous Resources. The PROVERE Economic Enhancement Strategies with a Territorial Basis emerge not as another programme of direct financing for initiatives, since it shall be funded by the Operational Programmes of the NSRF, but as the embodiment of a horizontal policy instrument – Collective Efficiency Strategies – which aims to stimulate the emergence of integrated sets of initiatives, uniting diverse sectors of intervention in the economic enhancement and galvanization of the territory, in the form of partnerships with objectives, composition and geographical target areas suited to each specific case. The PROVERE are accordingly a policy instrument specifically directed at “low density” areas. The core objective of the PROVERE is to foster competitiveness through the galvanization of economic base activities (goods and services), which are innovative and based on the enhancement of endogenous resources. These interventions must be sustainable and be concerned with generating effects that extend into other activities (multiplier effect), thus contributing to the creation of conditions for population settlement and renewal.

The PROVERE, based on an innovative programming integration approach, is focused on the establishment of partnerships involving public and private actors for the implementation of integrated action programmes, with a well-defined thematic focus and without territorial exclusivity.

(For more information please consult

http://www.dpp.pt/pages/files/PROVERE_EN.pdf)

No dedicated analysis to the needs of the six areas concerned with geographical features has been found in the OP 00-06, beyond sporadic and transversal references shown during the analysis of situation, "... the territory of Centro region has significant differences within the territory ... the interior territories including Dão Lafões, Pinhal Interior, Serra da Estrela, Cova da Beira have greater needs it terms of collective equipments to support productive activities, which are important to promote life quality and conditions for sustaining reasonable demographic levels”.

The 2007-13 OP however, presents a more detailed analysis of the different areas of Centro Region. It shows general indicators (e.g. demography, labour market, economic performance, activity sectors) and also provides analysis of some figures, but these stay at a general level regarding the specific geographical features. It is possible to find broad statements saying that the old dichotomy littoral / interior is still present, that the demography is strongly linked with the morphology of the territory crossed by the mountain range of “Cordilheira Central”, making it hard for the mobility of people and goods. Regarding the urban system in those areas, the analysis explains that it is possible to identify the urban system of Dão Lafões with centre in Viseu, including Mangualde / Nelas / São Pedro do Sul Tondela; the urban system around Serra da Estrela with Oliveira do Hospital / Seia / Gouveia; and also the longitudinal axis composed by medium size cities of Guarda / Covilhã, Fundão and Castelo Branco. The OP 07-13 also provides an overall discussion over the articulation between rural and urban territories, from the perspective of intra regional cohesion.

No explicit mention has been found in the OP 00-06 and 07-13 documents with regard to different priorities and objectives at NUTS3 level for those specific geographical features areas of Centro Region. In fact, the objectives and priorities of both Programmes are set for the whole region, at least at the Programme design level. At a more operational level and for the OP 00-06 it is possible to find specific measures towards areas with geographical features, as explained next.

Looking at the OP 00-06 priorities: strategic Axis 2 – ‘Integrated Actions of Territorial Base’, it is possible to find measures priority aimed at the development of territories with specific geographical features. For example, measure 2.3 – ‘Innovative actions to enhance dynamics in small villages including the support to local communities and their traditional activities’; measure 2.5 – ‘Integrated actions of territorial base in Serra da Estrela’ aiming to promote the sustainable use of natural resources, the preservation of the landscapes, the territory land use management regarding several activities e.g. agriculture, forest, tourism; measure 2.5 – ‘Integrated actions of territorial base in Pinhal Interior’, more focused on forest and water resources management.

To some extent it could be said that somehow the OP 00-06 manage to promote the development of some disadvantaged areas with specific geographical features, despite the lack of specific focus in the overall strategy part of the document. The OP 07-13 remains also generic for strategic objectives, and with respect to measures it shows a less focused programming framework and much more of transversal nature. Although not very clear or specific, it seems towards the end that the OP 07-13 will deal with some of the challenges related to cohesion and economic integration of peripheral areas, yet remaining very vague about specific targets.

5. Quantitative results of the ERDF/CF programme

The Portuguese III Community Support Framework (2000-2006) had three thematic priorities (Valorisation of Human Potential, Support to Productive Activities and Territorial Planning), and four strategic objectives axes: 1) To raise qualifications, to promote the employment and the social cohesion; 2) To change and to modernise the productive activities; 3) To strengthen the territorial values and the geo-economic position of the country; 4) To promote the sustainable regional development and the social cohesion), whose objectives were applied under 19 OPs. By the end of 2007, the grade of execution out of the total public expenditure programmed for the III CSF was of 89% (32,300 million Euros). The largest volume of investment was made in transport infrastructures (21,6%), in line with territorial cohesion goals.

With regard to relevant programme’s indicators, the Tables provide a summary of achievements by main Field of Intervention. The scenario is one in which the programme performs relatively especially in the field of transport infrastructure which was one of the main foci of the programme. Similarly, the majority of targets were achieved in the other areas including environmental and social and public health infrastructure as well as planning and rehabilitation.

Relevant programme's indicators

Transport infrastructure (1,035 million Euros)

FOI	Measure	Type of indicator	Indicator	Unit	Year target	Target value	Achieved value	Year achieved
Roads and Motorways	Equipment and local infrastructures	Output	Beneficiary municipal network	km	2006	843	771	2006
		Output	Motorways accesses	number	2006	8	8	2006
		Output	Municipal network built	km	2006	52	43	2006
	Accessibilities	Output	Roads	km	2006	683	665	2006
		Output	Urban road network built	km	2006	5	5	2006
		Output	Recovered roads	km	2006	36	36	2006
		Output	Remodelled/ extended sidewalks	number	2006	1	0	2006
		Output	Repaired roads	km	2006	36	36	2006
		Output	Art work that are included in the project	number	2006	3	3	2006
		Output	Art work built	number	2006	14	14	2006
		Output	Urban road network benefited	km	2006	26	26	2006
		Output	Built/ re-qualified roads	km	2006	2	1	2006
	Integrated action "tourism and patrimony in the C��a plain"	Output	Regional/ local roads	km	2006	0	16.30	2006
	Integrated land based action in the "Serra da Estrela"	Output	Beneficiary roads	km	2006	30	16	2006
	Integrated land based action in "Pinhal interior"	Output	Infrastructure panoramic roads	number	2006	6	2	2006

Source: ADE, 2008.

Environmental infrastructure (including water) (735 million Euros)

Type of indicator	Indicator	Unit	Year target	Target value	Achieved value	Year achieved
Output	Actions of support to the recovering of the environmental liabilities	number	2006	1	0	2006
Output	Draining and treating water	km	2006	1493	1456	2006
Output	Fixed stations installed for the monitoring of environment quality (water, air, and noise)	number	2006	12	12	2006
Output	Intervened waterlines	km	2006	0	74.0	2006
Output	Public information spots in the urban environment field	number	2006	4	6	2006
Output	Rainwater drainage network built	m	2006	82625	80153	2006
Output	Reservoirs built/ remodelled	number	2006	67	73	2006
Output	Residual water drainage and treatment network	number	2006	774	539	2006
Output	Residual water drainage and treatment	km	2006	1134	1416	2006

	network built					
Output	Residual water drainage and treatment network remodelled	km	2006	300	40	2006
Output	Residual water drainage system	number	2006	32	32	2006
Output	Residual water treatment stations built	number	2006	39	25	2006
Output	Residual water treatment stations remodelled/ extended	number	2006	3	3	2006
Output	Scaled waste containers	%	2006	15	11.90	2006
Output	Sewerages	km	2006	460	476	2006
Output	Sewerages (raining water) built	m	2006	9752	9725	2006
Output	Sewerages (raining water) remodelled/ extended	m	2006	4018	4018	2006
Output	Sewerages built	km	2006	1434	1402	2006
Output	Sewerages remodelled/ extended	km	2006	5	2	2006
Output	Waste sealing	number	2006	3	3	2006
Output	Water drainage network built	km	2006	1448	1416	2006
Output	Water drainage network remodelled/ extended	km	2006	45	40	2006
Output	Water storage tanks built	number	2006	66	64	2006
Output	Water storage tanks remodelled/ extended	number	2006	10	10	2006
Output	Water supplying	km	2006	150	151	2006
Output	Water supplying network	km	2006	1129	1241	2006
Output	Water supplying network : collection and treatment	number	2006	5	4	2006
Output	Water supplying network built	km	2006	1139	1118	2006
Output	Water supplying network remodelled/ extended	km	2006	123	123	2006
Output	Water supplying network: collecting and treating	number	2006	3	3	2006

Source: ADE, 2008.

Social and public health infrastructure (466 million Euros)

Measures	Type of indicator	Indicator	Unit	Year target	Target value	Achieved value	Year achieved
Equipment and local infrastructures	Output	Educative, sportive, cultural, social, and leisure equipments	number	2006	70	111	2006
Specific actions of land valorisation	Output	Structuring equipments (culture, leisure, supporting economic activity)	number	2006	8	22	2006
	Output	Recovered/ valorised buildings of interest to the patrimony	number	2006	10	2	2006

Source: ADE, 2008.

Planning and rehabilitation (464 million Euros)

Measure	Type of indicator	Indicator	Unit	Year achieved	Target value	Achieved value	Year achieved
Equipment and local infrastructures	Output	rehabilitation of urban areas	number	2006	20	41	2006
	Output	Rehabilitation of urban areas	number	2006	52	43	2006
	Output	Supported urban upgrading and valorisation projects	number	2006	1	1	2006
	Output	Population benefiting from rehabilitation/upgrading interventions	number	2006	25	38.22	2006

Source: ADE, 2008.

Overall then, according with the Final Report of Execution for the Regional OP 2000-2006 published in 2010, the budget initially approved by the European Commission was, some 1.710 million Euros, was increased by 65.3 million Euros, resulting in total Structural Funds of 1,775 million Euros (ERDF 1.362 million Euros) – according to the last version approved of the Programme –. In the end, and adding the national component the total reached 2.770 million Euros. The global financial execution at the end of the programming period was of 103.5%.

For the 2007-13 programming period, Portugal has been allocated 21.5 billion Euros (current prices) financing from Structural Fund and Cohesion Fund under several objectives, namely Convergence, Regional Competitiveness and Employment, and European Territorial Cooperation. With respect to Portuguese regions eligible under the Convergence objective, Portugal's overall annual contribution to complement the EU investment will be of 3.9 billion Euros.

By the end of 2010, the execution rate of the Portuguese National Strategic Reference Framework (NSRF) reached 23% of the total budget until 2015, corresponding to a total of certified expenses of 4.9000 million Euros. The national OP Territorial Enhancement (ERDF and Cohesion Fund) reached a 39% rate of execution (for the ERDF part), higher the national rate (23%). The total applications approved under NSRF reached 65% of the total funds available (rate of compromise). In terms of results, looking to some indicators, the interventions produced 1,962 Km of roads; 2,786 Km of water networks; 278 risk prevention projects; and, 777 equipments in the areas of health, culture, sports and social assistance. Year 2010 was considered the strongest in terms of execution of Structural Funds in the Portuguese economy.

In September 2010, the OP Centro Region had approved 8.634 applications (29% of the total number of projects nationally approved) representing a total investment of 8,642 million Euros (EU contribution of 3,445 million Euros out of which 1,102 million Euros correspond to ERDF). By the end of the third trimester, the expenses validated under ERDF increased to reach an execution rate of 11.9%.

6. ERDF Governance and complementarities with other sources of funding

For the period 2007-2013 the Instituto Financeiro para o Desenvolvimento Regional (IFDR) is in charge of regional development policy implementation and, most in particular, of ERDF and CF coordination under the Ministry of Economy. The Institute takes responsibility for the financial supervision, coordination and monitoring of the Funds; it is also in charge of managing the payments under the III Community Support Framework 2000-2006 and the National Strategic Reference Framework 2007-2013.

The operational structure of the NSRF is systematised through the creation of Thematic Operational Programmes and Regional Operational Programmes for the Portuguese continental regions and for the two Autonomous Regions. The three Thematic Operational Programmes consist of: Competitive Factors (ERDF); Human Potential (ESF); Territorial Enhancement (ERDF and Cohesion Fund). There are five Continental Regional Operational Programmes - co-financed by ERDF and structured territorially in accordance with NUTS2 criteria - including the Regional Operational Programme Centro.

Order No. 16068/2008 of the Ministers of State and Finance and for Environment, Spatial Planning and Regional Development⁶³ sets out the complementary rules to be observed regarding the circulation of funds amongst the Financial Institute for Regional Development, the Management Authorities, the intermediary bodies and the beneficiaries. This applies to all the operational programmes ERDF and CF financed and formulated in accordance with the general regulations for the ERDF and CF.

The European Agricultural Fund for Rural Development (EARFD) supports the national programme PRODER, which is co-financed to an amount of approximately 3.5 million Euros and involves more than 4.4 million Euros public expenditure. The PRODER is the strategic and financial instrument for the rural development of mainland Portugal for the period 2007-13. The national strategy for rural development establishes the guiding principles for the application of the EARFD at national level. This strategy has been defined in accordance with Community strategic guidelines and presents the following objectives: to improve the competitiveness of the agricultural and forestry sectors; to promote the sustainability of rural areas and natural resources; and to promote the social and economic revitalisation of rural areas. The PRODER has cross-cutting goals such as the strengthening of regional and social cohesion; and, the promotion of the efficiency of public and private actors as well as associations within the sector and regional management. To give an example, the Programme aims to “maintain agricultural activity in less-favoured areas” by establishing compensation packages for those farmers that present additional costs derived from agricultural activity in mountainous and natural handicapped areas.

The European Social Fund supports the thematic Operational Programme “Human Potential”. The Programme aims to promote equal opportunities through the development of integrated strategies of territorial basis for the social integration. The main areas of intervention include: initial qualifications; adaptability and lifelong learning; management and professional improvement; advanced competitiveness training; support for

⁶³ Official Journal (2008), 112 (2)

entrepreneurship and transition to working life; citizenship; inclusion and social development and the promotion of gender equality. The OP “Human Potential” has a total funding of sum 8.8 billion Euros, out of which 6.1 billion Euros are subsidized by the European Social Fund.

In the field of intervention in “Low Density” Areas, the LEADER Community Initiative Program established a new way of approaching/fostering regional development: a bottom-up approach with the territorial level as the baseline; designing integrated territorial development strategies and those of a pilot nature, focused on priority themes (local development plans); and creating local promotion and management entities (local action groups), stimulating the appearance/creation of local development associations responsible for galvanizing the programme in specific intervention zones. In the field of business promotion, LEADER+ has supported tangible or intangible investment (with an expenditure ceiling of EUR 200,000 per project) of a production nature, consisting of, in particular, the creation, establishment and adaptation/modernisation of small and medium-sized goods and services production units.

7. Conclusion

Overall, it can be said that ERDF/CF programmes for 2000-2006 and 2007-2013 programming periods are relevant to deal with specific geographical features areas in Centro Region. These features are taken into account at the design and programming phases, however, on a general perspective and showing not much deep focus on the issue of remoteness.

Just to give an example, let us observe the NUTS3 mountainous area of Serra da Estrela. This zone suffers from connectivity and accessibility constraints, and low socio-economic development rates and negative demographic trends. During the last two decades, and under the last Community Support Frameworks, this zone has benefited from the several European funds, mainly regarding infrastructures and equipments to promote territorial cohesion. The transport network became wider and better, facilitating the mobility of people and goods. Thus, the structural constraints associated with the natural features of the territory were partly overcome. Today however, the main problem seems to have shifted to energy related costs – mainly affecting that many small businesses - since the distances in and out the region remain significant and the oil price continues increasing. In any case, ERDF and CF were undoubtedly relevant to the region from several perspectives, especially in relation to the accumulation of physical capital, which was lacking in the Region.

On the whole, it is fair to say that cities and rural villages in Centro Region offer now much better life conditions than twenty years ago, partly due to the investments made under ERDF / CF in several fields, namely, environmental infrastructures (e.g. water cycle); urban environment (e.g. including the regeneration of public areas and specific building); investment on energy networks and production systems (e.g. renewable sources based on hydro or wind power); information and communication networks, allowing a wider digital connectivity. Furthermore, all these operations have contributed to strengthen the national and the European cohesion.

The geographical features were in part minimized from the point of view of inhibiting the socio economic development of the territory, but the problems and the limitations are still there. Despite all the investments made, the demographic trends are still negative (aging and loss of population), the economic performance is relatively low, wages are low, small-scale agriculture continues to be dominant and presenting low levels of productivity; medium and large size industries are closing due to the lack of competitiveness, generally; services and other activities like tourism are growing but on a limited extent.

The socio economic depression is a reality in those territories, in part due to their endogenous conditions but also due to the national and global context during the last years. For example the changes in terms of industrial dislocation of production, with factories closing and moving to eastern and oriental countries, had an impact in terms regional development. Investments made in new roads and other infrastructures under ERDF to improve the competitiveness of traditional industries (e.g. textiles) were not sufficient, in the end, to keep alive those businesses competing against low costs driven models from overseas.

In summary, it could be said that despite the certain relevance of ERDF and CF programmes for the region, they have not been sufficiently effective to completely overcome the range of limitations imposed by their specific geographic features. In terms of examples of good practice using ERDF, the program of “Aldeias Históricas de Portugal⁶⁴” is an example of a project developed in the interior of Centro Region. It involved the socio-economic recovery and enhancement of historical villages affected by geographic and demographic constraints, namely, location - along mountainous areas or peripheral border territories near Spain-, sparsely population and economic depression. The project included a network of 12 small villages (Almeida, Belmonte, Castelo Mendo, Castelo Novo, Castelo Rodrigo, Idanha-a-Velha, Linhares, Marialva, Monsanto, Piodão, Sortelha, Trancoso) from 10 municipalities.

The Historical Villages of Portugal Programme embodies a strategy for the development and optimisation of the interior of Centro region, focusing on the promotion of genuine and differentiating resources such as history, culture and heritage, which are essential components for the sustainability of less competitive territories affected by demographic and economic problems. The recovery of the historical villages included the refurbishment of old buildings, churches, palaces and castles.

The network of Historical Villages reflects a unifying experience by involving the recovery of towns and villages that a century ago enjoyed a socio-economic leadership status. The project worked on the valorisation of cultural and historical resources; the preservation of the landscape; the engagement and participation of the local communities in the development process; the territorial marketing associated with the promotion of the project, and the consolidation of the brand “Aldeias Historicas de Portugal”.

Partners of the Programme included the regional administration, municipalities, public institutes, local development associations, local companies and small entrepreneurs. The

⁶⁴ <http://www.aldeiashistoricasdeportugal.com>

Historical Villages of Portugal was created under the II Community Support Framework 1994-1999 and extended under the III Community Support Framework 2000-2006, in which it was the anchor of the Territorially-Based Integrative Action, achieving a total funding of 44,6 million Euros ERDF.

This project is a good showcase of an integrated intervention that transforms the “handicaps in opportunities”. Other similar projects in the region, aimed at transforming the handicaps into opportunities, may include the Schist Villages Network⁶⁵ project. This presents a similar approach in terms of objectives, actions and funding mechanisms OP’s/ERDF, as “Aldeias Históricas de Portugal”. In this case, the territory is less peripheral but the problems to face are quite similar.

⁶⁵ <http://www.aldeiasdoxisto.pt>