



**Expert evaluation network  
delivering policy analysis on the  
performance of Cohesion Policy 2007-2013  
Year 3 – 2013**

**Task 2: Country Report on Achievements of  
Cohesion Policy**

**Portugal**

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**A report to the European Commission  
Directorate-General Regional Policy**

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## List of abbreviations

- AIR           Annual Implementation Report
- CRIL         Lisbon's Internal Regional Belt
- EC            European Commission
- ECB          European Central Bank
- EEN          Expert Evaluation Network
- EFAP         Economic and Financial Assistance Programme
- FEI          Financial Engineering Instrument
- GHG         Green House Effect Gases
- IMF          International Monetary Fund
- IPPII         System of public policy instruments for innovation and internationalization
- MA          Managing Authority
- NRP -        National Reform Programmes
- NSRF         National Strategic Reference Framework
- OP          Operational Programme
- POE/PRIME   Programa Operacional Economica
- pp          Percentage points
- SF          Structural Funds
- TEN-T       Trans-European Transport Networks
- toe         Tonne of Oil Equivalent

## Executive summary

During the remainder of 2012 and the first semester of 2013, the Portuguese economy continued to struggle in a very adverse context, with very few signs of recovery. The constant downward tendency of the GDP from mid-2010 to the first trimester of 2013 showed a timid recovery in the second trimester, although keeping with a negative growth rate. The unemployment rate continued to increase up to historic maximums, reaching a peak in the first trimester of 2013 (17.7%). The crisis and the aggravation of the economic climate also generated an inversion of the migration tendencies, with the increase of Portuguese emigration, the decrease of new immigrant attractiveness, and the return of many immigrants to their origin countries.

The crisis and austerity policies are having more severe effects in the phasing in and out regions. In the past 15 years, regional divergences at NUTS II and III levels have tended to increase, due essentially to the very positive performance of Lisboa and Madeira. However, in the past 5 years an attenuation of this tendency was observed, mostly because of the effects that the crisis had on the performance of Lisboa and Algarve and, on the other hand, due to a greater financial support by Structural Funds to disadvantaged regions. Also, the greater availability of funds for Convergence Regions is contributing clearly to attenuate the effects of the crisis in these regions.

Since the late 2012 reprogramming, no further major changes have occurred in terms of strategic priorities or the allocation of funds. Nevertheless, in the past year two new measures were introduced that are worth highlighting: a new Financial Engineering Instrument (FEI), the INVESTE QREN credit line; the VALORIZAR programme, financed by the Norte, Centro, Alentejo and Algarve Regional Operational Programmes (ROPs), which aimed at the economic valorisation of the least developed territories in these regions.

The reprogramming processes increased the co-financing rates up to 95%. This factor, along with the cancellation of major infrastructure projects and the re-assessment and dismissal of projects with low implementation rates, contributed to changes in the allocated resources by broad policy area, favouring “enterprise development” and “territorial development”. The combination of these elements highlights the significant importance that national public investment has regarding the application of Structural Funds.

By the end of the second trimester of 2013, the National Strategic Reference Framework (NSRF) implementation rate reached 64.2% of the total funds available for the programming period, what represented 66% of the total approved funds and is one of the highest absorption rates amongst EU Member States. The committed funds represented 97.9% of the total NSRF resources.

In 6 out of 10 OPs, the expenditure certified by the European Commission (EC) has already reached the n+2 implementation targets. Considering also the high commitment rates recorded by most OPs, these would be positive signs indicating that the planned expenditure could likely be carried out by end-2015. However, the increasing financial difficulties of most private and public beneficiaries, the increasing number of projects with implementation delays or cancelled, and the small proportion of completed projects, raises doubts about the beneficiaries' capacity

to conclude the approved projects. These concerns are extendable to the actual implementation of FEIs.

Up to mid-2013, the number of companies supported by the NSRF business aid schemes increased by 24%, to 9,458 and the total leveraged investment reached EUR 9,200 million. The number of supported start-ups also increased to 952, of which 448 in high technology and knowledge intensive sectors. The data obtained from concluded projects in this policy area showed positive results in terms of number of companies with innovation and internationalization activities, investment in innovation and internationalization, creation of qualified jobs, increases in work productivity, financial autonomy of companies and the volume and relative weight of the international trade for their activities. However, the NSRF intervention in this policy area is very limited in comparison to the magnitude of the structural inertia that the Portuguese economy has to overcome, and of the adversities of the current macroeconomic context.

In the transport policy area, 1,992 km of roads construction and improvement projects are concluded, as well as 88.65 km of new TEN-T<sup>1</sup> roads. Other important projects that are physically completed are two extensions of the Porto tram network, the 3.65 km of new road and tunnel of Lisbon's Internal Regional Belt Regional Interior and the construction of 40.7 km of new TEN-T railways.

The implementation of environmental systems projects continued to increase, with the completion of 239 waste water treatment plants, and the construction of 640 km of water supply networks and 1,425 km of sewage collection and drain infrastructure. An additional 736 thousand people are now benefitting from concluded investments in waste water treatment systems, and 136 thousand people are benefitting from water supply systems.

The number of supported school facilities raised to 932 by June 2013, and more than 500 were already concluded. In other areas of territorial development, more significant achievements have been made, either with the support of the national thematic OP or the regional OPs.

Structural Funds are playing a very important role in the development of the Portuguese inland and outermost regions. This is noticeable in policy areas such as transports, environment and territorial development, considering the large investments made in Convergence regions namely in road networks, waste water treatment and water supply systems, modernization of school, health and social facilities, as well as in urban renewal.

The evaluation of the NSRF contribution to businesses innovation and internationalization provides evidence of the positive effects of ERDF support on the internationalization of Portuguese companies. Also in terms of climate change and energy security, the evaluation showed a contribution of the ERDF and Cohesion Fund to the increase of energy efficiency in urban context.

The urgent need for relevant and updated information that could assist policy makers in preparing the next programming period imposed an adjustment of the evaluation strategy. This would comprise a major strategic evaluation launched by the NSRF Observatory, divided into four different evaluation studies focusing on the results and impacts of the NSRF in areas that

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<sup>1</sup> Trans-European Transport Networks.

will be relevant for the next programming period: i) social inclusion in problematic urban territories; ii) reduction of early school dropout; iii) businesses innovation and internationalisation, and; iv) the increase of energy efficiency in urban context. With the conclusion of these studies and a few others, there is currently a significant number of new evaluation results that were made public, and a few others are still underway.

## 1. The socio-economic context

Main points from the previous country report:

- A significant aggravation of the economic context in 2008, followed by anti-crisis measures and an expansionist budget policy adopted in 2009, led to a significant increase of budgetary deficit and public debt and, in April 2011, increased financing difficulties forced the Portuguese Government to apply for financial support to the European Financial Stabilisation Mechanism and the European Financial Stability Facility.
- Fiscal consolidation policies and measures to reduce public expenditure implied a serious setback in the funding available for support to regional development. Several major programmes and projects of infrastructure and facilities led by the central and local administrations were abandoned, suspended or downscaled.
- Strong migration flows from inland to the coast did not decrease in the past decade, since all the interior NUTS III had average population losses between -2% and -10, while the coastal areas continued to be more attractive and dynamic.
- In the second trimester of 2012, GDP decreased more than expected, due to a negative contribution from the part of domestic demand, associated with the overall evolution of the investment. The evolution of the external trade balance has been positive, although that has determined primarily an intense decrease of the imports of goods and services, associated with a plunge in domestic consumption and investment.
- Regarding unemployment, in the second trimester of 2012 the overall unemployment rate reached 15%. Considering the evolution of the unemployment rate at regional level between the second trimester of 2012 and the same period in 2011, there was an increase in all regions, but especially in the Azores (5.9 percentage points (pp)), Lisbon (4.1 pp), Madeira (3.3 pp) and Alentejo (3.2 pp).
- During 2011, there was an inversion of the regional disparities in terms of unemployment trends, indicating that unemployment was affecting in particular the coastal and wealthiest regions, with less intense effects in the most peripheral and interior regions.
- The impact of fiscal consolidation measures on the funds available for regional development is being felt more intensely, with a major decrease in the rates of public investment in all levels of administration. Public investment not associated with Structural Funds is residual, what evidences a complete shift in the central administration priorities, now focused in the reduction of public debt.

### Developments since the 2012 report

During the remainder of 2012 and the first semester of 2013, the Portuguese economy continued to struggle in a very adverse context, with very few signs of recovery. The constant downward tendency that the country GDP evidenced from mid-2010 (2.4% growth boosted by counter-cycle public investment measures) down to the first trimester of 2013 (-4.1%) showed a timid recovery in the second trimester, although keeping with a negative growth (-2.1%). Likewise, the unemployment rate continued to increase up to historic maximums, reaching a

peak in the first trimester of 2013 (17.7%) and - as usual - decreased slightly during the second trimester (to 16.4%), due essentially to the seasonal increase of activity in the tourism sector.

In the first two years of the decade, it was also evident that the crisis and the aggravation of the economic climate generated an inversion of the migration tendencies, with the increase of Portuguese emigration, the decrease of new immigrant attractiveness, and the return of many immigrants to their origin countries (mostly to Brazil, Angola and Eastern Europe). This situation originated negative migration balances (-24.3 thousands inhabitants in 2011 and -37.4 thousands in 2012) that weren't registered since 1992.

At regional level, the most recent indicators of GDP and unemployment put in evidence that the crisis and the austerity policies currently in place are having more severe effects in the non-Convergence regions, namely in the Algarve, Madeira and Lisboa, in which the sectors most affected by the crisis (such as construction, retail commerce, certain services and public administration) were also more relevant to the regional economies.

Accordingly with the 2012 NSRF Strategic Report, in the past 15 years regional divergences at NUTS II and III levels have tended to increase, due essentially to the very positive performance of the northern Lisbon metropolitan area (NUTS III Grande Lisboa) and the Madeira archipelago<sup>2</sup> that put them well ahead of the national average in terms of GDP. However, in the past 5 years an attenuation of this tendency was observed, due in part because of the development of the other Portuguese outmost region, the Azores (GDP growth rate of 4%/year in the last decade), and mostly because of the particularly negative effects that the crisis had on the performance of the most developed regions of Lisboa and Algarve, but also due to the greater financial support of Structural Funds to disadvantaged regions aiming at minimizing the effects caused by the low economic growth and high unemployment rates.

Given that public and private investment levels have lowered very significantly during this period of severe fiscal consolidation, and that the SF are even more instrumental to leverage these investments in the present situation, the greater availability of funds for the support of regional development in the Convergence Regions (Norte, Centro, Alentejo and Azores) is contributing clearly to attenuate the effects of the crisis in these regions.

## **2. The regional development policy pursued, the EU contribution to this and policy achievements over the period**

### **The regional development policy pursued**

Main points from the previous country report:

The NSRF 2007-2013 is structured around three Operational Agendas focused on Human Potential (ESF), Competitiveness Factors (ERDF) and Territorial Valorisation (ERDF + Cohesion Fund), the last two being the focus of this report.

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<sup>2</sup> It should be stressed that the evolution of the Madeira regional GDP is greatly influenced by the International Business Centre of Madeira, a free trade zone. Without its effects, the evolution of the regional economy would be also of divergence with the national average.

The main priorities of the Competitiveness Factors Agenda are:

- Stimulating innovation, scientific and technological development;
- Encouraging business modernisation and internationalisation and enhancing the attractiveness of qualified foreign direct investment;
- Supporting the promotion of an information and knowledge society;
- Reducing specific categories of public costs, including those from the administration of justice;
- Promoting the efficiency and quality of public institutions.

The Territorial Valorisation Agenda priorities focus on the following areas:

- Reinforcement of international connectivity, accessibility and mobility;
- Environment protection and valorisation;
- Cities policy;
- Networks, infrastructure and equipment for territorial and social cohesion.

The national thematic priorities for the different Cross-border Cooperation (CBC) programmes are presented in Annex Table B.

### **Developments since the 2012 report**

The NSRF underwent a first reprogramming process which was approved by the EC by the end of 2011. The new Government elected in mid 2011 proposed a second reprogramming process that was approved by the EC in the end of 2012. The latter did not introduce major changes in the strategic rationale of the NSRF or its OPs, but rather focused on the reallocation of Structural Funds towards projects that would better promote growth, competitiveness and employment (mostly business support schemes and territorial valorisation projects). This reallocation was essentially motivated by the recognition that, in the current adverse economic and financial context, the Structural Funds are one of the very few resources still available which can stimulate investment in the economy and structural changes in the country.

Changes made in the OPs were directly related with a process of release of committed resources in which Managing Authorities (MAs) rescinded the financing contracts or the decisions on projects approved more than 6 months earlier and for which there was no evidence of physical or financial implementation. There was also a re-assessment of projects approved in the past 6 months and with less than 10% of financial implementation. Therefore, by May 2012 EUR 690 million committed to 472 ERDF and Cohesion Fund projects were released (4.7% of the total ERDF and Cohesion Fund resources in NSRF) – more than half of which were previously committed to high-speed railway projects.

Since the late 2012 reprogramming, no further major changes have occurred in terms of strategic priorities or the allocation of funds. Nevertheless, in the past year, two new measures were introduced that are worth highlighting, because they evidence the greater focus being put into enterprise development and into assisting SMEs to access credit (although they have still no visible results):

- The launch of a new FEI under the Competitiveness Factors OP, the INVESTE QREN credit line, aiming at financing the national counterpart of companies with projects supported by the NSRF business support schemes;



- The launch of the VALORIZAR programme, aimed at the economic valorisation of least developed territories in the Norte, Centro, Alentejo and Algarve regions, through measures financed by the respective regional OPs. Essentially, this programme is a business support scheme aimed at SMEs located in interior/low-density areas.

The 2011 and 2012 reprogramming processes increased the co-financing rates up to 95% in great part of the approved operations. This factor, along with the cancellation of major infrastructure projects and the re-assessment and dismissal of projects with low implementation rates, contributed to changes in the allocated resources by broad policy area. In particular, there was a decrease EUR 318 million from “transport”, EUR 80 million from “human resources” and EUR 49 million from “energy and infrastructure”, and a reinforcement of circa EUR 377 million to “enterprise development” and EUR 152 million to “territorial development”.

Overall, the changes observed in the two reprogramming cases had mainly two goals. On the one hand, they sought to adjust the typologies between the thematic and the regional OPs, by readjusting them and changing and/or shifting some areas of investment. On the other hand, it is evident that the increase in the referred co-financing rates aimed at minimizing the negatives effects of the economic crisis in Portugal thus, ensuring the implementation of a vast number of approved projects that ran the risk of not being materialized due to financial restrictions.

That means that these exercises were designed to improve the implementation of structural funds in Portugal, correcting the initial trajectories defined in the various Operational Programmes, according to the learning achieved between 2007 and 2011, seeking to improve efficiency in its application. However, it should not be forgotten that the reprogramming aimed at safeguarding the OPs implementation and effectiveness, because without the strengthening on co-financing rates, those several operations, including those already approved, would surely have never been realized.

## Policy implementation

Main points from the previous country report:

- In June 2012, the overall NSRF implementation rate was 46.2% of the total funding – 57.9% of the overall commitments (including ESF). The implementation rate of ERDF was slightly lower – 44%, representing 51% of the committed fund – while in the case of the Cohesion Fund, the implementation rate was the lowest – 26%, representing 44% of the committed fund.
- Relevant differences in implementation rates between the OPs were still identified, although with changing dynamics. The OPs with the most positive implementation performances continued to be the Azores Regional ERDF OP (57%) and the Madeira Regional ERDF OP (45%), but the Competitiveness Factors OP (with 41%) was surpassed by the regional OPs of Centro (44%) and Lisboa (42%). The lowest implementation rates were still found in the Algarve OP (27%) and the Alentejo OP (31%). Although the implementation rate of the ERDF component of the Territorial Valorisation OP was the highest amongst the NSRF (69%), the implementation of the Cohesion Fund component (26%) dragged the overall OP implementation rate to only 39%.

- Initiatives included in the two reprogramming processes were decisive for a significant increase in the overall financial performance of NSRF (in particular of the OPs funded by the ERDF and the Cohesion Fund), namely: a) the reduction in the commitment rates due to the reduction of deadlocks/stalled commitments, that released EUR 690 million of ERDF and Cohesion Fund resources in NSRF to projects with better performances; b) the suspension in May 2012 of all new approvals in the 8 mainland thematic and regional OPs, and; c) the increase of the EU co-financing rates up to 95% in great part of the approved operations.
- However, the demand for Structural Funds and even the sustainability of many approved initiatives were still being affected by the deterioration of the socio-economic climate. In particular, the huge decrease in public investment levels imposed by the external financial assistance programme, and the credit crunch that is limiting the access of many companies and third sector entities to Structural Funds support continue to be the two most important constraining factors.

### **Developments since the 2012 report**

By the end of the second trimester of 2013, the NSRF implementation rate reached 64.2% of the total funds available for the programming period, what represented 66% of the total approved funds and is one of the highest absorption rates amongst the EU Member States. Regarding the overall level of commitments, the committed funds represented 97.9% of the total NSRF resources.

It should be noticed that the outstanding financial performance of the NSRF is mostly driven by the high implementation rate of the ESF (73%), but both the ERDF and the Cohesion Fund also present very positive performances in this matter, namely with implementation rates of 62% and 52% respectively. In the first half of 2013, the ERDF and Cohesion Fund implementation rates continued to grow at a steady pace, with respective percentage increases of 3.9 pp and 3.2 pp in the second trimester.

By programme, the highest implementation rates amongst all ERDF OPs continue to be presented by the Azores (74%) and Madeira (64%) regional OPs. However, these are now joined at the top by other two regional OPs – Centro (64%) and Lisboa (63%) – that have demonstrated significant increases in their implementation rates during the past year. On the other end, the lowest implementation rates continue to be associated with the Algarve (43%) and Alentejo (51%) regional OPs – although these rates have also increased by circa 15 pp to 20 pp in the past year.

Regarding the thematic Territorial Valorisation OP, its ERDF component continues to present the best performance amongst the ERDF OPs, with an implementation rate of 81%. However, as it has been the case in previous years, the poorer performance of its Cohesion Fund component (implementation rate of 52%) drags the overall implementation rate of this OP down to 61%.

The very positive performance of most OPs must not be dissociated with the exceptional initiatives that were undertaken in 2011 and 2012 in order to accelerate and improve its implementation, as they were previously described. In particular, the increase of the co-financing rates and the cancellation of “stalled” commitments and subsequent release of these funds to new and more mature projects and to different fields of intervention were decisive to accelerate the OPs implementation rates, enabling a significant recover from the delays in the

OPs implementation initial phase, particularly in 2007 and in 2008 by the reasons mentioned in the 2012 Report.

In all OPs (10), the certified expenditure by the EC has already reached the implementation targets imposed by the n+2 rule. Considering also the high commitment rates recorded by most OPs – some of which being already in overbooking, namely the Competitiveness Factors OP and the Azores and Lisboa regional OPs – these would be positive signs indicating that the expenditure planned could likely be carried out by end-2015.

However, the increasing financial difficulties of most private and public beneficiaries, the increasing number of projects with implementation delays or cancelled, and the low proportion of completed projects, are important factors that have to be taken under consideration, since it raises doubts about the beneficiaries' capacity to conclude the approved projects. Although these difficulties are now generalized to most policy areas, it is particularly felt in the area of enterprise and RTDI support<sup>3</sup> - the first to be affected by the credit crunch.

These concerns are extendable to the actual implementation of FEIs (approximately EUR 460 million in the form of guarantee funds and venture capital funds). After 2 years since the signature of agreements with the financial entities, the volume of venture capital applied to SME investments by mid-2012 was still very low, due essentially to the following factors:

- The delays in the initial implementation of the funds, imposed by the tardiness in its constitution process, as already detailed in the 2012 Report.
- The limitations imposed by the competition announcements and regulations (maximum amounts of investment, regional divisions, rules applied to the accumulation with other NSRF incentives, amongst others);
- The difficulties in finding good quality projects, that imposes greater efforts in terms of scrutiny;
- Other issues related with the internal reorganization of the entities responsible for the management of FEIs.

In 2013, a reprogramming of the venture capital funds was carried out. The extension of implementation deadlines and the reduction of the resources committed in some funds were authorised. The mentioned implementation issues, together with a decrease in the demand for these instruments (coupled with the reduction of investment levels and the competition of "simpler", more generous, financial products) anticipate further difficulties in channelling the allocated resources to its final potential beneficiaries.

### **Achievements of the programmes so far**

Main points from the previous country report:

In the 2011 AIRs, implementation data indicated that the number of supported companies almost doubled since 2010:

- Under the Competitiveness Factors Agenda, 7,606 companies were supported through business support schemes (refundable and non-refundable grants), leveraging a total

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<sup>3</sup> Under the Competitiveness Factors OP, only 7% of the approved projects were concluded by end-2012, and the gap between the fund committed and implemented reached 60 pp by mid-2013.

investment of circa EUR 8,700 million. Out of these 7,606 companies, 831 were start-ups, of which 376 in high technology and knowledge intensive sectors. Half of these companies (medium and large) were supported by the Competitiveness Factors OP, while the Norte, Centro and Azores OPs were the most relevant in number of supported SME.

- 7,206 companies have been supported by FEIs (credit lines, venture capital funds and business angels), mostly through the Competitiveness Factors OP (3,824) but many also under the Regional OPs of the Azores (1,759) and Madeira (883). Under the thematic OP, the amount of investment in risk capital was of approximately EUR 15 million.
- The actual degree of achievement in this area was hard to measure, given the small number of concluded projects (less than 7% of the approvals) and the lack of resources necessary to adequately monitor its implementation.

The 2010 AIRs did not highlight a very significant progress in the transport policy area, presenting the following achievements:

- Under the Norte Regional OP, works on 170.5 km of roads and 7 km of railways (e.g. Porto metropolitan tram network) were carried out. These resulted in an estimated 10% time saving along the supported routes.
- In the Azores, the refurbishment of existing roads increased to 263 km, works on two commercial ports and a fishing harbour were undertaken. Overall, the number of benefiting/modernized commercial ports was 33 (17 in 2009). Also, two more re-equipment projects of airport infrastructure were completed, and the savings obtained inter-island air transport increased to EUR 27 million. With 54% of households with an Internet connection in the region, the programme target of 52% was already surpassed.

In the 2011 report the situation described in terms of outcomes in the environment and energy policy area was the following:

- In relation to renewable energy, no project of this type was approved by the Territorial Valorisation OP until the end of 2011, and, in the case of business support schemes to innovation and R&D, most of companies' renewable energy projects eligible under NSRF were put on hold or discarded with the crisis.
- There was an increase in the implementation of environmental systems projects under the Territorial Valorisation OP. By the end of 2011, 158 out of the 359 contracted waste water treatment plants were concluded, as well as 223 km of water supply networks and 617 km of sewage collection and drain infrastructure. The population benefitted from these concluded waste water treatment systems is now estimated in circa 186 thousand people.

Up until mid-2012, several progresses were made in the human resources policy area, in which the Schools Modernisation Programme was recognized (namely by the Overall Evaluation of the Implementation of NSRF) as one of the most effective policy instruments: 867 school facilities have been supported - either in terms of construction, expansion or renewal (investment in school buildings and equipments):

- Pre-school and first cycle primary schools and school centres (up to the 4th grade) – 718 were supported, interventions on 302 schools were concluded (228 in the Norte, 32 in Alentejo, 24 in the Azores, 11 in Algarve and 7 in Madeira);
- Second and third cycles primary schools (4th to 9th grade) – support to 35 schools, 7 of which were concluded (5 in the Norte, and 1 each in Azores and Madeira);
- Secondary schools – 88 schools supported, 58 of which were concluded and in function, benefitting circa 77,000 students.

The previous report highlighted a significant imbalance between what has been achieved in terms of the modernization of school facilities and what has been achieved in other areas of territorial development in that the physical and financial implementation rate was still unsatisfactory in face of its levels of commitment. Nevertheless, other relevant achievements in the Territorial Valorisation Agenda were also identified in the previous report:

- 54 out of the 84 sport facilities projects supported by the Territorial Valorisation OP were concluded;
- In the Norte regional OP, 62 sports facilities projects were concluded (out of 139 contracted) as well as 13 health facilities construction or renewal projects (out of 29 contracted) that benefitted a population of 551,884. Out of the latter, it was highlighted the example of the Norte Rehabilitation Centre;
- In the Centro, it was also highlighted the construction of the new Paediatric Hospital of Coimbra;
- In the Alentejo, 13 health facilities projects (out of 52 contracted) were concluded;
- In the Algarve, another 4 health facilities projects (out of 5 contracted) were concluded;
- In the Azores, two more health facilities projects were concluded, 14 cultural facilities projects were benefitted, as well as 14 sports facilities.

## **Developments since the 2012 report**

### **Enterprise support and RTDI including ICT**

Up to mid-2013, the number of companies supported by the NSRF business support schemes increased to 9,458, and the total investment leveraged reached EUR 9,200 million. The number of supported start-ups also increased to 952, of which 448 in high technology and knowledge intensive sectors.

The overall number of companies supported by FEIs actually decreased between June 2012 (7,206) and June 2013 (6,993). This is essentially because of corrections and updates of the respective indicator in the Azores regional OP (1,533 supported companies in June 2013). However, the lack of significant increment of this indicator in other OPs also reflects a decrease in the demand for these instruments, after the initial success of the PME INVESTE credit lines. This could be explained in a greater part by the adverse economic climate and the contraction of private investments, but also by the emergence of some alternative products in the financial market (mostly credit lines to businesses, marketed by private banks) that are simpler to obtain and, by comparison with ERDF FEIS, require less bureaucracies for the investors.

Accordingly with one of the NSRF Strategic Evaluation studies – “NSRF contribution to businesses innovation and internationalization” – the data obtained from concluded projects in this policy area allowed the identification of the following positive results in so far:

- The number of companies (especially SMEs) with innovation and internationalization activities have increased 3.4% compared to the previous community support period (2000-2006), with a highly positive interaction between these two factors, being noticeable a significant leap in RD&T activities in companies which are present in international markets;
- It was also observed an increase of the investment in innovation and internationalization, with the particularity that a considerable part of the investment in innovation is being made in in-house R&D expenditure (24.6%), and not just in the acquisition of machinery, equipments and software;
- There is evidence of an increase of qualified jobs (although still not significant in terms of the highest academic qualifications);
- There are favourable indicators of increases in work productivity, financial autonomy of companies and the volume and relative weight of international trade for their activities.

The evaluation concludes that the system of public policy instruments for innovation and internationalization (IPPII) supported by NSRF has acquired in the current programming period a maturity of outcomes that allows to equate with some comfort the challenges of the programming horizon for 2020, considering the limitations inherent in the evidence collected.

However, this study also highlighted the fact that the NSRF intervention in this policy area is very limited in comparison to the magnitude of the structural inertia that the Portuguese economy has to overcome, and of the adversities of the current internal and external macroeconomic context.

In summary, although very interesting results have been achieved in this area, as evidenced by the figures presented, it was found that the financial resources were reduced further, firstly considering the serious problems of the Portuguese economy, which have deepened due to the international crisis and, secondly, the intense demand by enterprises for community support.

## Transport

The most recent data indicate that 3,346 km of roads construction and improvement projects have been contracted, of which 1,992 km are already concluded. Most of these projects are being implemented through the mainland regional OPs (2,892 km) and the Azores ERDF Regional OP (440 km).

However, the most important projects in this domain have been supported by the Territorial Valorisation OP, under which 13 transport projects have been concluded by the end of 2012. These include the completion of 88.65 km of new TEN-T roads, of which the greater part (83.5 km) is associated with the Transmontana highway project (E82, between Porto-Vila Real-Bragança-Spain). Other important projects that are physically completed are two extensions of the Porto tram network and the construction of new stations (part of the network has subway characteristics, with underground stations). These are the largest projects in financial terms under the NSRF (supported by the Cohesion Fund) and have contributed to significantly improve the mobility in the Porto metropolitan area and in the Norte region.

But also in the Lisbon Metropolitan Area, the 3.65 km of new road and tunnel that completed the Lisbon's Internal Regional Belt (CRIL) greatly improved traffic in the largest Portuguese urban area, by reducing the number of vehicles passing through its inner areas.

The Territorial Valorisation OP also supported the construction of 40.7 km of new TEN-T railways. The greater part of these completed infrastructures corresponds to the railway connection between the Sines harbour and the frontier with Spain, near Elvas/Badajoz (TEN-T Priority Project 16 - Freight railway axis Sines/Algeciras-Madrid-Paris). This indicator also includes a short railway connection between the Aveiro harbour and the Lisbon-Porto railway. Adding to that, another 163.12 km of railway reconstruction projects were concluded, namely the partial modernisation of the connections between Lisbon and Madrid, between Sines and Madrid, as well as part of the Beira Baixa railway, between Castelo Branco and Guarda.

Overall, the investments made, namely those under the Territorial Valorisation OP, had proved great importance to the Portuguese road and rail transport network, allowing strategic connections for the country, already mentioned above.

It should also be noted, the importance of projects, whose physical indicators are not so relevant, but which correspond to initiatives that were planned in the Portuguese Transport National Plan for many years (in some cases for over 20 years) and that had very significant impact on the improvement of mobility and transport conditions in the metropolitan areas of Lisboa and Porto, such as CRIL - a project expected to be completed in 1992 and that represented a huge change regarding mobility in Lisboa and neighbouring counties - and the two extensions of the Porto tram network and the construction of new stations, reducing more than 20% car traffic serving the town areas that were benefited, according to the findings of the Final Report of the Strategic Evaluation of the NSRF 2007-2013 - Contribution of the NSRF Interventions in Urban Context for Energy Efficiency Increasing.

In summary, during the current programming period, it was observed a focus on major investments aimed at improving interregional and international links, but also on the significant improvement of accessibility in the two metropolitan areas of Portugal. These are very important to improve the Portuguese road network and minimize structural problems that were stifling it. The values previously presented also demonstrate the significant size of the projects undertaken.

### Environment and energy

In the past year the situation of the Territorial Valorisation OP did not change in relation to the renewable energy projects, since no project of this nature has been approved or contracted.

The implementation of environmental systems projects under the Territorial Valorisation OP continued to increase, with the completion of 239 waste water treatment plants (out of 431 contracted), and the construction of 640 km of water supply networks and 1,425 km of sewage collection and drain infrastructure.

An additional, 736 thousand people are now benefitting from concluded investments in waste water treatment systems, and 136 thousand people are benefitting from water supply systems (of the latter, 117 thousand benefitted from infrastructure projects associated with the Alqueva dam, in Alentejo).

According to the " NSRF 2007-2013 - Impact of the NSRF Interventions in Urban Context to Increase Energy Efficiency", supported interventions will enable a reduction in energy consumption, for the period 2013-2016, of 352,534 toe, equivalent to a reduction of 858,391 tons of CO<sub>2</sub>. The contribution of interventions for the fulfilment of the commitments assumed



by Portugal is significant, representing about 17.6% for toe reduction and 16.9% for the reduction of Greenhouse Gases emissions. With regard the economic benefits generated by the NSRF investment, it is estimated that each euro invested has generated, globally, EUR 1.09.

These projects allowed achieving the European targets regarding the provision of services rates in water supply and in relation to wastewater treatment, thus contributing decisively to the objectives established in the national policy instruments in this matter.

### Territorial development

In this policy area, more significant achievements have been made, either with the support of the national thematic OP or the regional OPs:

- The Territorial Valorisation OP concluded 71 of the 84 sport facilities projects contracted by this OP nation-wide;
- With the support of the Norte regional OP, another 87 sports facilities were concluded (out of 139 contracted), serving a population of 304,770 inhabitants. Priority was given to sports facilities (pavilions, swimming pools) located in the proximity of school facilities. Also under this program, 13 social facilities (nurseries and continuous care units) and 18 health facilities were concluded;
- In the Centro regional OP, 19 projects in the tourism sector were completed;
- In the Lisbon regional OP (Competitiveness Objective), 3 social facilities, 2 sports facilities and 3 cultural facilities projects were concluded;
- The number of concluded health sector projects under the Alentejo regional OP almost tripled, with the completion of 37 projects (of 61 contracted);
- In the Algarve, the regional OP (Competitiveness Objective) supported 8 completed projects in the Tourism sector (out of 46 contracted)
- In the Azores, with the support of the regional OP were concluded 14 health facilities, 14 cultural facilities, and 20 sports facilities.

The Madeira regional OP supported 30 projects in the Tourism sector that were completed, as well as 4 health sector projects.

Overall, the investments made it possible to improve significantly the network of collective facilities in the various fields supported, thus allowing such a wide coverage at the national level as never seen before. These investments and the previous ones in other programming periods allow concluding that Portugal is presently well equipped with this type of equipment, and it is only necessary to make some one-off investments in the next programming period. On the other hand, it should also be highlighted the support given to projects in the field of tourism particularly in the Centro and Algarve regions, an important factor for the economic promotion of these two regions.

### Human Resources and Youth unemployment (ERDF only)

Since last year, the number of supported school facilities raised to 932 by June 2013, and more than 500 were already concluded, accordingly with the following distribution:

- 734 pre-school and first cycle primary schools and school centres, of which 446 were concluded (293 in the Norte, 5 in the Centro, 45 in the Alentejo, 49 in Lisbon, 11 in the Algarve, 36 in the Azores and 7 in Madeira);



- 53 second and third cycles primary schools, of which 15 were concluded (10 in the Norte, 2 in the Alentejo, 2 in the Azores and 1 in Madeira);
- 119 secondary schools, of which 90 were concluded;
- 19 universities and polytechnic schools , 10 of which were concluded;
- 7 professional training centres, of which 4 were concluded.

The majority of the primary school facilities are being supported by the Norte and Centro regional OPs in these Convergence regions. But the Territorial Valorisation OP also plays a very relevant part in these achievements, namely in what regards secondary schools, universities and training centres, with 126,916 students benefitting already from its concluded projects.

As it can be seen, the investments covered various types of equipment and different levels of education, but government policy for teaching equipment in the current programming period focused primarily on the Rehabilitation of School Network comprising the 1st Cycle of Basic Education and Preschool Education. A national assessment of the needs was conducted and subsequently, a significant investment package was included in all ROPs, without precedents in Portugal; and it is indeed a single case across the EU. These investments, along with the other measures developed with the support of the ESF under the Human Potential Agenda, have contributed to significantly improve some of the national education indicators: between 2007 and 2012 the proportion of schools drop outs decreased from 36.9% to 20.8% (although it is still above the EU average of 12.8%); also, the percentage of population with at least a secondary education increased from 44% to 58% (once again still well below the EU average of 74%).

Other than this, the amount of ERDF expenditure carried out in these policy areas is negligible. A measure aimed at the increase of youth employment that was launched in 2012 – the “Impulso Jovem” programme – still has not shown any significant results.

In the following table the main NSRF physical indicators and achievements are highlighted:

**Table 1 - Main physical indicators and achievements**

Policy area	Main indicators	Actual outcomes and results
Enterprise support including ICT	Number of direct investment aid projects to SME	9,458 companies benefited from business support schemes, including 952 start-ups.
	Total investment in business support schemes	More than EUR 9 billion of investment have been made in Portuguese companies with the support of the NSRF business support schemes.
RTDI	Total investment in R&D	Circa EUR 2 billion have been invested in R&D with the support of business supports schemes and other measures destined to support the national scientific and technological system.
Transport	Km of new or reconstructed roads	3,915km of new or reconstructed roads are already concluded. It includes several TEN-T projects, such as the Transmontana highway, the last section of Lisbon's Internal Regional Belt (CRIL) and the Express Connection to Funchal, in Madeira.
	Km of new TEN-T railways	40.7 km of new TEN-T railways have been constructed, the greater part corresponding to the railway connection between the Sines harbour and the frontier with Spain, near Elvas/Badajoz (TEN-T Priority Project 16 - Freight railway axis Sines/Algeciras-Madrid-Paris).
Environment and energy	Additional population served by waste water projects	An additional population of circa 736,000 are benefitting from concluded waste water projects.
	Additional population served by water supply systems	An additional 136,000 people are benefitting from water supply systems (of the latter, 117 thousand benefitting from infrastructure projects associated with the Alqueva dam, in Alentejo)
Human resources	Number of schools projects supported	More than 500 projects of construction, expansion or renewal of schools have been concluded, out of 932 projects contracted. This represents one of the greatest investments ever made in the national schools network.
	Proportion of school drop outs	Between 2007 and 2012 the proportion of schools drop outs decreased from 36.9% to 20.8%, reducing the gap between the national and EU averages.
	Population with at least a secondary education	The percentage of population with at least a secondary education increased from 44% to 58%, reducing the gap between the national and EU averages.
Territorial development	Number of health facilities projects supported	135 health facilities projects have been supported nation wide (both new facilities and renewal projects) contributing to the modernization of the national health system network.
	Number of social facilities projects supported	359 social facilities were constructed or renewed.

Source: NSRF Observatory

### 3. Effects of intervention

Main points from the previous country report:

- Relevant positive impacts of the OPs in terms of knowledge production and technological development, related to projects carried out in the environment, energy and health sectors.
- Positive impacts in terms of structural changes and transformation of the regional competitiveness models (especially in the Norte and Centro regions) due to the increase

of public and private investments in technology and knowledge intensive areas, to the promotion of networking and to the promotion of projects oriented to external markets.

- Signs of change in the Portuguese economy specialization pattern, and the deepening of a few promising tendencies, namely:
  - Significant increase of R&TD in companies, producing a mass effect which is new in the history of ERDF programming in Portugal and is also visible in R&TD investment in small and micro-enterprises;
  - Increase in supported investment in medium and high technology sectors (71% of the total investment in start-ups was directed to medium and high technology intensive sectors);
  - Increase in the number of companies of greater technological intensity created with the support of the NSRF, showing effects on technology-based entrepreneurship and a strong association with the intensification of business investment in R&D.
- Significant effects associated with the investments made in the modernisation of schools, as well as in fundamental primary health care and in local health facilities.

### **Developments since the 2012 report**

The Structural Funds are playing a very important role in the development of the Portuguese inland and outermost regions. In a short term perspective, the investments made have also been important to respond to the negative effects of the crisis especially in most disadvantaged regions, as mentioned in chapter 1, assuring some level of activity in the public works and construction sectors.

According to the Macroeconomic Impact Assessment of the NSRF 2007-2013, held in 2011, it can be concluded that the structural funds are contributing to the process of convergence between the different regions during the current programming period. The assessment points to an average impact of the NSRF on GDP by 2009 of 0.9% at the national level. Regionally, it appears that the most benefited regions in relative terms is the Autonomous region of the Azores, then the Alentejo region and the Autonomous Region of Madeira, with average impacts on their regional GDP of 3.7, 1.3 and 1.2%, respectively. The Norte and Centro regions show similar results, with an average percentage deviation of 1.1%. The regions of the Algarve and Lisboa are those with the lowest average percentage deviation of GDP, around 0.5%, also in line with the lowest expenditure level per capita performed in these regions.

In what concerns the effects of the NSRF in helping regions respond to the challenges of globalization, it should be highlighted two of the main priorities assumed in the Competitiveness Agenda – one of the three NSRF strategic pillars: i) to stimulate innovation, scientific and technological development, and; ii) to encourage business modernisation and internationalisation and to enhance the attractiveness of qualified foreign direct investment. This bold strategic focus was assumed in a considerably different macroeconomic context but has not changed significantly throughout the programming period, in spite of the radical aggravation of the social and economic situation.

The evaluation of the NSRF contribution to businesses innovation and internationalization presented evidences of the connection between Structural Funds support and the positive

results of the internationalization of Portuguese companies, as concluded in the NSRF Strategic Evaluation studies “NSRF contribution to businesses innovation and internationalization”. Indeed, in the past few years Portuguese exports have registered a steady growth, continuing to reach new record figures (5.8% between September 2012 and September 2013). Although considerable part of the exported goods is related with mineral fuels, the increase in the exports of machinery and shoes in particular (a sector in which the national industry is increasingly competitive at a global scale) are good indicators of structural change in the Portuguese economy. According to the mentioned assessment study, companies supported by structural funds had registered an overall growth of 3.4% as regards their exports compared to the period they had no support.

The evaluation of the NSRF contribution to the increase of energy efficiency in urban context presented somewhat surprising evidence of the great importance that the Structural Funds have in this context. Despite the fact that only circa 2% of the Structural Funds available in NSRF are allocated to projects contributing to the increase of energy efficiency<sup>4</sup>, its contribution to the implementation of the National Action Plan for Energy Efficiency has surpassed by circa 25% the programmed annual share of investment and has even become the main source of public financing in this policy area (when it was programmed to represent only 27% of the total investments).

This evaluation also estimated that the NSRF contribution to the accomplishment of national commitments for the 20-20-20 Objectives is relevant, representing about 17.6% in the case of toe reduction and 16.9% regarding the reduction of GHG. The implementation of these projects also induced an economic contribution of circa EUR 263 million, mostly associated with primary energy economies in the industry sector (savings in fossil fuel imports). Other positive effects of these NSRF supported projects include improvements in the thermal comfort of social housing, improvements in the air quality (particularly in cities) associated with the reduction of individual transport due to modal transfer, as well as behavioural changes and greater social consciousness regarding the energetic issues.

In summary, the achieved effects, examined in the light of various evaluation exercises, reveal the importance of structural funds for Portugal, with particular emphasis on the support to companies and, thematically, with regard to energy efficiency, where the effects achieved are of great importance.

#### **4. Evaluations and good practice in evaluation**

The main features of the strategy for evaluating the effects of the interventions co-financed by the ERDF and the Cohesion Fund, and the extent to which this is integrated into policy-making, have been thoroughly analysed in previous EEN country reports. In synthesis, the main points presented in the 2012 reports were the following:

- The “Overall Evaluation Plan for the NSRF and OPs 2007-2013” systematised the evaluations, which should be carried out throughout the various implementation stages

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<sup>4</sup> About 1,000 projects, of different typologies, including: modernization of business fabrication technologies; renewal of public lighting and traffic signalling; construction of energy efficient social facilities; public transports; social housing renewal.

of the NSRF, its OPs, or groups of OPs, as well as its guidelines and main objectives. The NSRF implementation is monitored by a national evaluation network, which includes representatives of the NSRF Observatory, the OPs MAs and other entities.

- Evaluation studies are fully integrated in the policy-making process, not just with the ex-ante, mid-term and ex-post evaluations, but also with complementary evaluation studies on subjects such as the implementation of proceedings, transversal results from different programmes, or the implementation and results of more specific policy measures. By comparison with previous programming periods, the number of evaluation studies carried out has increased significantly and the scope of their nature has been broadened.
- During 2011, the budgetary conditions and limits imposed by the Government to the mainland OPs MAs and the NSRF Observatory implied a general delay in the implementation schedule of the Evaluation Plan, the discard of some of the initially programmed evaluations, and the need to rethink some of its objectives and methodologies. Nevertheless, most of the programmed studies were being contracted or in preparation by the end of 2012.
- There has been a very significant and progressive upgrade in the evaluation practices between programming periods. Nevertheless, the delay in the implementation of the NSRF Overall Evaluation Plan and the cancellation or downsizing of some of the planned studies can represent a setback for its efficacy, and interfere with the application of methodologies more oriented towards the measurement of impacts.

### **Developments since the 2012 report**

The delay in implementing the second phase of the Overall Evaluation Plan – due to the aforementioned budgetary restraints, but also to the low implementation rates of many OPs – represented an important setback for the adopted strategy, accordingly to which the studies carried out in this phase should be dedicated to the evaluation of results and the preparation of the 2014-2020 programming period. Besides the mid-term evaluation of the OPs, a meta-evaluation of these studies is also programmed.

The urgent need for relevant and updated information that could assist policy makers in preparing the next programming period imposed an adjustment of the strategy, which would comprise a strategic evaluation launched by the NSRF Observatory, focusing on four themes that will be relevant for the next period: i) social inclusion in problematic urban territories; ii) reduction of early school dropout; iii) businesses innovation and internationalisation, and; iv) the increase of energy efficiency in urban context. Most of these studies are completed or nearing completion and the main results have already been presented throughout the country, in a “road show” of public seminars devoted to each of these themes.

With the conclusion of these studies and a few others that were being developed since late 2012, there is currently a significant number of new evaluation results that were made public, and a few others are still underway, as shown in Table 2.

**Table 2 – New Evaluations**

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Main findings	Method used (*)	Full reference or link to publication
Mid-term evaluation of the INTERVIR+ Programme	09-Multi-area	1,2	Socio-economic changes pose serious challenges to the implementation of PO; positive regional impacts of the OP can be observed (in infrastructure, education, health and the information society). The increase of public expenditures on R&D and the proportion of companies with innovation activities should be emphasised; the milestones defined for the 2015 horizon are feasible, in regard of implementation and results indicators; The OP has impacted positively on the Competitiveness Factors and Territorial Valorisation Thematic Agendas, in terms of number of support to companies, construction/ modernisation of community infrastructure, and financing of risk management and prevention projects;	1-3 Counterfactual and other mixed methods	Executive Summary <a href="http://www.observatorio.pt/download.php?id=802">http://www.observatorio.pt/download.php?id=802</a> Final Report: <a href="http://www.observatorio.pt/download.php?id=801">http://www.observatorio.pt/download.php?id=801</a> Anexos: <a href="http://www.observatorio.pt/download.php?id=803">http://www.observatorio.pt/download.php?id=803</a>
Evaluation Study of the Incentive Systems and FEIs in force in RAM, within the scope of the Programme INTERVIR+	02-Enterprise support and ICT	2-Achievement oriented	Positive impact of incentives for production diversification and entrepreneurship. Positive, bit limited, impact on RTDI. Important effects on strategic sectors (environment, knowledge society, energy). More limited effects of financial engineering (only 13% of cases oriented to new investments), other to improve the financial conditions of firms.	4-Qualitative	<a href="http://www.ewaluacja.gov.pl/Wyniki/Documents/3_190.pdf">http://www.ewaluacja.gov.pl/Wyniki/Documents/3_190.pdf</a>
Mid-term evaluation of the PROEMPREGO Programme	09-Multi-area	2-Achievement oriented	Not available yet	3,4-Quantitative and qualitative methods	<a href="http://proemprego.azores.gov.pt/Portals/0/documentos/Plano%20de%20Avalia%C3%A7%C3%A3o%20do%20Pro-Emprego.pdf">http://proemprego.azores.gov.pt/Portals/0/documentos/Plano%20de%20Avalia%C3%A7%C3%A3o%20do%20Pro-Emprego.pdf</a>
Specific evaluation for administrative streamlining in the context of the ERDF and the Cohesion Fund	08-Capacity and institution building	1-Process oriented	The evaluation aimed at assessing the simplification process with respect to data collection instruments and procedures adopted by the different OPs, and resulting in a set of suggestions / recommendations for simplification and improvement of administrative procedures. The study was conducted to answer 5 major key issues groups, aimed at specific objectives relating to: (1) ease of filling out forms, (2) adequacy of documentation for data collection, (3) uniformity of collection method and type of requested information, (4) adequacy of data collection instruments and (5) suggestions for instruments, processes and administrative procedures improvements.	4-Qualitative	<a href="http://www.idr.gov-madeira.pt/portal/Upload/Anexos/Relatório%20Final.pdf">http://www.idr.gov-madeira.pt/portal/Upload/Anexos/Relatório%20Final.pdf</a>
Evaluation of the integration of gender	10-Transversal aspects	1,3	Integration of the gender perspective in the programming was not done the same way in the different Programs; In the	4-Qualitative	<a href="http://www.observatorio.pt/download.php?id=9">http://www.observatorio.pt/download.php?id=9</a>

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Main findings	Method used (*)	Full reference or link to publication
perspective in Structural Funds in the 2007-2013 programming period			national thematic programmes analyzed, only POPH shows a systematic inclusion of the perspective of equality between women and men, clearly demonstrated by the creation of a priority axis dedicated to gender equality; The regional OPs (POR) one can highlight the contributions to the promotion of employability of women and investment in equipment and services facilitating the combination of professional and family life, among many other conclusions.		<a href="#">85</a>
NSRF strategic evaluation – NSRF contribution to businesses innovation and internationalization	1,2	3- Result Oriented	The Final Report has still not been published by the NSRF Observatory. In the only information that has been publicized (a 2 page policy brief), it is stated that the evaluation confirmed an increase in the number of SMEs investing in innovation and internationalization, as well as an increase of the amount of investments – not just associated with the acquisition of machinery, equipments and software, but also with in-house R&D expenditure. There was also evidence of an increase in qualified jobs, as well as in labour productivity, financial autonomy and the volume and relative weight of international trade. However, the NSRF intervention is considered limited, in comparison to the magnitude of structural inertia that the Portuguese economy is facing, related with sectors to which the NSRF has little or no contribution.	3,4-Quanti and qualitative methods	<a href="http://www.observatori.o.pt/download.php?id=961">http://www.observatori.o.pt/download.php?id=961</a>
NSRF strategic evaluation – NSRF contribution to the increase of energy efficiency in urban context	6- Energy	3- Result Oriented	Interventions are giving a very significant contribution to the achievement of 20-20-20 targets assumed by Portugal, in terms of reduction of energy consumption, reduction of greenhouse gases emissions, and social and economic benefits. Nevertheless, these investments represented only 2% of the total programmed ERDF and Cohesion Fund resources in NSRF, and in most cases, these achievements do not result from investments and policies directly or completely associated with energy efficiency. It should be noted that this evaluation was mostly based on energy consumption data obtained from beneficiaries.	3,4-Quanti and qualitative methods	<a href="http://www.observatori.o.pt/download.php?id=945">http://www.observatori.o.pt/download.php?id=945</a>
Evaluation of Collective Efficiency Strategies - Other Clusters	1,2,4, 5, 6, 7	3- Result Oriented	The process of formal recognition of competitiveness poles and clusters was adequate, open and flexible, although some problems were registered that are related with the different degrees of “maturity” of some of the clusters at the moment of their application to NSRF support In general, clusters have preferred traditional sectors of high exporting potential, instead of more technology and knowledge intensive sectors.	3,4-Quanti and qualitative methods	<a href="http://www.observatori.o.pt/download.php?id=969">http://www.observatori.o.pt/download.php?id=969</a>

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Main findings	Method used (*)	Full reference or link to publication
			There was not an integrated political approach to clusters policy, and only a few of the programmed support instruments were actually mobilized. The results of the clusters were also limited by the lack of experience of its managers (both in the public administration and in the companies) in leveraging such clustering processes.		
Evaluation of investments in proximity facilities (June 2013)	07-Territorial development	3- Result Oriented	These investments promoted improvements in territorial coverage, accessibility and quality of social services. Contributions of these investments to improve territorial attractiveness, urban qualification, living conditions and gender equality were also identified. Also, due to the positive impact it had on the activity and employment in the construction and public works sector, these investments gave a significant contribution to minimise the effects of the economic crisis in its early years. On the other hand, the evaluation raised relevant doubts about the financial sustainability of the new (or renewed) facilities, as well as about the environmental sustainability of the investments.	4-Qualitative	<a href="http://www.observatorio.pt/download.php?id=992">http://www.observatorio.pt/download.php?id=992</a>
Mid-term evaluation of the Alentejo Regional OP	09-Multi-area	2-Achievement oriented	The OP business support schemes induced great interest and participation by regional enterprises. However, the evaluation highlighted that the participation from regional strategic sectors was unbalanced: although the tourism sector agents gave a good response in terms of participation, there is a weak presence of business investment initiatives in key areas for regional development, namely agro-food industries, cork, ICT and automotive. Public (and private) investment initiatives for guiding partnership interventions and with a wide territorial scope have not had the expected and desired success. The investments promoted by municipalities has a strict local influence and is predominantly based on local physical infrastructures and equipment. Concentration of investments in Territorial Mobility on the road infrastructure component, noting the absence of contributions to the qualification and innovation of transport services and to the articulation between modes of transport, an issue flagged as a fragility of the region. The evaluation also revealed limited results with respect to the objective of diversifying the profile of regional productive specialisation. There is a lack of incentives for private, locally based micro investments. On the other end, for	3,4-Quanti and qualitative methods	<a href="http://www.observatorio.pt/download.php?id=883">http://www.observatorio.pt/download.php?id=883</a>



Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Main findings	Method used (*)	Full reference or link to publication
			most of the public investments there is a predominance of public operations with local scope and weak capacity to induce economic development dynamics.		
Counterfactual analysis of the impacts of support schemes to businesses in POE/PRIME 2000-2006 (May 2013)	02-Enterprise support and ICT	3- Result Oriented	Support schemes have positive impacts in the performance of companies, increasing their chances of survival after 3 years by 11 pp. Amongst the surviving companies, after 3 years these incentives lead to a net creation of an additional 2.1 jobs and 0.7 qualified jobs per company. The average grant amount by each job created after 3 years is of EUR 55,000, but the total corresponding public effort is lower, since part of the grant is reimbursed by the beneficiary companies. The impact of the grants in the recipient companies is positive under every perspective (by dimension, age, sector, territorial activity). Nevertheless, the positive impact in the survival rate is more pronounced in companies with less than 10 workers, new companies and companies with little financial autonomy. On the other hand, the positive impact in job creation is greater in large companies.	1 - Counterfactual	<a href="http://www.observatori.o.pt/download.php?id=927">http://www.observatori.o.pt/download.php?id=927</a>
Meta-evaluation of the first cycle of the NSRF Evaluations and the Operational Programmes (2007-2013)	09-Multi-area	3- Result Oriented	The documents on evaluation conceptualisation and assignment are clear in their wording and content and are highly coherent with their reference framework; however, there are some areas that may be improved to maximise evaluation processes; The evaluation team selection process was accurate and transparent; Resource management is causing some tensions in the Evaluation System that may compromise its quality and medium/long-term feasibility; The scarce importance attached to theoretical methodological aspects is one of the main weaknesses of the evaluations under study; The presence of value criteria is very scarce in the evaluation processes that have been analysed; Evaluation questions are one of the weakest elements in the evaluation processes that have been analysed; The information gathering and analysis techniques considered in the evaluations are appropriate for the evaluation objectives and questions;	1 - Counterfactual	<a href="http://www.observatori.o.pt/download.php?id=940">http://www.observatori.o.pt/download.php?id=940</a>
Mid-term Evaluation Study of the Operational Programme for the Enhancement of Human Potential and and Social	10. Transversal aspects	2-Achievement oriented	Reveals, so far, a relevant capacity to use the conditions offered by the programming in order to react to the deterioration of the regional economic situation; To this conclusion it's not indifferent the learning experience cumulated in managing ESF	3,4-Quantitative and qualitative methods	<a href="http://www.observatori.o.pt/download.php?id=799">http://www.observatori.o.pt/download.php?id=799</a>

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Main findings	Method used (*)	Full reference or link to publication
Cohesion (2007-2013) - Rumos Programme			programmes and the growing consolidation of the training offer and of the education and training system; The greatest challenge faced by programming is related with the transition to new demand needs generated by the intensification of the unemployment phenomenon; There are domains where we can find some focus deficit of intervention and projects;		
Evaluation Study of the Contribution of the NSRF for the Social Inclusion of People Living in Problem Urban Areas	7. Territorial development	1,3	Problem urban areas are not an unequivocal and uniform object for the various public policy instruments that foster social inclusion, nor are implemented, managed or monitored in an integrated manner, which conditions the territorial integration of policies and the appropriate response to the entanglement of problems that characterize the mechanisms of exclusion; They are characterized by the diversity of social and urban problems and the response to this multidimensional challenge, although adequately addressed by mobilizing various public policy instruments, lacks of improvements, especially as regards the fostering of the economic base, entrepreneurial initiatives and solidarity economy; They are characterized by generational cycles of exclusion and the NSRF interventions kept short-term logics of action, and did not provide long-term local strategies able to counteract the structural weaknesses; The interventions supported by NSRF showed very positive results regarding the autonomy and capacity building of individuals; Changes in living conditions in the territories studied, although occasionally very positive, were unequal; The supported interventions contributed to the improvement of the internal and external image of the studied territories and to enhance the diversity of different ethnic and cultural communities, creating very positive conditions so that immigrants can achieve full participation in society.	1-3 Counterfactual and other mixed methods	<a href="http://www.observatorio.pt/download.php?id=995">http://www.observatorio.pt/download.php?id=995</a>
NSRF Contribution for reduction of School Dropout	10. Transversal aspects	3- Result Oriented	Despite the significant reduction in the rate of early education and training dropout in Portugal, data show that there remains some regional inequality in the path of convergence; This policy instrument assumes a moderately positive contribution to reducing early dropout from the education system; Compliance with the goals set in the Europe 2020 Strategy is still a huge challenge for the Portuguese education system; Considering that in Portugal there are about 150-200 thousand young people who left school without completing secondary	3,4-Quanti and qualitative methods	<a href="http://www.observatorio.pt/download.php?id=1000">http://www.observatorio.pt/download.php?id=1000</a>

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Main findings	Method used (*)	Full reference or link to publication
			school and that are not attending education and training, gain compensation strategies particular relevance, headed to reducing the stock of young workers with low qualifications available in the labour market		
Evaluation Study of employment active policies	10. Transversal aspects	2-Achievement oriented	Employment measures seem to produce positive effects on the employment probability for participants in the period after the start of participation; On the contrary, the training measures - with exception to the measures of continuing and modular training - show negative or no effects on the employment probability for participants in the period after the start of participation; The negative effect and the absence of positive effect on training measures and some employment measures in the period immediately after the start of participation are the result of a mechanism of imprisonment ('lock-in') of some employment measures (less time to look for a job); Measures to support the contracting and entrepreneurship and the creation of own employment are those that unambiguously generate more positive effects on the probability of employment in the medium term.	3,4-Quanti and qualitative methods	<a href="http://www.observatorio.pt/download.php?id=838">http://www.observatorio.pt/download.php?id=838</a>

Source: Own elaboration from information made available by the NSRF Observatory

Note: Legend (\*):

**Policy area and scope:** 1. RTDI; 2. Enterprise support and ICT; 3. Human Resources (ERDF only); 4. Transport; 5. Environment; 6. Energy; 7. Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development); 8. Capacity and institution building; 9. Multi-area (e.g. evaluations of programmes, mid-term evaluations); 10. Transversal aspects (e.g. gender or equal opportunities, sustainable development, employment)

**Main objective and focus:** 1. assess the arrangements and procedures for managing or administering programmes; 2. support monitoring, or check the progress made in implementing programmes, such as many mid-term evaluations; 3. assess the outcome or effects of programmes in terms of the results achieved and their contribution to attaining socio-economic policy objectives

**Method used:** 1. Counterfactual; 2. Cost-benefit analysis; 3. Other quantitative; 4. Qualitative.

Evaluation studies that were carried out during this second phase of the implementation of the NSRF Overall Evaluation Plan have mostly focused on identifying and assessing the results and impacts of interventions, although also on presenting some analyses concerned with operational and management issues. In this sense, the thematic and strategic evaluations promoted by the NSRF Observatory have put great emphasis - via terms of reference - on the importance of studying results and impacts by using more adequate methodologies, in particular impact counterfactual evaluation. However, the timing of these studies, along with the OPs implementation levels, has made difficult or impossible the use of these methods, essentially because there are few results or impacts that can be observed from a small number of concluded and still recent projects.

The “Counterfactual analysis of the impacts of support schemes to businesses in POE/PRIME (2000-2006)” is worth mentioning. This is an evaluation study conducted in-house by the NSRF Observatory that focused on the impacts of one of the previous Community Support Framework OPs. The time elapsed since the projects’ completion allowed to achieve some robust results in terms of the evaluation of the impacts regarding companies’ survival and job creation, but the study was not able to gather and process, in useful time, the information required to analyse other relevant policy objectives, such as, the OPs’ impacts in productivity, innovation and internationalization.

The 2012 NSRF Strategic Report presented an overview of the results of the evaluations completed so far. Regarding the NSRF implementation in general, the main lessons learned from the evaluations were the following:

- The NSRF has a valuable potential of strategic intervention, aimed at the main constraints of the Portuguese society, and its strategic focus has not shifted significantly throughout its implementation in spite of the economic crisis. Nevertheless, the alteration of the socioeconomic context from 2008 onward was addressed (in particular with the two reprogramming processes) with a reinforcement of the NSRF focus on the domains that gained additional importance, namely, businesses and SME support, FEIs (ERDF) and the combat to unemployment and social exclusion (ESF).
- There are significant difficulties in the articulation between the three NSRF Thematic Agendas (Competitiveness Factors, Human Potential, Territorial Valorisation), that were particularly evident in the case of the Collective Efficiency Strategies<sup>5</sup>, in intervention typologies such as Competitiveness Poles, Other Clusters and Cities Policy instruments.
- With respect to the Competitiveness Factors Agenda, there are signs that it is producing positive effects in changing the country’s specialisation pattern and competitiveness model, especially in the Convergence regions of Norte and Centro. This change translates into: i) a significant increase of enterprise R&D; ii) a greater focus on businesses’ support to activities that produce tradable goods; iii) the increased relative importance of support given to knowledge intensive activities, and; iv) the high degree of adherence to R&D vouchers schemes. Nevertheless, evaluations have also highlighted aspects that should be improved in this Agenda, namely: i) that it would be important to

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<sup>5</sup> The NSRF introduced the figure of Collective Efficiency Strategies. These are strategically coherent sets of supported interventions promoted by different entities, public and private, in order to establish sectoral or territorial cooperation networks and achieve agglomeration economies.

increase the concentration of investments in projects of greater scale and relevance; ii) that the capacities of SME' human resources should also be reinforced when these enterprises promote innovation and internationalisation projects; iii) that certain proceedings associated with the implementation of projects should be simplified, and; iv) that there should be a greater coordination between the support given to RTDI infrastructures, businesses support schemes and the qualification of human resources.

- In the Territorial Valorisation Agenda, very positive results have been identified in the development of social facilities networks – particularly in school facilities, given the large investments made in this area - but there is still not much information on results in other areas, in which implementation rates have been lower, and evaluation studies have not yet been concluded.

More recently, the NSRF Strategic Evaluation and other thematic evaluation studies have contributed to deepen some of these conclusions, while also presenting new insights about specific themes:

- There is an increase of the number of SMEs investing in businesses' innovation and internationalisation, as well as an increase of the amount of investments;
- There are evidences of an increase of qualified jobs, as well as increases in labour productivity, financial autonomy and the volume and relative weight of international trade.
- The NSRF supported interventions are giving a very significant contribution to the achievement of 20-20-20 targets assumed by Portugal, with significant results in terms of reduction of energy consumption, reduction of greenhouse gases emissions, and social and economic benefits (in particular for the industry sector).
- The investment associated with the increase of energy efficiency represented only about 2% of the total programmed ERDF and Cohesion Fund resources in NSRF.
- The investments in proximity facilities supported by the NSRF promoted improvements in the territorial coverage, the public access and the quality of social services, territorial attractiveness, urban qualification, living conditions and gender equality
- Although the investments in proximity facilities (schools in particular) gave a significant contribution to minimize the effects of the economic crisis in its early years, the sustainability of the new (or renewed) facilities is doubtful.

The results of evaluation studies have been progressively integrated in the policy making processes. One important factor that has contributed to this change is that, in the current programming period, MAs were allowed a greater freedom to determine the evaluation questions that were relevant to the management of their specific programmes – instead of being standard structure reports as many that had been produced in the previous 2000-2006 period. It is also relevant that other studies were carried out in addition to the “classic” ex ante, mid-term and ex post evaluations: in particular, the results of thematic and strategic evaluations have become valuable assets to policy makers.

Fruit of that, evaluation results have been used in several different aspects of the NSRF and OPs management, for example, in the preparation of annual reports by the Technical Coordination Commission of the NSRF, in the 2011 and 2012 reprogramming processes, in adjustments made

to regulations and to practices of management and monitoring of the OPs, as well as in the definition of new public programmes and measures.

As explained previously, budgetary constraints and low implementation rates were fundamental in the delays of the mid-term evaluations. Therefore, several of these studies are still on-going (and even starting) by mid-2013: the Mid-term Evaluations of the Norte, Centro and Algarve regional OPs, and the Competitiveness Factors and Territorial Valorisation thematic Ops are currently underway.

There are no plans to carry out an ex-post evaluation of the present programming period, as it is considered a responsibility of the EC, as defined by the Council Regulation (EC) No. 1083/2006 of 11 July 2006. Although there is some discussion within the NSRF evaluation network about the potential benefits of conducting a series of national thematic ex-post evaluations during the initial years of the 2014-2020 period, no decisions have been taken so far. This network is currently preparing a contribution about evaluation for the 2014-2020 programming process, in which that subject should be addressed.

The greater number and the thematic diversity of the evaluation studies carried out during the 2007-2013 period represented a significant upgrade in terms of the coverage of policy areas and issues. However, there are still gaps: a few policy areas and themes that have not been sufficiently covered by evaluation studies.

One of those themes is the effect of Structural Funds on the national scientific and technological system: although there have been a couple of important evaluations on the achievements of the support schemes to companies<sup>6</sup>, the focus of these studies was mainly on the economic effects of the support, and less on its effects on other RTDI providers as well as beneficiaries of Structural Funds – such as universities and R&D centres. It is expected that the Mid-term Evaluations of the Norte and Centro regional OPs (currently underway) can deliver some insights on this subject, given the greater weight of this type of interventions in the two major Convergence regions OPs.

Other policy areas that so far have been relatively uncovered by evaluation studies are related with the Territorial Valorisation Agenda, namely the valorisation of coastal areas, large environmental infrastructures, urban solid waste management, and transportation. Again, the on-going Mid-term Evaluations of the Centro and Norte OPs should be addressing these areas, as well as the Mid-term Evaluation of the Territorial Valorisation OP (just recently adjudicated) that encompasses the major projects in these areas.

Over the several Structural Funds programming periods, the evaluation capacity in Portugal has build up considerably, what translates into the increasing quality of the evaluation studies produced, as well as in the level of demand imposed by the contractors. Although the number of entities doing evaluation work (mostly national private consulting companies) has always been reduced – and, therefore, there is a long background of mutual cooperation with the MAs - it can be considered that most studies provide true independent assessments.

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<sup>6</sup> Notably, the Evaluation of the NSRF Contribution to the Innovation and Internationalization of Enterprises (in particular SME) and the Mid-term Evaluation of the Competitiveness Factors OP (still ongoing).

In Annex 2, two recent examples of good practice in evaluation are presented. The first is the “Counterfactual analysis of the impacts of support schemes to businesses in POE/PRIME (2000-2006)”, in which the time elapsed since the projects’ completion allowed for the achievement of some robust results in terms of impacts in companies’ survival and job creation. In spite of its limitations, the study is an example of good practice for its use of counterfactual methodologies and for the new and robust information it provided regarding the impact of ERDF funding in Portuguese companies.

The other example is part of the NSRF strategic evaluation, namely the study on the “NSRF contribution to the increase of energy efficiency in urban context”. The four NSRF Strategic Evaluation studies were innovative in focusing on the evaluation of specific themes related with the NSRF impacts, from both a transversal and prospective approach. This evaluation study in particular brought out new information about a theme that had not been covered previously, and that is particularly relevant given the added importance this policy area will have in the 2014-2020 period. The difficulties in its implementation also helped to identify the limitations of the OPs monitoring systems in this field.

In summary, evaluation exercises conducted during the current programming period reveal a significant change in the evaluation model. On the one hand, they are more adjusted to the specificities of the different evaluation objects, taking into account the particularities of the various instruments operating the structural funds in Portugal – and therefore, less rigid as regards the formalities stipulated in the evaluation exercises of the previous programming period (2000-2006) - and, secondly and more importantly, they are applying more diverse, broad and innovative methodologies, inclusively some of them never used in evaluative exercises in Portugal (such as the counterfactual analysis), which allowed to achieve deeper and more credible results on the importance of structural funds for Portugal’s regional development. This question is the main learning factor from the exercises developed in this period, representing an innovative aspect that will surely be replicated in the next programming period (2014-2020). These two questions assume an uttermost importance for improving the quality of evaluative exercises during the current programming period compared with previous ones, providing more measurable results and therefore more credible.

Considering the history of the evaluative exercises on the implementation of EU funds in Portugal, the evaluation activity can be improved taking into account two fundamental dimensions:

- On the one hand, by continuing the methodology used during the current period of Community support in which a Global Plan for Evaluations was set up beside the generic evaluative exercises (e.g. take the example of the mentioned four NSRF Strategic Evaluation studies). This would allow to analyze in detail areas where further knowledge is needed to improve the implementation of EU funds;
- On the other hand, by encouraging the application of the counterfactual analysis methodology (that allows to adequately measure the effects achieved by EU funds, studying the best ways to do that), and the implementation of methodologies that focus on the analysis of the Theory of Change (an evaluation study of this kind is currently being launched – Mid-term Evaluation of the Territorial Enhancement Operational Programme, which should be completed by June 2014).

## 5. Further Remarks - New challenges for policy

Main points from the previous country report:

- The final stage of the 2007-2013 programming period is being deeply influenced by the changes in context affecting Portugal and the entire world. After the negative effects that the financial and economic crisis had on the implementation of the Structural Funds in Portugal in the 2008-2010 period, the rest of the period is even more conditioned by the effects of the financial assistance programme that the country is undergoing;
- In the short-term, due to the national austerity measures, the NSRF resources are practically becoming the only investment leverage in the Portuguese economy;
- The critical importance of these resources imposed the adoption of measures to accelerate the implementation of the NSRF. The two reprogramming processes undertaken allowed to reach a peak in Structural Funds implementation in 2012.
- Some evaluation studies developed in the past year – in particular the NSRF Strategic Evaluation – confirmed that the Structural Funds are giving a very important contribution to improve the quality of life, the cohesion and valorisation of the regions, and to change the national economic fabric by supporting RTDI, entrepreneurship, internationalisation and the modernisation of products and production methods.
- Many of these achievements risk being overridden by the effects of a rapid aggravation of the socio-economic climate.
- The major challenge for regional policy in the coming years will be to capitalize the achievements made in improving the productive environment and turn them into more productive investment.
- These points are, for the most part, still relevant.

Although Portugal is currently one of the leading Member States in terms of Structural Funds implementation, that fact cannot be analysed without considering the exceptional measures that were implemented with the 2011 and 2012 reprogramming processes, in particular the increase of the co-financing rates up to 95%. Rather than a very positive implementation dynamics, it was this exceptional measure in particular that boosted the implementation rates in 2012 and had another positive effect: in many cases it was decisive to assure the financial viability of approved projects.

During 2013 and for the rest of the programming period, the NSRF will be facing even more severely the effects of the budgetary crisis. With public finances and the economy in general showing little signs of recovery, and with the enduring financing difficulties imposed by the banking system, the investment capacity of public and private entities will certainly remain at very low levels, and even their ability to conclude projects with approved NSRF funding is not guaranteed (as put in evidence by the number of rescinded projects and the decrease of demand for funding).

But if this scenario is observed, in general, almost throughout the country, in the Lisbon Region, paradoxically, a significant part of the Programme axes lies in overbooking and applications closed since the first trimester of 2013, particularly regarding the incentive systems to companies, which derive not only from the significant demand from privates, but especially from the reduced financial envelope to the region.



From this current programming period, it stands out as the main learning - about what should not be happening in the 2014-2020 period - the problems and consequent delays in the initial period of the NSRF, namely in 2007 and 2008, which had resulted in very negative consequences for the implementation of structural funds in Portugal, as previously mentioned. This concern is relevant, considering the stage at which the development of the various Operational Programmes is by the delivery time of this report.

In the context of the national programming process of EU funds 2014-2020, the Portuguese Government decided, in November 2012, the strategic priorities for the 2014-2020 cycle (RCM. No. 98/2012 of 26 November) and in May 2013 the assumptions of the Partnership Agreement (RCM. No. 33/2013 of 20 May), ensuring to be in strong line with the strategic priorities set out in the Europe 2020 Strategy and its translation in the Portuguese NRP<sup>7</sup>, as well as the alignment with the Economic and Financial Assistance Programme (EFAP) negotiated with the EC, the European Central Bank (ECB) and the International Monetary Fund (IMF). These two documents determined the programming matrix for Portugal 2020 - the Partnership Agreement for Portugal.

There were identified and clarified the main constraints that the programming and implementation of EU funds in the period 2014-2020 have to face given the socio-economic context, more specifically: i) the challenge of demographic change, ii) external imbalances; iii) restrictions on financing the economy; iv) restrictions arising from the consolidation of public accounts; v) unemployment and social exclusion; vi) the asymmetries and territorial potentials; and vii) the commitments under the National Reform Programme and the Europe 2020 Strategy. It was also established that the structure of the programming and implementation of Portugal 2020 would respect four thematic areas - competitiveness and internationalization, social inclusion and employment, human capital, sustainability and the efficient use of resources -, as well as two cross-cutting areas relating to the reform of Public Administration and interventions territorialisation.

In a context where the combination of lessons from the accumulated experience over the different programming periods, namely between 2007 and 2013, and the challenges that current socio-economic and financial circumstances provide to their implementation, it will be possible to see the need to introduce some cross-cutting reorientations in the use of European funds in Portugal, mainly through increased improvements in the processes of programming and implementation of operational programmes and, on the other hand, as a result from the new European regulatory framework for the 2014-2020 cycle and the guiding principles set by the Portuguese Government for the use of European funds. Thus, it is extremely relevant that all this reorientation - considering these two mentioned dimensions - enables a better coordination and integration among EU funds, a growing economic rationality in comparing different alternatives on resource allocation, as well as the simplification of procedures for

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<sup>7</sup> In the guidelines on the content and form of the National Reform Programmes ("*Guidance on the content and format of the National Reform Programmes - January 2013*"), the European Commission clarifies that Member States receiving financial assistance of the European Union/International Monetary Fund subject to constraints under a macroeconomic adjustment programme do not need to submit a RNP. Nevertheless, the Portuguese Government has chosen to undertake an update of the NRP in April 2013.

funds operational management, seeking greater effectiveness and efficiency in its implementation.

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## Interviews

Dr. Joaquim Aranha – Technical Secretary of the Alentejo Regional OP MA;

Dr. Joaquim Bernardo – Assistant Coordinator of the NSRF Observatory;

Dr. Pedro Mendes – Head of the Evaluation, Monitoring and Communication Unit of the Territorial Valorisation OP MA;

Dr.<sup>a</sup> Fernanda Costa – Head of the Information, Evaluation and Technical Assistance Unit of the Centro Regional OP MA;

Eng. Rui Monteiro – Head of the Centre for Policy Evaluation and Regional Studies of the Norte Regional Coordination and Development Commission / Norte Regional OP MA;

Dr. Sérgio Barroso – Director of CEDRU - Centro de Estudos e Desenvolvimento Regional e Urbano - Coordinator of the Evaluation of the NSRF contribution to social inclusion in problematic urban territories;

Dr. Heitor Gomes – Assistant Director of CEDRU - Centro de Estudos e Desenvolvimento Regional e Urbano - Coordinator of the Evaluation of the NSRF contribution to the increase of energy efficiency in urban context.

## Annex 1 - Evaluation grid for examples of good practice in evaluation

### Evaluation Grid A - Counterfactual analysis of the impacts of support schemes to businesses in POE/PRIME (2000-2006)

BASIC INFORMATION	
Country: Portugal	
Policy area: Enterprise support	
Title of evaluation and full reference: Counterfactual analysis of the impacts of support schemes to businesses in POE/PRIME (2000-2006)	
Intervention period covered: 1999-2008	
Timing of the evaluation: 2011-2013	
Budget: EUR 9,900	
Evaluator: internal evaluator (NSRF Observatory)	
Method: counterfactual analysis	
Main objectives and main findings: Support schemes have positive impacts in the performance of companies, increasing their chances of survival after 3 years by 11 pp. Amongst the surviving companies, after 3 years these incentives lead to a liquid creation of an additional 2.1 jobs and 0.7 qualified jobs per company. The impact of the grants in the recipient companies is positive under every perspective (by dimension, age, sector, territorial activity).	
Appraisal: The time elapsed since the projects' completion allowed for the achievement of some robust results in terms of impacts in companies' survival and job creation. In spite of its limitations, the study is an example of good practice for its use of counterfactual methodologies and for the new and robust information it provided regarding the impact of ERDF funding in Portuguese companies.	
CHECK LIST	
Score each item listed below from 0 to 2 as follows: 0: No; 1: Yes, but not fully; 2: Yes	
Report	
Are the objectives, methods and findings of the evaluation clearly set out?	2
Are the findings and recommendations clearly supported by the analysis?	2
Are the methods used suitable given the objectives of the valuation and have they been well applied?	2
Are the quantitative and qualitative data used reliable and suitable for the purpose of the evaluation?	1
Are the potential effects of other factors (e.g. the economic situation) on the outcome fully taken into account?	1
Is a serious attempt made to distinguish the effects of the intervention from these other factors?	2

### Evaluation Grid B - NSRF strategic evaluation – NSRF contribution to the increase of energy efficiency in urban context

BASIC INFORMATION	
Country: Portugal	
Policy area: Energy	
Title of evaluation and full reference: NSRF strategic evaluation – NSRF contribution to the increase of energy efficiency in urban context	
Intervention period covered: 2007-2013.	
Timing of the evaluation November 2012 – June 2013	
Budget (if known): EUR 45,000	
Evaluator: External evaluator (CEDRU – Centro de Estudos e Desenvolvimento Regional e Urbano/AM&A – Augusto Mateus e Associados)	
Method: mix of quantitative and qualitative analysis and case studies	
Main objectives and main findings: Supported interventions are giving a very significant contribution to the achievement of 20-20-20 targets assumed by Portugal, in terms of reduction of energy consumption, reduction of greenhouse gases emissions, and social and economic benefits. Nevertheless, these investments represented only 2% of the total programmed ERDF and Cohesion Fund resources in NSRF, and in most cases these achievements do not result from investments and policies directly or completely associated with energy efficiency.	
Appraisal: The four NSRF Strategic Evaluation studies were innovative in focusing on the evaluation of specific themes related with the NSRF impacts, from both a transversal and prospective approach. This evaluation study in particular brought out new information about a theme that had not been covered previously, and that is particularly relevant given the added importance this policy area will have in the 2014-2020 period. The difficulties in its implementation also helped to identify the limitations of the OPs monitoring systems in this field.	
CHECK LIST	
Score each item listed below from 0 to 2 as follows: 0: No; 1: Yes, but not fully; 2: Yes	
Report	
Are the objectives, methods and findings of the evaluation clearly set out?	2
Are the findings and recommendations clearly supported by the analysis?	2
Are the methods used suitable given the objectives of the valuation and have they been well applied?	1
Are the quantitative and qualitative data used reliable and suitable for the purpose of the evaluation?	1
Are the potential effects of other factors (e.g. the economic situation) on the outcome fully taken into account?	1
Is a serious attempt made to distinguish the effects of the intervention from these other factors?	2

## Annex 2 - Tables

See Excel Table 1-4:

Excel Table 1 – Regional disparities and trends

Excel Table 2 – Macro-economic developments

Excel Table 3 - Financial allocation by main policy area

Excel Table 4 - Commitments by main policy area (by end-2012)

### Annex Table A - Broad policy areas and correspondence with fields of intervention (FOI)

Policy area		Code	Priority themes
1. Enterprise environment	RTDI and linked activities	01	R&TD activities in research centres
		02	R&TD infrastructure and centres of competence in a specific technology
		05	Advanced support services for firms and groups of firms
		07	Investment in firms directly linked to research and innovation (...)
		74	Developing human potential in the field of research and innovation, in particular through post-graduate studies ...
	Innovation support for SMEs	03	Technology transfer and improvement of cooperation networks ...
		04	Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)
		06	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (...)
		09	Other measures to stimulate research and innovation and entrepreneurship in SMEs
		14	Services and applications for SMEs (e-commerce, education and training, networking, etc.)
		15	Other measures for improving access to and efficient use of ICT by SMEs
	ICT and related services	11	Information and communication technologies (...)
		12	Information and communication technologies (TEN-ICT)
		13	Services and applications for citizens (e-health, e-government, e-learning, e-inclusion, etc.)
	Other investment in firms	08	Other investment in firms
2. Human resources	Education and training	62	Development of life-long learning systems and strategies in firms; training and services for employees ...
		63	Design and dissemination of innovative and more productive ways of organising work
		64	Development of special services for employment, training and support in connection with restructuring of sectors ...
		72	Design, introduction and implementing of reforms in education and training systems ...
		73	Measures to increase participation in education and training throughout the life-cycle ...
	Labour market policies	65	Modernisation and strengthening labour market institutions
		66	Implementing active and preventive measures on the labour market

Policy area		Code	Priority themes
		67	Measures encouraging active ageing and prolonging working lives
		68	Support for self-employment and business start-up
		69	Measures to improve access to employment and increase sustainable participation and progress of women ...
		70	Specific action to increase migrants' participation in employment ...
		71	Pathways to integration and re-entry into employment for disadvantaged people ...
		80	Promoting the partnerships, pacts and initiatives through the networking of relevant stakeholders
3. Transport	Rail	16	Railways
		17	Railways (TEN-T)
		18	Mobile rail assets
		19	Mobile rail assets (TEN-T)
	Road	20	Motorways
		21	Motorways (TEN-T)
		22	National roads
		23	Regional/local roads
	Other transport	24	Cycle tracks
		25	Urban transport
		26	Multimodal transport
		27	Multimodal transport (TEN-T)
		28	Intelligent transport systems
		29	Airports
		30	Ports
31		Inland waterways (regional and local)	
32		Inland waterways (TEN-T)	
4. Environment and energy	Energy infrastructure	33	Electricity
		34	Electricity (TEN-E)
		35	Natural gas
		36	Natural gas (TEN-E)
		37	Petroleum products
		38	Petroleum products (TEN-E)
		39	Renewable energy: wind
		40	Renewable energy: solar
		41	Renewable energy: biomass
		42	Renewable energy: hydroelectric, geothermal and other
		43	Energy efficiency, co-generation, energy management
	Environment and risk prevention	44	Management of household and industrial waste
		45	Management and distribution of water (drink water)
		46	Water treatment (waste water)
		47	Air quality
		48	Integrated prevention and pollution control
		49	Mitigation and adaption to climate change
		50	Rehabilitation of industrial sites and contaminated land
		51	Promotion of biodiversity and nature protection (including Natura 2000)
		52	Promotion of clean urban transport
53		Risk prevention (...)	



Policy area		Code	Priority themes
		54	Other measures to preserve the environment and prevent risks
5. Territorial development	Social Infrastructure	10	Telephone infrastructure (including broadband networks)
		75	Education infrastructure
		76	Health infrastructure
		77	Childcare infrastructure
		78	Housing infrastructure
		79	Other social infrastructure
	Tourism and culture	55	Promotion of natural assets
		56	Protection and development of natural heritage
		57	Other assistance to improve tourist services
		58	Protection and preservation of the cultural heritage
		59	Development of cultural infrastructure
		60	Other assistance to improve cultural services
	Planning and rehabilitation	61	Integrated projects for urban and rural regeneration
	Other	82	Compensation of any additional costs due to accessibility deficit and territorial fragmentation
		83	Specific action addressed to compensate additional costs due to size market factors
6. Technical assistance		84	Support to compensate additional costs due to climate conditions and relief difficulties
		81	Mechanisms for improving good policy and programme design, monitoring and evaluation ...
		85	Preparation, implementation, monitoring and inspection
		86	Evaluation and studies; information and communication

**Annex Table B - National thematic priorities for Cross-Border, International and Interregional Cooperation Programmes**

OP		Geographic Eligibility	National Thematic Priorities For Cooperation	Priorities And Community Objectives
Cross-border Cooperation	Portugal- Spain	NUTS III bordering Spain	Accessibilities; territory planning; environment, natural resources and risks prevention and heritage; increased competitiveness, employment promotion, institutional and socioeconomic integration;	Economic activities cross-border development, socio-cultural and environmental through joint strategies for sustainable territorial development.
	Mediterranean Basin	Algarve	Natural and cultural resources, heritage and institutional reinforcement;	
International Cooperation	Atlantic Space	Mainland regions	Shipping trade and maritime issues; development of coastline and Atlantic cities ; maritime safety	Establishing of international cooperation and development through the funding of networks and actions leading to integrated territorial development.
	European Southwest Space	Mainland regions	Iberian Peninsula international connectivity; prevention of natural risks	
	Madeira – Azores – Canarias	Azores, Madeira	Insularity issues; business innovation and technological development; cooperation with third countries	
	Mediterranean Space	Alentejo, Algarve	Polycentrism and urban/rural connection; Mediterranean cultural identity and heritage	
Interregional Cooperation	Interregional Cooperation	Entire national territory	Participation in cooperation between Member States and Regions in the context of regional and thematic interventions for Innovation and Environment (“Regions for Economic Change” Initiative and its “Fast Track” option)	Reinforcement of the effectiveness of regional policy under the Agenda’s Objective implementation in Lisbon and Gothenburg.
	INTERACT, URBACT, ESPON	Entire national territory	Creation, and animation of networks and community participation	

Source: NSRF 2007-2013 Portugal.