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## Regional Development Agencies in Portugal

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### **Abstract**

During the last decade we have seen the emergence of Regional Development Agencies (RDAs) as one of the key elements for achieving a better and sustainable regional development.

RDAs are considered operational structures that: identify regional or sectorial development problems; choose the methodological approaches and the business opportunities; and promote the selected projects. All this makes the RDAs different, for instance, from an entrepreneurial association because it considers the economic, social and cultural issues of a specific region and not only the ones directly related to economic activity. Also RDAs generally are mixed institutions, both with public and private capital.

It is clear that RDAs should play a relevant role in regional policy, defining objectives and projects, and through negotiation and administrative fund allocation.

In this paper we will focus the Portuguese experience, presenting and discussing the results of two enquiries addressed to Portuguese RDAs. The first enquiry is from March 1999 and the second one from February 2000.

The paper concludes with the evaluation of Portuguese RDAs activity and formulating some proposals regarding future regional policy.

## **1. – Regional Development Agencies in Europe**

The persistence of unemployment in the EU is the proof that macroeconomic policies aren't able to succeed in solving the consequences of globalisation and technological development.

Traditional regional policy in the European Union refrains itself to the minimisation of the effects of such macroeconomic policies, without going to the kernel of the issue.

However, we can verify that results are positive in some territories. Those are remarked by a higher increase in setting up new enterprises and by a higher propensity to innovation than the rest of the country. Local actors have network organisations and establish consensus concerning its development strategy. They support themselves by efficient intermediate structures, that they carry out successfully – “industrial districts”, “innovative means”, “enterprise and innovation centre” or “clusters”.

The Chief of State Summit in Essen (1995) officially recognised the importance of intermediate structures and Small and Medium Enterprises (SME's) to revitalise a region. Several State-Members have, at the present, programs aiming to reinforce RDA regional webbing.

Also, several countries of Eastern and Central Europe are coming to define regional strategies and to yield to firms a set of agglomeration services. It's the case, for example, of the Czech Republic which, according to Vozáb in Halkier et al. (1998), has used RDAs as a main tool to the country european accession.

In spite of the complexity of regional development, empirical evidence shows us that success is based on a set of simple concepts: bottom-up development, strategic planning, public/private partnership.

Nevertheless, the fundamental political issue is the following: should a RDA be a promoter of endogenous resources as well as of all local agents endeavours or, on the opposite, a mere executor of previous defined regional/local development policies?

P.Oliveira (1999) opposes as a “simple exercise” the goals that two RDAs – the *Agence Régionale de Développement du Nord-Pas de Calais* and the *Scottish Highlands & Islands Enterprise* – pretend to achieve.

The French RDA intends “*to contribute to economic development and to promote its inhabitants citizenship, through oriented actions towards the creation of employment and activities, in partnership, and by all possible means*”.

On the other hand, its British congenerous defines as a mission: “*To allow the people of the region to carry out all its potential, reinforcing communities, developing capacities, raising and developing firms. The goal is to comprehend and raise active communities, in partnership with companies, government agencies, local authorities, volunteer groups and communities. The responsibility and transparency are essential, the goal being to maximise the value of the invested money*”.

Many times, public departments with development responsibilities assume they know what is best for the region, without a previous consultation of the people. But local population is the one who better knows the problems and who doesn't easily accept the imposition of a single model, common to all the country regions.

And as Oliveira (1999) underlines “development, in last resort aims people”, who have to feel able to participate and built its own development. This is the very concept of John Friedmann “empowerment” which gathers participated democracy and economic suitable growth.

In general, the oldest and already consolidated RDAs have enough flexibility to evolve according to problems. That's the case of the *Scottish Development Agency (SDA)*, created in 1975, which has been showing a wealthy institutional flexibility and a remarkable openness to change: it started its activity with a regional planning strategy based in manufacture and employment maintenance. In 1981, this last goal was abandoned. In 1986, priority was given to private sector participation in local economic recovery. In 1991, the *Scottish Highlands & Islands Enterprise* replaces SDA giving priority to economic development over regional planning.

## **2. – Regional Development Agencies in Portugal**

### **2.1. – The creation of RDA in Portugal**

Portuguese Regional Development Agencies (RDAs) were created under the Law 88, dated 19th. March 1999, with the goal to “promote a certain part of the territory, from the economic, social and cultural points of view, in the general environment of development policies and strategies”.

Taking into account the need to adjust territorial scope, Portuguese RDAs status was changed on the 1st. October 1999, allowing for creation of RDAs based “in territories equivalent to Council groupings”.

Central Administration supported its creation through IQADE Projects – Implementation and Qualification of Development Agencies – I and II, co-financed by the Portuguese Government and the European Regional Development Fund (ERDF).

IQADE I Project started by supporting the initiatives of 22 public or private structures, aiming regional development, through processes of strategic concertation and the start-up of common technical and management structures.

The actual RDAs cover almost all Portuguese continental territory, as shown in Map I.

Only some parts of Minho, Trás-os-Montes, Beiras and in Lisbon Metropolitan Area are not covered by RDAs action.

In the Autonomous Regions, only Madeira has an established RDA.

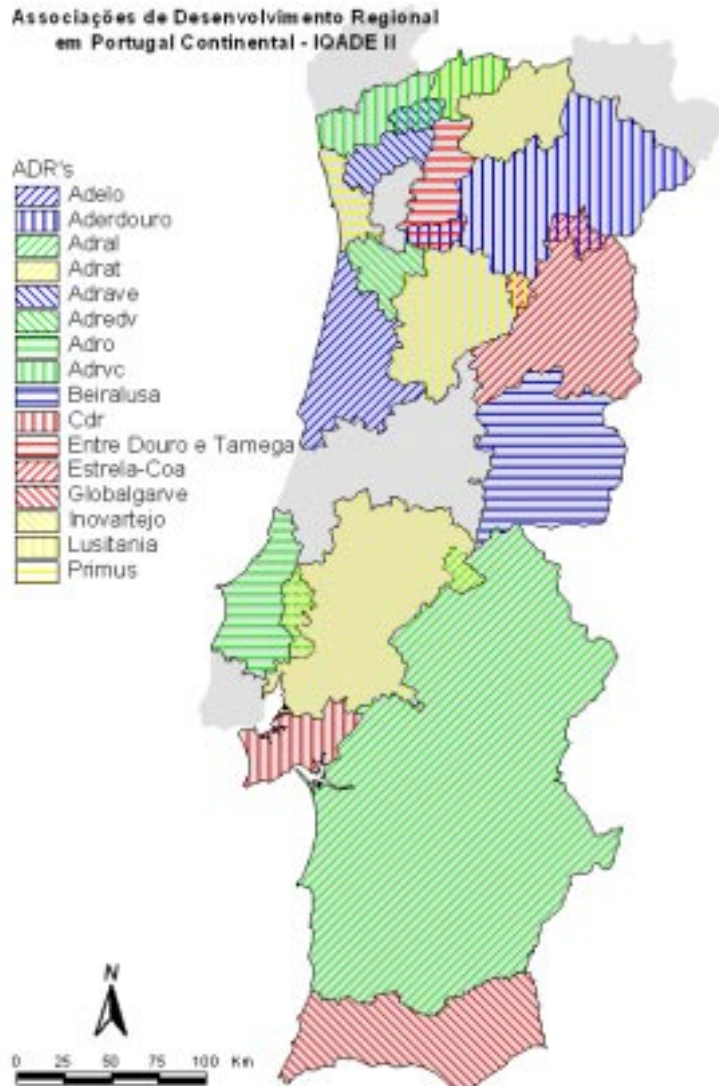
The actual RDAs in function, in the scope of IQADE II Project, are the following:

**TABLE 1 – Portuguese RDA**

<b>RDA</b>	<b>Date of Establishment</b>
ADELO – Associação de Desenvolvimento Local da Bairrada e Mondego	BEFORE 1997
ADERAM – Associação de Desenvolvimento da Região Autónoma da Madeira	IQADE II (1999/2000)
ADERDOURO – Associação de Promoção e Desenvolvimento da Região do Douro	IQADE II (1999/2000)
ADRAL – Agência de Desenvolvimento Regional do Alentejo, S.A.	IQADE I (1997/1999)
ADRAT – Associação de Desenvolvimento da Região do Alto Tâmega	BEFORE 1997
ADRAVE – Agência de Desenvolvimento Regional do Vale do Ave, S. A.	IQADE I (1997/1999)
ADR – Agência de Desenvolvimento Entre Douro e Vouga	IQADE I (1997/1999)
ADRO – Agência de Desenvolvimento Regional do Oeste	IQADE I (1997/1999)
ADR – Agência de Desenvolvimento Regional do Vale do Cávado	IQADE I (1997/1999)
Beira Lusa – Agência de Desenvolvimento Regional da Beira Interior	IQADE I (1997/1999)
CDR – Cooperação e Desenvolvimento Regional, S. A	BEFORE 1997
EDT – Agência de Desenvolvimento Regional de Entre Douro e Tâmega, S. A	IQADE I (1997/1999)
Estrela-Coa – Agência de Desenvolvimento Regional da Guarda	IQADE I (1997/1999)

GLOBALGARVE – Cooperação e Desenvolvimento, S.A	BEFORE 1997
INOVARTEJO – Agência de Desenvolvimento Regional S. A	IQADE II (1999/2000)
LUSITANIA – Agência de Desenvolvimento Regional	IQADE I (1997/1999)
PRIMUS MGV – Promoção e Desenvolvimento Regional	IQADE I (1997/1999)

**FIGURE 1 – Portuguese RDA**



As we can see, five of the initial structures supported by the IQADE Project, didn't survive: Alto Minho Regional Development Association; Vale do Sousa Regional Development Agency; CoraNE – Raia Nordestina Association Councils; Desteque – Association for the Development of Terra Quente; and AMDR Centro – Agency for the Centro Social Change and Regional Development.

That gives us a “mortality rate” of 23%.

In April/May 1999 a first enquiry with RDAs was carried out by the IQADE Project technical team. In this paper we present its main results. In February 2000, the authors made a second inquiry, to the development strategies followed by RDAs.

## 2.2. – Geographical Distribution

Making the aggregation of the 17 RDAs by NUT II, we have the following distribution table:

**TABLE 2 - Geographical distribution**

<b>NUT II</b>	<b>RDA</b>
<b>North</b>	6
<b>Centre</b>	5
<b>Lisbon and Tagus Valley</b>	3
<b>Alentejo</b>	1
<b>Algarve</b>	1
<b>Madeira</b>	1
<b>TOTAL</b>	17

Geographical distribution outlines the lower concentration in the North and Center regions vis-à-vis the South (Alentejo e Algarve). In these last two regions it was easier to reunite all agents in a single RDA.

## 2.3. – Date of Setting-Up and Legal Form

The analysis of Table I inform us that the great majority of actual RDAs – 10, i.e., 59% - were created during IQADE I. Only three were legally settled during IQADE II – ADERAM, ADERDOURO and INOVARTEJO – in spite of the fact they were already informally settled, in IQADE I.

ADELO and ADRAT were established in the beginning of the 90’s as Local Development Actions, within European LEADER Program.

CDR already exists since 1992 and GLOBALGARVE since 1995.

Concerning its legal form, 50% of RDAs are “Non-Profit Societies” and 50% are “Anonymous Societies”(unlimited responsibility). In general, the most recent

established RDAs are anonymous societies, while the non-profit societies are the oldest ones. This seems to show a growing business oriented trend.

## 2.4. - Partner Institutions

Concerning RDAs partner institutions we were able to summarise the following:

**TABLE 3 – Partner Institutions**

RDA	CENTRAL ADMINISTRATION	LOCAL ADMINISTRATION	OTHER PUBLIC INSTITUTION	PRIVATE PARTNES	TOTAL PARTNERS INSTITUTIONS
ADELO		4	2	10	16
ADERAM	n.d.	n.d.	n.d.	n.d.	n.d.
ADERDOURO	n.d.	n.d.	n.d.	n.d.	n.d.
ADRAL	1		10	41	52
ADRAT	2	6	2	12	22
ADRAVE			3	39	42
ADREDO		6		7	13
ADRO			2	4	6
ADRVC			4	13	17
BEIRA LUSA		7	2	8	17
CDR		9	4	7	20
EDT		8			8
ESTRELA	2	9	1	14	26
GLOBALALGVE	1	11	6	24	42
INOVARTEJO			2	5	7
LUSITANIA		16	3	18	37
PRIMUS		9	2	22	33
<b>TOTAL</b>	<b>6</b>	<b>85</b>	<b>43</b>	<b>224</b>	<b>358</b>
<b>% Total</b>	<b>2%</b>	<b>24%</b>	<b>12%</b>	<b>63%</b>	<b>100%</b>

With 358 partner institutions, we have a reasonable number of 21 partners in an average RDA. The majority (63%) is from the private sector.

Only EDT doesn't have private partners: all its eight partners are Councils.

ADRO (West) with only six partners is the one with a lower number, while ADRAL (Alentejo) with 52 partners has the highest value.

Only four RDAs have Central Public Administration Departments as partners: ADRAL, 1; AD RAT (Alto Tâmega), 2; Estrela, 2; and GLOBALGARVE, 1.

Local Public Administration is present in 12 of the 17 RDAs, with the exceptions of ADRAL, ADRAVE, ADRO, ADRVC e INOVARTEJO.

By NUT II, we have the following RDA capital structure:

**TABLE 4**

<b>NUT II</b>	<b>CENTRALAD</b>	<b>LOCALAD</b>	<b>OTHER PUBLIC</b>	<b>PRIVATE</b>	<b>TOTAL</b>
North	2	23	11	86	122
Centre	2	42	8	57	109
Lisbon and Tagus Valley	0	9	8	16	33
Alentejo	1	0	10	41	52
Algarve	1	11	6	24	42

That is, in percentage:

**TABLE 5**

(in %)

<b>NUT II</b>	<b>CENTRALAD</b>	<b>LOCAL AD</b>	<b>OTHER PUBLIC</b>	<b>PRIVATE</b>	<b>TOTAL</b>
North	2	19	9	70	100
Centre	2	39	7	52	100
Lisbon and Tagus Valley	0	27	24	48	100
Alentejo	2	0	19	79	100
Algarve	2	26	14	57	100

The weight of private partners is bigger in the North and Alentejo, while it is in the Lisbon and Tagus Valley Region that Public Administration has a heavier weight.



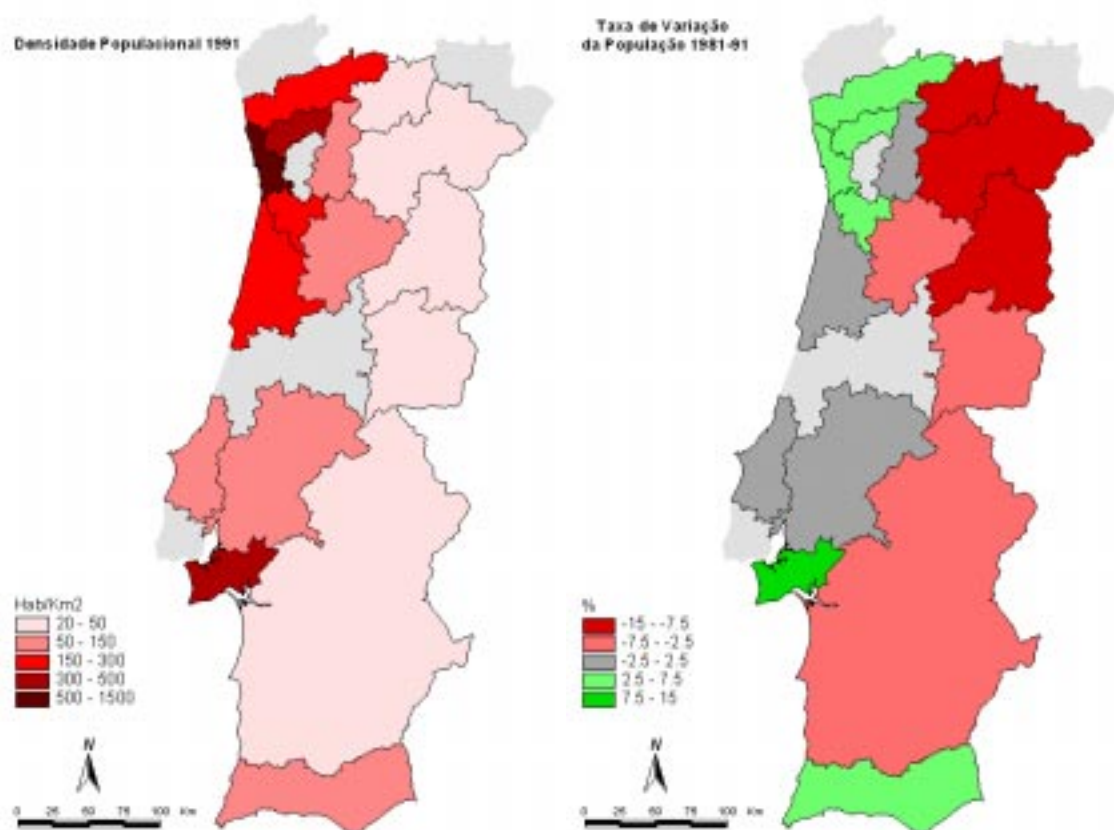
### **3. – Portuguese RDA: Territory characterisation**

The 16 RDAs of Portuguese mainland (the 17th RDA is from Madeira Island which is not take under consideration here) have extremely diversified territories. We propose a brief characterisation focusing three points: population, economic activity and land cover.

#### **3.1. – Population**

Demographic reality of the RDAs is considerably diversified. There are territories of the mainland inner part with only few inhabitants and, on the other side, there are dynamic areas, mainly on the littoral, where population concentrates. The result is a population density varying from 20 to 1500 inhabitants per square kilometre.

**FIGURE 2 – Population Density and Population Growth Rate**

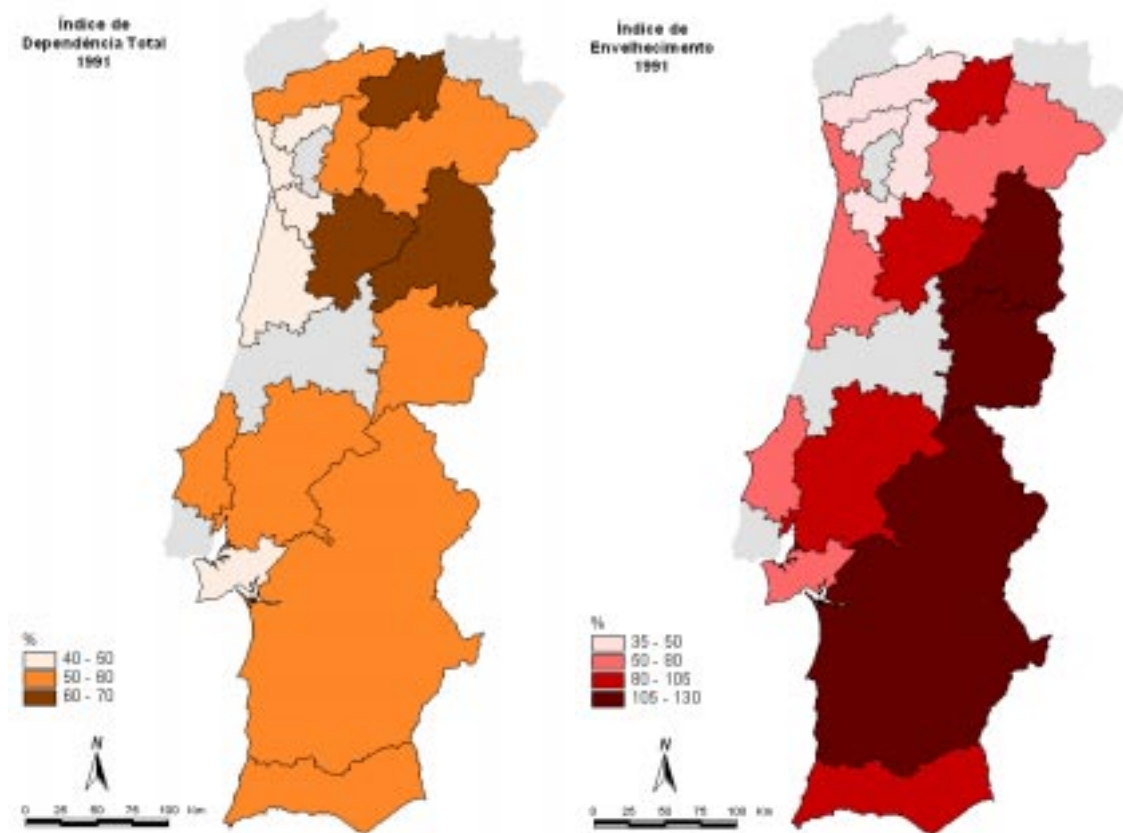


The same type of situation can be observed in population variation. Basically, the areas with higher values of population are the ones that grow and those with lower values keep losing population. This can be observed by looking at the two maps put together.

Moreover, in this observation the territories belonging to RDAs Estrela-Coa, Aderdouro and Adrat stand out for their gross losses of population and by belonging to the vast inner area of low population density (between 20 and 50 inhabitants per square kilometre, while the national average is 100).

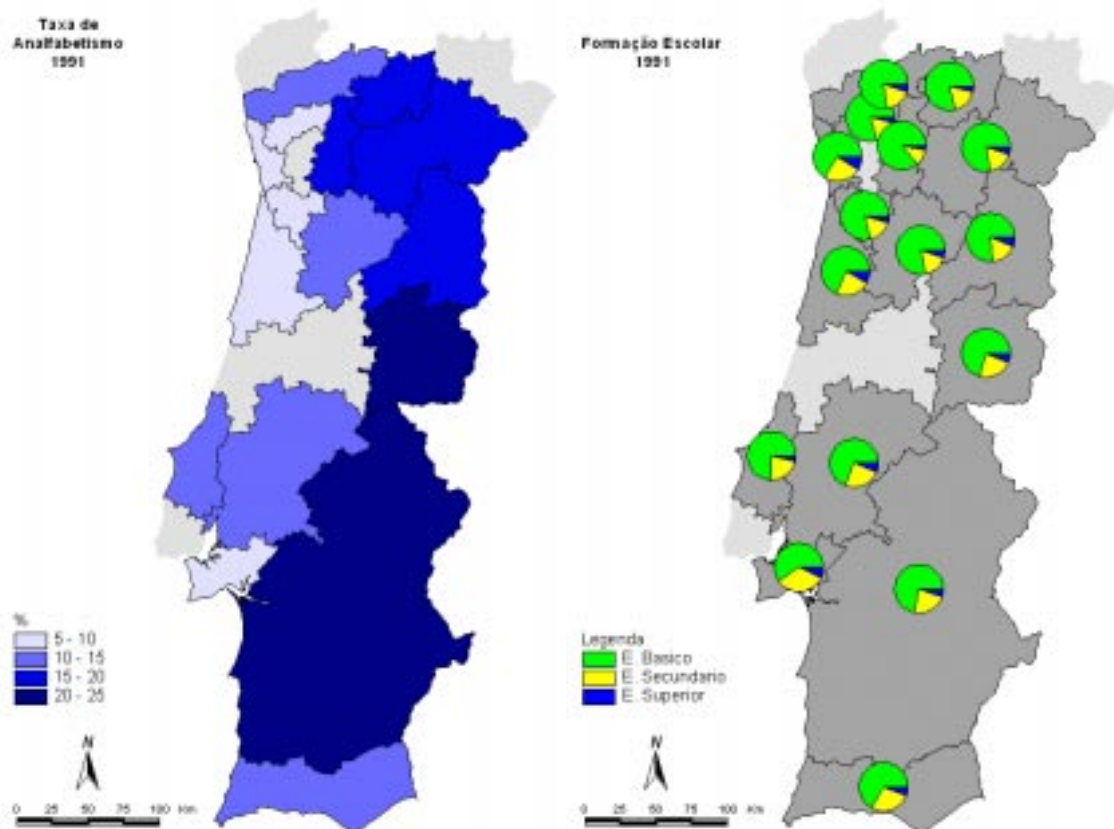
On the opposite side we have the RDAs Adrave, Adravn, Adrdv, and Primus, on the North, and CDR, on the South, registering simultaneously high values of population density and a growth in the last decade.

**FIGURE 3 – Population Dependence and Ageing Index**



If one considers previous descriptions and the data regarding population structure (in this case by analysing two indicators), then the contrast between the inner and the littoral areas become more evident.

The less favoured areas are the ones with both higher values. This is caused by a strong presence of elderly people.

**FIGURE 4 – Illiteracy Rate and Education Level**

Those are the areas (the ones that have grown old) where illiteracy rate is also higher. On education level, it is possible to say in a generic way that the basic level is dominant and that secondary level floats while the superior is residual.

Population quantitative with a degree only passes the 7% in the CDR, Adelo and Primus areas.

Concluding, the reality of RDAs territories is highly contrasted, especially between littoral and interior areas. Between areas of negative population growth, ageing problems and high illiteracy rate and those with high population densities (rounding 1500 inhabitants per square kilometre), population growth and without ageing problems.

### 3.2. – Economic Activity

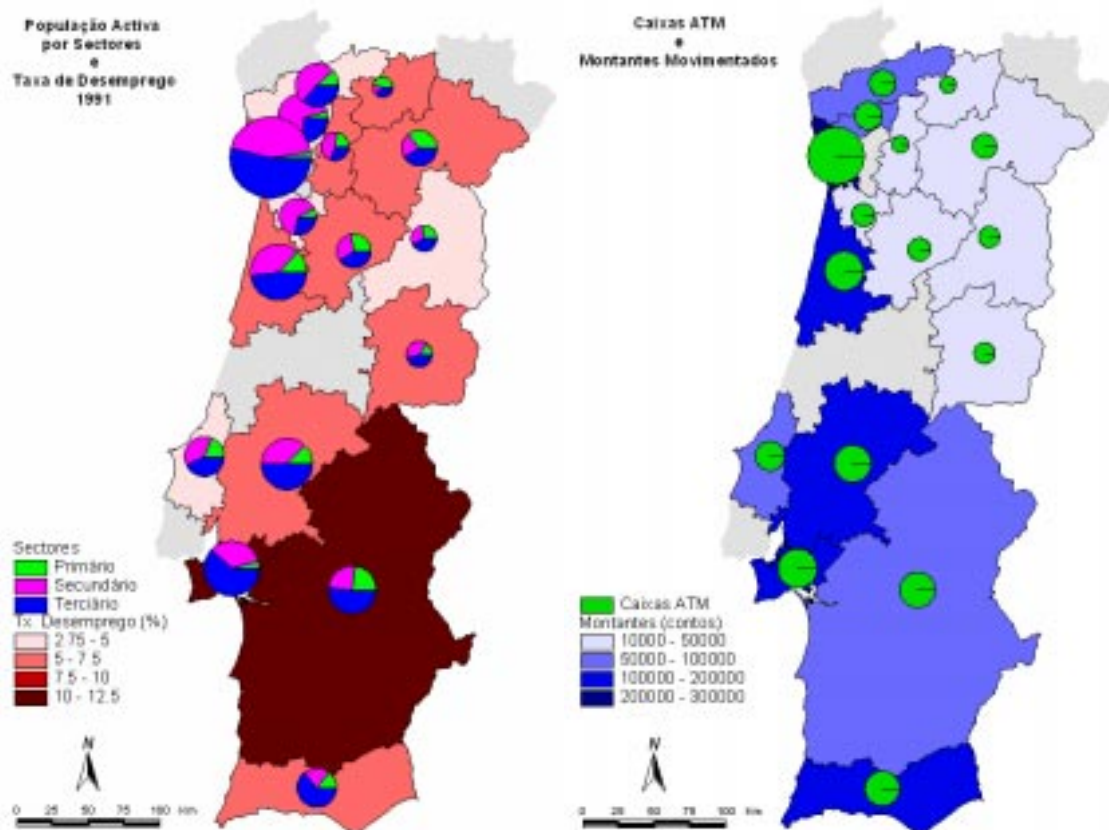
Economic activity is here resumed to the analysis of five indicators: active population, unemployment rate, ATM and ATM's amounts, digital communication infrastructure and commercial balance (Import/Export).

Concerning economic activity contrasts are self-evident. In the active population structure of RDAs Primus, CDR and Globalgarve tertiary sector is stronger than in the other ones, as they are basically metropolitan areas. On the other side we have RDAs Adrave, Adrcv and Adredv with a strong presence of the industrial sector and in the areas of RDAs Aderdouro, Adrat e Lusitânia agricultural sector is still visible.

In the same map we can see that unemployment rate in Adral area is above 10%.

In this brief analysis we have also chosen some indicators that can be related to economic market (such as number of ATMs and withdraws amounts), and others that can be related to technological innovation and telecommunications, such as the percentage of digital phone lines and the percentage of RDIS access.

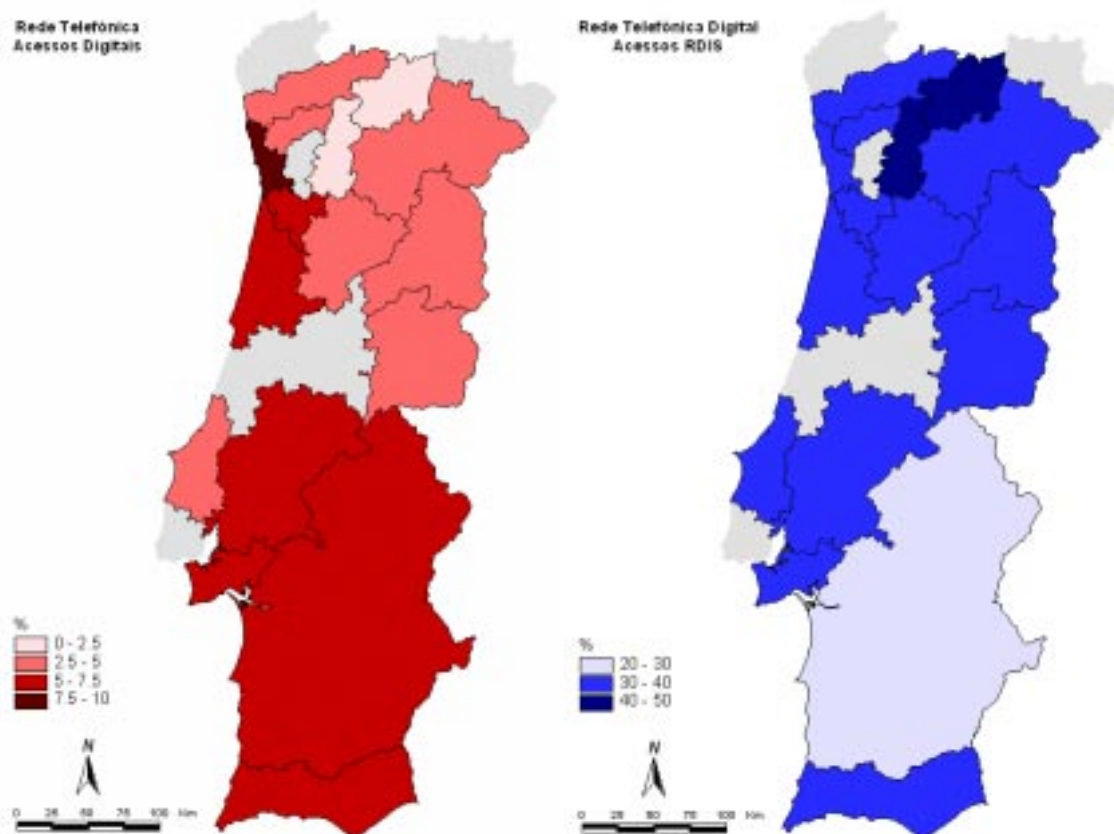
**FIGURE 5 – Active Population and ATM**



Regarding the distribution of ATM there is not an evident contrast between interior and littoral areas in the South, but in the North the contrast is very strong.

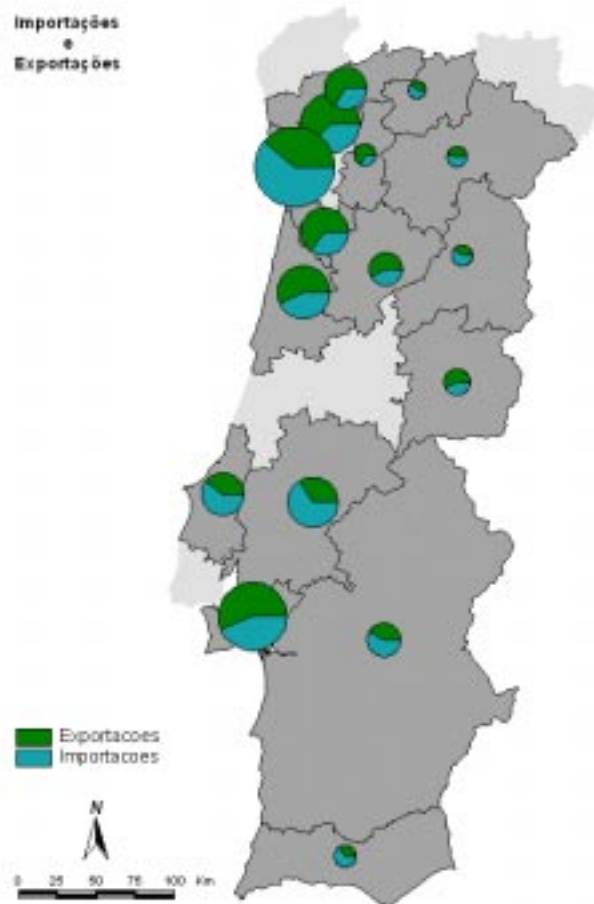
Total amounts of withdraws distribution have a similar behaviour. This is partially explained by the difference between North and South RDAs configuration. Primus RDA has the highest numbers of ATMs and of ATM withdraws.

**FIGURE 6 – Telecommunications**



Telecommunication sector is generally characterised by a low percentage of digital lines, contrasting with the high value of lines dedicated to data. That is the case of Adrat and Entre Douro e Tâmega RDAs areas. The Adral's area is the one with lower values of digital connections - from 5 to 7.5% - and it is also the one with lower value of RDIS. Regarding RDA's commercial activity, there is not a significative spatial differentiation. RDAs Cdr, Adelo, Adredv, Lusitânia, Adrave, Adrvc, Beira Lusa and Entre Douro e Tâmega have a positive balance and RDAs Globalgarve, Adral, Adro, Inovartejo, Estrela -Coa, Aderdouro, Adrat and Primus have an higher value of imports.

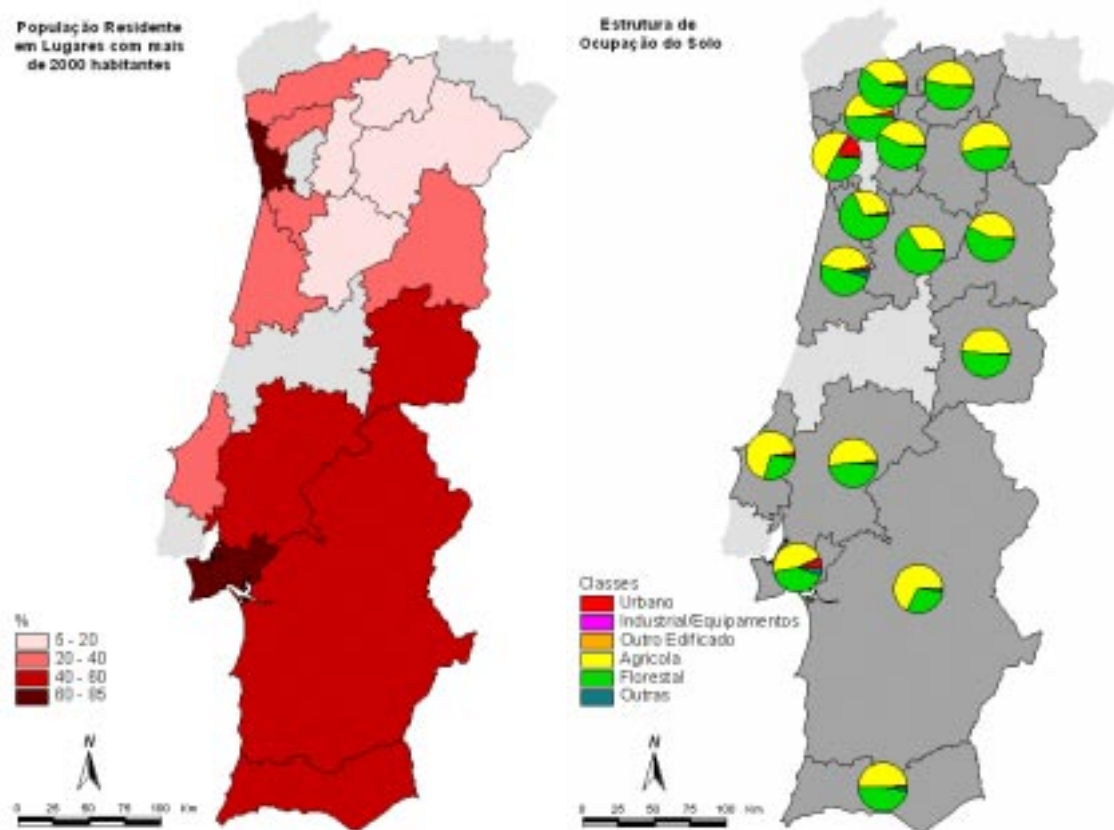


**FIGURE 7 – Imports/Exports**

### 3.3. – Land Cover

Land cover analysis is done considering two key issues. First, the meaning of urban population and second the land cover structure itself.

The two maps presented in figure 7 are complementary. Regarding urban population, CDR and Primus RDAs are the ones with higher values. This is explained because those RDAs areas belong to Lisbon and Oporto metropolitan areas. In the South, RDAs present values for urban population near 50%, as we have a concentrated structure of settlement. In the North we have a disperse structure with a large number of small villages.

**FIGURE 8 – Urban Population and Land Cover Structure**

Those observations are supported by the analysis of land cover structure. In this map we can see that only in CDR and Primus areas does urban class have some meaning. In the rest the agricultural (Adral e Adro) and forest (Adredv e Lusitânia) areas alternate as the dominant class or between equilibrium (Beiralusa, Globalgarve, etc.).

#### **4 – Final remarks**

From all the information presented above it is clear that the 17 Portuguese RDAs are extremely different regarding its setting-up date, capital, legal status, territorial area, population and its dynamic, economic activity and land cover.

This is not a surprise. The country has among its regions the same level of unbalance than the 15 EU members as a whole. Portuguese Government followed a liberal approach considering that local actors should lead RDA's creation process and that market should decide its future. The result is this RDA's variable geometry.

As this was the original approach it is recommended that it should be followed up to the end and not replaced by a *top-down* model – as it seems to be a present attempt - that does not fit the diversity of Portuguese reality.

Of course this *liberal* choice is dangerous and the number of failures can be higher, but at least the ones that survive are stronger and better fitted to reality.

The surviving RDAs of this natural selection process will be strong and ready to face the challenges of XXI century Europe.

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