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European Association of Development Agencies

Regional Development Agencies in Portugal

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INTRODUCTION

Institutional Context

The main characteristic of the Portuguese administrative and territorial structure is its centralisation. That is to say that the regions/provinces have a secondary role in the political setup, so much so that they lack any kind of administrative decision-making power, with the exception of two Autonomous Regions, both comprising islands: the Azores and Madeira. In this situation, it is possible to find two main administrative entities: the central state and municipalities, also called districts.

Nevertheless, for the purpose of this analysis, the spotlight must be on the NUTS division. In Portugal, the three NUTS levels are divided as is established in the Decree-Law no. 204/2002:

- NUTS I: "continental Portugal" - or the mainland - and the two autonomous regions of Madeira and Azores.
- NUTS II: there exist seven NUTS II regions in Portugal: North, Centre, Lisbon, Alentejo, and the Algarve as regards the mainland; as well as the two territories situated within the Autonomous Regions of Madeira and Azores.
- NUTS III: the second level is subdivided in 30 different unitis, 28 of them being on the mainland, two in the Azores and Madeira.

The NUTS II division is the most relevant one in this case as it is the one which Portugese Regional Development Agencies (RDAs) work with. Each one of these regions is directed by a Comissão de Coordenação e Desenvolvimento Regional, or Regional Coordination and Development Commission. These commissions are not rule-setting governmental bodies but manage and implement the guidelines established by the central government. They are, thus, managing authorities for public funding and regulations.

Legal status and competences

The legal status of Portuguese RDAs varies widely between them, as there is not a specific format, but several possibilities contained in the law which regulates and establishes them; Decree-Law no. 88/1999, Article 3. It is established, on the other hand, that RDAs are private entities ruled by public law.

As for the competencies the RDAs have, it varies between them, even though the aforementioned regulation delimits several objectives that each agency has to aim for. Some of these are:

- promoting activities that create jobs and improve the environment and quality of life;
- fostering business creation, domestic and foreign investment, and technological innovation and transfer;
- designing, editing, orientating, and managing information systems with economic and social content and of territorial scope;
- provision of technical and management assistance to Small and Medium-sized Enterprises (SMEs) in the region;

It also adds a clause allowing the RDAs to autonomously choose their areas of activity or their internal organisation. Thus, the regional agencies enjoy a great level of independence.

The Portuguese RDAs' funding scheme is different for every case. This is determined by the partner institutions that compose each Agency. It is important to mention that most of the RDAs were created as anonymous societies or non-profit associations. Nevertheless, the first group is the most relevant one in terms of size. The average RDA in Portugal consists of 21 partner institutions and most of them are private[1]. Either way, state support is very limited, providing assistance exclusively to project programs and actions, not to the agencies themselves[2].

National coordination

As mentioned before, national coordination is totally dependent on the central government, with the Regional Coordination and Development Commissions (RCDCs) only carrying out some limited management and implementation duties according to the national guidelines. These entities have their own managing capacity. On the other hand, it is not possible to talk about a national association at the moment. ANADER[3], the national association is no longer developing its activities, especially due to the disappearance of most of the RDAs in the country.

As a result of the country's centralised structure, other entities have great importance for development, such as the Foundation for Science and Technology, the Institute to Support Small and Medium Sized companies and the National Innovation Agency.

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[1] Salvador, R. and Juliao, R. (2000). *Regional Development Agencies in Portugal.*
[2] Decree-Law no. 88/1999, article 6.
[3] Associação Nacional das Agências De Desenvolvimento Regional.

Current situation

It is necessary to dedicate a section to the evolution and the current situation of the Development Agencies:

The first attempt to improve regionalisation in Portugal was developed in the 1990s and was called IQADE (Implementation and Qualification of Development Agencies). As a result, 16 different RDAs were created. Through IQADE, the Portuguese Government wanted to encourage the creation of regional entities in order to boost the regionalisation process and develop territorial structures under national surveillance. In order to constitute the agencies, public and private bodies were supported by the national government. According to Syrett & Nunes Silva (2001), there were some previous requirements the agencies had to comply with: the form of the agency had to be a public-private partnership; the covered region should have had at least 300.000 inhabitants and been, as minimum, a NUT-III unit. As a result of the possibility of being constituted as private organisations, the profits had to be reinvested; they needed to prove their self-sustainability. For this purpose, EURADA participated as an important actor, providing training for the technicians and administration assistance for RDAs.

A second part of the IQADE programme, called IQADE II was launched in the early 2000s. This phase aimed to strengthen the structures created in the previous stage, with technical and organisational support. One of the main goals was to introduce the RDAs into the European environment.

Nowadays, most of these RDAs have disappeared. Consequently, the national association, ANADER, has also ceased its activities. Only a few development agencies from those created in the 90s have survived: ADRAL, the agency of the region of Alentejo and ADRAT from the region of Alto Tâmega. It is also possible to find other agencies in Portugal, but they do not fulfill the essential requirements for being Regional Development Agencies, either due to their territorial scope (in the case of local agencies) or because the activities they develop differ from those of RDAs (as in the case of rural development agencies).

Regarding the creation of new RDAs in the future, it certainly looks unlikely. It all ultimately depends on the national strategy adopted by the Portuguese Government, and this matter is not a current priority.

ACTIVITIES

Below follow different activities which Regional Development Agencies develop:

Foreign investment attraction

Portuguese RDAs actively seek potential investments for the regions they work in. One of the main ways of doing this is the Foreign Direct Investment, or FDI, through which an investor based in a foreign country gets to buy shares or holdings in companies in another country and it is characterised by a long-lasting relationship. The standard criteria to determine the existence of FDI is the ownership, by the investor, of at least 10% of the capital of the "receiving" company.

Such inward investments are also important tools for the promotion of regions as attractive destinations for foreign capital. It is important to note that the internationalisation of the companies which wish to expand their activities beyond Portugal's borders is an important factor of investment attraction.

In order to attract and maintain these investments, RDAs and regional governments play a determinant role, establishing policies to consolidate them. In this sense, these policies are known as aftercare:

- Improvement of local business environment (education, skills, communications, technology base etc.).
- Information, incentives, and support to adapt and expand premises.
- Identification of potential local suppliers and collaborators.
- Provision of customised training programmes for foreign investors.
- Cluster-building initiatives.

Information and Communication Technologies

Innovation in Information and Communication Technologies (ICT) is an important aspect for regions and RDAs. The European Union has developed a Digital Agenda in order to establish the main goals every country or region should seek to achieve, and has also earmarked around €20 billion from the ERD Fund to support investment and development.

The responsibility of Portugese RDAs for the technological modernisation of their regions is very important. Such activities developed by the agencies are of a wide variety:

- Implementation of shared ICT service centres with a territorial base.
- Boosting the knowledge and empowerment transfer of local agents for the stabilisation of highly trained technical resources within the ITC domain.

- Development and promotion of signatory infrastructure in certain regional and national networks, related to public or similar bodies, and data processing centres.

To develop all these activities, Portuguese RDAs have the possibility of partnering up with other entities. These may be either public municipalities, such as the intermunicipal communities, or private, such as technological enterprises or non-profit organisations. They may thus create a collaboration platform to implement ICT projects in line with the previously mentioned European Digital Agenda. The role of the Regional Development Agencies regarding the implementation of new ICT Technologies implies support to territories and companies, consisting of the establishment of infrastructure, for example data processing centres or employee training.

For this purpose, the RDAs can access several funding sources: their own budget, dedicated to project development, public subsidies from regions and municipalities, and companies' payments for their services.

Services for Company Management

1. Infrastructures

RDAs in Portugal encourage and support the creation and modernisation of infrastructure designed to be spaces where enterprises can develop the projects and activities they have, boosting, thus, the strengthening of the industrial network within the regions. The RDAs not only assist the creation but also the management of this infrastructure to improve operating conditions. As for the type of infrastructures, it is possible to find several categories, for instance:

- Entrepreneurial hosting areas such as parks or hubs; spaces where companies can establish themselves and network, providing services to those enterprises present in them.
- Incubators, whether technological or not; spaces set aside for company consolidation and development, aimed mostly at start-ups and SMEs, in which companies may find favourable conditions to get up on their feet while taking the first steps in their businesses.
- Rural entrepreneurial location areas; spaces set up in order to enhance the entrepreneurial activities and economic development in rural areas.

Worthy of mention is the Portuguese Rede Nacional de Incubadoras e Aceleradoras (RNI); a national network of incubators which aims to identify, map, and interconnect existing incubators and accelerators in the country. It is established on the initiative of universities, science and technology centres, municipalities, private companies, and foreign entities. It also aims to identify and fill gaps at regional and sectoral level and to promote cooperation

and sharing of physical resources and know-how, mentor and investor networks, to promote the training of their managers, the professionalisation of the services offered to entrepreneurs and incubated companies.

2. Qualified management promotion

The purpose of this service offered by the RDAs is the training of qualified workers with two main objectives. Firstly, managing the enterprises and providing them with know-how through the performance of formative activities. Also important is the assistive role the RDAs play regarding projects development. In this sense, RDAs help companies produce and carry out their plans and programmes, improving their competitiveness. On the other hand, infrastructure management is also an important aspect of the RDAs activities. To get the best use out of the given infrastructure, they provide management plans and counselling to solve incidents that may arise. Not only do they assist with the management aspect of this, but also with the promotion.

3. Regional Strategic Value Chain development

A value chain is the process of transforming raw materials into a final product and giving it an added value. In a regional sense, the value chain means the collaboration of a certain sector's companies in the region in order to gain strategic competitiveness for all of them. With the aim of creating stronger value chains, the RDAs cooperate by several means: creating competitiveness clusters; gathering enterprises, economic activities, and entrepreneurial infrastructures; generating solid ground for cooperation in terms of internationalisation and investment attraction; promotion of the assets the companies in the sector have; developing external promotion activities and territorial marketing strategies; or the events organisation, such as seminars, professional and scientific meetings, and fairs regarding the strategic value chains development in the regions.

PORTUGUESE REGIONAL DEVELOPMENT AGENCIES

ADRAL – Agencia de Desenvolvimento Regional do Alto Alentejo

Established through the IQADE program between 1997 and 1999, ADRAL is the development agency for the region of Alentejo. It is the one with the widest territorial scope, covering a total of 47 municipalities. It was constituted as a limited society and the partners are equally distributed between public national authorities, such as universities or the CCDR; public local authorities, like municipal associations; and private entities, such as companies or associations.

Regarding the activities ADRAL carries out in the region of Alentejo, it is necessary to mention:

- Territorial analysis, information and territorial marketing to support decision-making processes regarding planning and management.
- Promoting economic activities, entrepreneurship culture, and competitiveness, including counselling for companies, accompanying them in all the stages of the entrepreneurial process.
- Technical assistance, training, and quality.
- Innovation, energy, and information technology.

ADRAT – Associação de Desenvolvimento da Região do Alto Tâmega

Created in the '90s, ADRAT represents the municipalities included in the region of Alto Tâmega. ADRAT is the smallest RDA in terms of territory, as it covers six municipalities. It was created as a Local Development Action, within the European LEADER Program. It is composed mostly of private partners, even though the presence of public institutions is also very relevant within the agency. As to its legal form, ADRAT was constituted as a non-profit association.

As regards the activities ADRAT carries out, the most relevant ones are:

- Projects management: implementation of the activities proposed in applications, as well as the financial control and fulfilment of the established indicators.
- Local development: local development initiatives supporting private and public entities, enhancing enterprise creation, and endogenous resource value creation.
- Training: implementing European projects to motivate citizens to complete training in order to create or manage their own business in a more efficient way.
- Business incubators: spaces for companies interested in establishing themselves in the region of Alto Tâmega and taking advantage of all the services this infrastructure can offer.

CONTACT DATA

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