Social Capital and Rural Development in Portugal

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Introduction

Portugal weighs slightly over one fiftieth of the European Union both in terms of demography and land surface. It is made of the mainland (about 95.4 percent of the population and 96.6 percent of the area) and the Atlantic archipelagos of Madeira and Azores.

Mainland Portugal is distributed along 5 NUTS II regions (Appendix 1):

- North, Centre and Alentejo (Convergence objective);
- Lisbon (Regional competitiveness and employment objective);
- Algarve (phasing out from Convergence objective)

The archipelagos integrate 2 NUTS II regions, one under Convergence objective (Azores) and the other phasing out from it (Madeira). Both territories enjoy a special autonomy status and are considered disadvantaged areas.

Exhibit 1 – Mainland Portugal: Rural Areas

In mainland Portugal the rural territory corresponds to 86% of total area and 31% of the population. Its population density is low and its economic assets are scarce. Demographic trends are negative (1.4% fall between 1991 and 2001 censuses). GDP per capita is less than half of country’s average, though the social development index is close to those of more developed territories, as a result of government policies that, since the mid-80’s, were directed to improve the quality of life of the population and to enhance the accessibility infrastructure of less developed areas. According to EU criteria, 86.6% of the utilizable agricultural surface is classified under disadvantaged areas, of which 31% of mountainous and 69% of other areas.

The urban and intermediate areas, which account for 14% of the territory, form an almost continuous strip along the coast, from Braga to Setúbal, and integrate a large part of the Algarve littoral, in the South. Inland, there are some urban spots associated with intermediate cities (Exhibit 1).

Table 1 - Portugal, selected figures

<table>
<thead>
<tr>
<th></th>
<th>EU – 25</th>
<th>Portugal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area (thousand sq km)</td>
<td>3,973</td>
<td>92 (2.3%)</td>
</tr>
<tr>
<td>Population (million inhabitants)</td>
<td>457</td>
<td>10 (2.3%)</td>
</tr>
<tr>
<td>Population growth rate (%)</td>
<td>0.5</td>
<td>0.64</td>
</tr>
<tr>
<td>Population Ageing Index</td>
<td>1.0</td>
<td>0.87</td>
</tr>
<tr>
<td>Farm owners over 65 years (%)</td>
<td>23</td>
<td>45</td>
</tr>
<tr>
<td>Index of GDP per capita (PPP)</td>
<td>100</td>
<td>75</td>
</tr>
<tr>
<td>Workforce in Primary Sector (%)</td>
<td>5.2</td>
<td>10.8</td>
</tr>
<tr>
<td>Weight of Agriculture on Economy (%)</td>
<td>1.7</td>
<td>3.2</td>
</tr>
</tbody>
</table>

1 Source: GRE – Grupo de Reflexão Estratégica (2005)
2 GRE – Grupo de Reflexão Estratégica (2005). The Portuguese Ministry of Agriculture, Rural Development and Fisheries follows the OECD methodology for categorising rural areas (based on the population density of the smallest statistical areas such as parishes), with some adaptations (see Appendix 2).
Urban areas are basically concentrated around three poles: Lisbon, Oporto and Braga. It is within these territories that half the country’s population lives (54%).

The heritage of the rural areas is predominantly cultural and landscape-based, with a high diversity in natural conditions. The major part of the landscape has suffered human intervention. Agriculture and forestry occupy 71% of this territory. Of the utilised agricultural area, 72% is used by exclusive agricultural crops and the remaining by agro-forestry systems.

Table 2 shows the main features of rural territories in comparison with the intermediate and urban territories of mainland Portugal.

<table>
<thead>
<tr>
<th>Table 2 – Territorial Indicators&lt;sup&gt;4&lt;/sup&gt;</th>
<th>Rural</th>
<th>Intermediate</th>
<th>Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Population (million inhab.)</td>
<td>3.1</td>
<td>1.4</td>
<td>5.6</td>
</tr>
<tr>
<td>Population Density (inhab/sq km)</td>
<td>41</td>
<td>173</td>
<td>1,172</td>
</tr>
<tr>
<td>Changes in Population 1990-2000 (%)</td>
<td>-1.4</td>
<td>10.8</td>
<td>8.2</td>
</tr>
<tr>
<td>Index of real GDP per capita (Lisbon=100)</td>
<td>40</td>
<td>52</td>
<td>65</td>
</tr>
<tr>
<td>Social Development Index (Lisbon=100)</td>
<td>87</td>
<td>90</td>
<td>89</td>
</tr>
<tr>
<td>Nº Industry and Services Enterprises/sq km</td>
<td>0.8</td>
<td>6.8</td>
<td>29.7</td>
</tr>
<tr>
<td>Distance to main road network (minutes)</td>
<td>17</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Classified Buildings per sq km</td>
<td>74</td>
<td>166</td>
<td>424</td>
</tr>
<tr>
<td>Territorial area (% of mainland Portugal)</td>
<td>86</td>
<td>9</td>
<td>5</td>
</tr>
</tbody>
</table>

Except for the conurbations of regional capitals (Funchal in Madeira and Ponta Delgada in the Azores) all island territories are rural areas.

* * *

In a recent diagnostic study of the Portuguese rural territories<sup>5</sup> 10 major economic and social weaknesses were identified.

a) Agricultural production is ill-adapted to market needs. Though there are many rural areas where agricultural and forest activities are competitive, in the majority of the rural territories local production suffers from low productivity and depressed prices. These constraints are reducing dramatically the number of agricultural producers (fall of 31.2% between 1989 and 1999<sup>6</sup>), particularly the ones that work full-time in agriculture (fall of 46.6%).

b) There is a high dependence on water both as regards availability and cost. This is particularly the case of vast areas in the southern part of the country, in the Alentejo and Algarve regions (see Appendix 2).

c) The productive chain is excessively divided, making it difficult to integrate the operations. There are, though, a number of regions with well integrated, competitive

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<sup>4</sup> Source: GRE – Grupo de Reflexão Estratégica (2005)
<sup>5</sup> GRE – Grupo de Reflexão Estratégica (2005)
<sup>6</sup> Correia, Teresa Pinto et al (2006)
rural activities, such as, for instance, the wine making sector in the Douro region (Port and table wines), the milk “basin” around Vila do Conde (both in the “Norte” region), the olive groves of Moura (Alentejo) and Vila Flor (“Norte”), and the production of fruit and vegetables in the Oeste and in the Algarve regions.

d) The education and vocational training levels are very poor. Though the illiteracy rate has dropped in the last decades (from 10.9 to 8.9%, between 1991 and 2001), this is probably one of the most uniform characteristics of the rural territories. There are even some municipalities where the percentage of illiteracy is over 25%.

e) Self-financing and access to credit are major constraints, which are also quite widespread. There are, though, some ongoing initiatives aiming at promoting micro-credit facilities within the rural thrifty institutions.

f) The absence of managerial skills and collaborative market organisations is felt all over the rural territories.

g) There is a lack of entrepreneurial and of innovation capabilities, which results in poor investment dynamics in remote rural areas.

h) The rural population is aged. The ageing rate has been particularly acute in the inland regions of the North and the Centre and in the southern region of Alentejo.

i) There are high income disparities between rural and urban areas (Table 2).

j) The remote rural areas have a very small resident population. Some municipalities have population densities below 10 inhabit/sq km. The trend to abandon rural areas, which gained momentum some 5 decades ago, increases the contrast between the urban/intermediate areas and the rural territories. In the latter, the exception are the intermediate cities, which tend to counteract the desertification process of rural areas (black spots on Exhibit 1).

In addition to these unfavourable conditions, the rural territories in Portugal are facing 2 major risks:

(a) Unstable weather conditions. Changes in the world climate, particularly in extreme events in temperature and rainfall, are affecting predominantly the frequency of natural hazards in various world regions. Particularly in the southernmost territories of Europe, such as Portugal, these changes, which are causing unprecedented cases of winter storms, landslides, droughts and forest fires, are serious threats to rural population in terms of economic losses, unemployment, land degradation, changes in hydrological cycles, and are endangering local ecosystems.

(b) Unfair competition conditions in the agro-food products in the European markets. Agro-food prices in the Single Market have been typically higher than international prices due to the protectionist component of the Common Agricultural Policy (CAP): for instance, in 2000 in the EU wheat price was 13% higher than the international price, maize 52%, sugar 100%, beef 57%, poultry 37%. As Portugal is a net importer of agro-food products (with the exception of wine, milk and horticultural products), both the Portuguese agro-industry and consumers, when buying EU agricultural intermediate and consumer...
products, are subsidizing European farmers elsewhere. So, taking into account these involuntary subsidies, the Portuguese contribution to the EU budget and deducting the EU funded subsidies coming to Portugal from the 2 pillars of the CAP, is Portugal a net contributor to the European agriculture? A recent research study found an affirmative answer to this question (for the year 2000)\textsuperscript{11}. There are some expectations that the Fischler reform of the CAP may help to invert or attenuate this situation.

* * *

After 40 years of a centralised and autocratic government mode that regarded Portugal as a rural country, one decade of internationalisation and the social turmoil in the aftermath of the 1975 revolution, the first policy initiatives aiming to promote rural development started in the early 80’s and were basically directed to the construction or expansion of local and regional infrastructure, such as roads, irrigation dams, electricity grids, telecommunication networks. Most decisions were made in a rather centralised way without consulting local stakeholders, which is the dominant Portuguese government fashion since long\textsuperscript{12}. It was clearly a “top down” approach to rural development.

Later, in the second half of the 80’s and with more impetus in the early nineties, local agents such as town councils, cultural and recreational associations, parishes, local universities and polytechnics, banded in local development associations. This process was catalysed by the 1\textsuperscript{st} version of the EU LEADER programme and introduced in many regions of the country a new model of rural development, where social capital was used more frequently as an important factor for the development of rural communities\textsuperscript{13}.

20 years after these developments, there are many dozens of local development associations, most of which are genuine public private partnerships of local organisations and individuals. Recently the Portuguese local development associations and other agents organised in a national gathering adopted a declaration (the “Trancoso Declaration”), from which the following excerpt was extracted: “(...) there are positive experiences that may and should be a reference for designing new policies and programmes. Such practices have been supported by programmes such as Local Employment Initiatives, LEADER, Rural Centres, Pilot Initiative for the Local Promotion of Employment in Alentejo, Operational Programme of Employment, Training and Social Development, EQUAL and the Social Network. At the same pace, the findings and outcomes of 20 years of experience in local development should be taken into account:

\textsuperscript{11} Travessas, Eduarda, Pinto, Pedro L. and Sousa, Ulisses (2005)

\textsuperscript{12} For centuries the political power in Portugal, with some small variations, is based on 2 main pillars: the central ruling system in Lisbon and the town councils (governing over 300 municipalities), without any intermediate or regional power. After the revolution of 1975 the system remained basically the same, with the exception of the regions of the Atlantic islands (Azores and Madeira), which gained a relatively autonomous statute in the mid 70’s, with elected regional parliaments and governments.

In Portugal, municipalities have average demographic and surface dimensions well above the European averages (32,500 inhabitants vs. 1,580 in France, 4,935 in Germany, 4,930 in Spain and 7,130 in Italy and 301 sq km vs. 15 in France, 37 in Italy, 62 in Spain and 136 in Germany). These dimensions are larger only in the United Kingdom (118,440 inhabitants and 504 sq km). The relatively large size of Portuguese municipalities has been mentioned as one of the explanations for the “delay” in the regionalisation of the country [Source: Juan Mozzicafreddo (2003), municipal data for 1995]

\textsuperscript{13} From the several definitions of Social Capital, we adopted one that, although vague, it is the most operational in the rural development context: “the set of trust, institutions, social norms, social networks, and organizations that shape the interactions of actors within a society and are an asset for the individual and collective production of well-being” [see, for instance, Fabio Sabatini, Social Capital Gateway (http://www.socialcapitalgateway.org), University of Rome La Sapienza). This definition assigns an ethical dimension to Social Capital by including a fundamental attribute in the definition: the pursuit of the public good (R.D. Putnam (1993)]
organisations, methodologies, strategies, emphasis on a territorial standpoint as opposed to a sectoral one, integration of people and territories through the economic, cultural and social dimensions, empowerment, valuing territorial identity as factor for individual and collective initiative, participative planning and management of territorial policies. (…)”

Though not ranking first in the national political agenda (clearly dominated by the government deficit, the slow economy and other national issues), rural development in Portugal is one of the “second tier” matters to which government and opinion makers pay attention regularly.

54 ANIMAR (2005).
Key actors in the field of social capital

The Ministry of Agriculture

The formal political responsibility for rural development in Portugal is assigned to the agriculture department of the government, the Ministry of Agriculture, Rural Development and Fisheries (MADRP).

The first time the term “rural development” was included in the name of the ministry of agriculture was in 1995. Besides its regulatory, food safety supervision, research, extension and other “vertical” functions in the agriculture, agro-industry, forest, and fisheries industries, MADRP has the “horizontal” responsibility for rural development. This responsibility is materialised through the operation of a special unit reporting directly to the Secretary of State of Rural Development and Forests, IDRHa, the Institute for Rural Development and Hydraulics (see Appendix 3).

IDRHa was created in 2002 through the merger of 2 previous services that since long were operating within the Ministry of Agriculture: the IHera, the Institute of Hydraulics and Agricultural Engineering (whose origins date back to 1977) and the Directorates General of Rural Development (created in 1977 under the name of Directorate General for Rural Extension). Its main purposes are to support the implementation of the government policies concerning rural development, promotion of traditional products, vocational training in agriculture, support to rural associations, conservation and use of the hydraulic resources, development of new hydraulic infrastructure projects, mechanisation and electrification, land use planning, conservation of rural environment, as well as the co-ordination of multifunctional initiatives with impact on the rural territories.

Two major IDRHa activities have special relevance to rural development: the LEADER+ and RURIS programmes.

a) IDRHa is the Portuguese management authority of the LEADER+ initiative.

IDRHa is responsible for the administrative and financial management of the programme. It chairs the managing commission which includes representatives of other departments of MADRP (including all regional directorates), as well as representatives of the regional governments of Madeira and Azores. IDRHa also runs the monitoring system of the programme and the Portuguese LEADER+ network.

There is a single LEADER+ programme for the whole country, which is implemented throughout 52 Local Action Groups (Appendix 4). These were selected by the managing authority and most of them are local development associations that have been involved in previous LEADER programmes (20 were beneficiaries under LEADER I and 48 under LEADER II).

The local groups were responsible for the selection of the projects supported by the programme. These were split, according to their major themes, as follows:

- Use of new technologies and know-how: 4%
- Improvement of the quality of life: 37%

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15 In the autonomous regions of Azores and Madeira, such responsibilities are assigned to the specialised department of the regional governments, typically the regional secretaries of agriculture and forests (currently in the Azores) or the vice-presidency of the government (which is what happens now in Madeira).
• Development of local products: 21%
• Development of natural and cultural resources: 19%
• Promotion of associated organisations in rural areas: 19%

The National LEADER+ Programme was approved by the EU Commission in January 2001 (and modified in November 2003). The overall budget for the 2000-2006 period amounts to Euro 271.6 mn., of which 61% was provided by the EU. It covers an area of about 80.6 thousand sq km (87.6% of the territory) and a population of about 3.4 mn. inhabitants (32.5 % of the total Portuguese population).

This LEADER+ programme follows LEADER II, which helped in creating about 2,900 new jobs and in retaining about 945 jobs in 5 years\(^\text{10}\). In the current programme more emphasis has been put on job creation than in the 2 previous ones (LEADER I and II).

\textit{b) IDRHa is the national management authority of the RURIS programme.}

RURIS is a rural development plan covering the period 2000-2006 and aiming at enhancing the competitiveness of the agro-forestry chain, encouraging the innovation, the multi-functionality and the development of the agricultural production units, and promoting the quality of work and the quality of life of the rural populations. The programme, which is basically a grant awarding system part funded by the EU structural funds (around 70%), encompasses 4 interventions:

• Agro-environmental measures. There is a wide array of measures under this programme. They are organised along 6 sets: (a) Protection and enhancement of the environment, the soil and the water; (b) Conservation of the landscape and of the traditional characteristics of the rural territories; (c) Conservation and upgrading of cultivated land with high natural value; (d) Conservation of specific residual ecosystems in areas with predominantly agricultural landscape; (e) Protection of genetic diversity; (f) Actions concerning specific areas (mostly natural parks and cultural landscapes listed by UNESCO). These measures subsidise the income of farmers that want to develop a number of actions according to the purposes of the measures in the areas covered by them. Typically these grants are awarded on unit value terms (such as per tonne, kg, ha, animal, etc.), are decided upon the presentation of a declaration of commitment, and are provided over a 5-year period.

• “Compensatory indemnifications”. This measure provides a subsidy to the income of farmers residing and owning or exploiting small farms in disadvantaged areas. The beneficiaries must commit to keep the agricultural activity by a minimum of 5 years and to use good agricultural practices during this period. Grants are awarded on annual basis and range from Euro 5 to Euro 204 per hectare, depending on the size of the farm (up to 80 ha), and on whether the farm is located in a mountainous or in other disadvantaged area.

• Early retirement. This measure concerns the payment of an annual subsidy, ranging from Euro 3,600 to 6,900, to a farmer (and spouse), aged between 55 and 64, and willing to cease his/her agricultural activity and transfer it to another farmer less than 50 years old. There are some requirements regarding the minimum size of the farm, status

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\(^{10}\) LEADER II Portugal (1999)
of the contributions to the social security system, years in the activity, etc.. There is also a supplementary annual subsidy which is granted according to the area of the farm (ranging from Euro 96 to 390 per hectare). Overall monthly ceilings apply: Euro 725 (single farmer) and 900 (farmer and spouse).

- Forestation of rural land. This programme provides subsidies to forestation activities that follow certain requirements, such as minimum area, minimum tree density, tree species to be planted, availability of an adequate management plan, etc. There are 3 types of grants: (a) Subsidy to capital expenditures with forestation and with the construction of related infrastructure. This one time subsidy ranges from 50% (non-resident land owners) to 100% (state owned forests and community forest areas) of capital costs (some ceilings for standard forestation operations apply); (b) Subsidy to maintenance costs of newly established forests, ranging from Euro 100 (coniferous species) to Euro 175 (areas in risk of desertification) per hectare; (c) Subsidy to lost income, from Euro 15 to Euro 249 per hectare, depending on the type of beneficiary and the forest area. This subsidy may be increased by factors of 1.3 (high quality hardwood) and 1.2 (areas in risk of desertification). The latter 2 subsidies are available for periods of 10 or 20 years, depending on the tree species of the forestation.

Other public institutes are also involved in the RURIS programme, notably INGA and IFADAP (Appendix 3), which are typically the paying authorities, for annual or multi-annual grants, respectively. Most of the financial support measures are distributed throughout the country by the regionalized services of the MADRP and by producers organisations such as co-operatives, associations, federations and confederations.

For the period 2000-2006, the RURIS programme supported over 2,5 thousand individual projects with an aggregate grant amount of about Euro 210 mn.. There is no information as to the number of jobs created by this programme.

* * *

Within MADRP, there are other programmes to support agricultural and related activities, through part financing capital investment projects. Though these programmes are not specifically directed to rural development, they can help this development by encouraging the creation of agricultural facilities and infrastructure, thus increasing local job opportunities and income.

The 2 major programmes are AGRIS and AGRO, both co-funded by the European Union structural funds for the 2000-2006 period. They are both managed by IFADAP (Appendix 3), an institute under the double authority of the Treasury and the Ministry of Agriculture, and are applied in the mainland (Azores and Madeira, have similar regional support programmes, adapted to local conditions and, usually, featuring more advantageous conditions).

a) AGRIS

This programme is directed to small capital projects of farmers and their organizations, such as co-operatives, associations, federations, confederations, and other producers organizations. The programme also subsidises agricultural services providers (typically SMEs), inter-professional organizations, technology centres, local commissions managing community areas, municipalities and parishes, regional and local development organizations, and state agencies. This programme is managed at regional level by 5 Regional Planning Commissions in the mainland and by the regional governments of Azores and Madeira (see Regional Planning Commissions below).
The programme provides grants to part fund capital expenses, training costs and other current expenses during the first years of operation of small development projects. There are 8 measures in force: (a) Diversification of small farms; (b) Development of quality products; (c) Sustainable management of forestland; (d) Services to agriculture; (e) Management of hydraulic resources and land consolidation operations; (f) Electrification and rural roads; (g) Upgrading of the rural environment and heritage; (h) Promotion of the dynamics of rural development.

From 2000 to 2005, this programme supported over 20 thousand individual projects with an aggregate grant amount of about Euro 1,000 mn.

b) AGRO

This programme, though also supporting small investment projects, is predominantly directed to larger ones. Depending on the size and nature of the project, the programme provides the beneficiaries with grants, interest free loans, and subsidies to partly off-set interest rates. Some of the interest free loans can be converted into grants, if the project execution meets certain contractual objectives and targets. Besides purely agricultural investment operations (Measure 1), this system also supports capital projects of processing (agro-industry) and marketing operations (Measure 2), forestry operations (Measure 3), irrigation infrastructure (Measure 4), rehabilitation of agricultural facilities affected by natural disasters (Measure 5), innovative financing (Measure 6), vocational training (Measure 7), research and extension services (Measure 8), training and research facilities (Measure 9), and specialised agro/rural services (Measure 10).

From 2000 to 2005 AGRO supported more than 35 thousand projects with an overall subsidy amount in excess of Euro 1,800 mn.
The Ministry of Labour

This Ministry was created in 1916 as Ministry for Labour and Social Welfare. Now it is called Ministry for Labour and Social Solidarity (MTSS). Its main responsibilities include the definition and implementation of national policies concerning labour and employment, vocational training, social security and social insertion, as well the rehabilitation of disabled people.

National employment strategy is set out by MTSS in a multi-annual planning document, the National Employment Plan. Due to the downturn and stagnation of Portuguese economy since the year 2000, much emphasis is being put on job creation objectives to counteract the persistent trend of growing unemployment (Exhibit 2).

Exhibit 2 – Portugal: GDP Growth and Unemployment rate

Thus, the current version of the National Employment Plan adopted job creation and retention as a major priority: “To promote job creation and, in the framework of a life cycle work approach, attract and retain as many persons as possible in employment, preventing and fighting unemployment, namely of young people and long term unemployed, through a re-launch of active employment policies, articulated with protection of unemployed, taking into account specially the most vulnerable groups and bringing public services closer to clients.”

To this respect some targets were also established in the same document:

- To raise global employment rate from 67.8% in 2004 to 69% in 2008 and 70% in 2010;
- To raise the women employment rate from 61.7% in 2004 to 63% in 2008;
- To maintain the employment rate for workers from 55 to 64 years above 50% in 2010;
- To ensure until 2010 that, annually, at least 25% of all Long Term Unemployed people will participate in one active measure (training, job re-direction, full job or any other measure that promotes employability);
- To ensure that all registered unemployed can benefit from a new opportunity before six months (young people) or twelve months (adults) of unemployment date (training, job re-direction, full job or any other measure that promotes employability).

Ten specific measures aiming at promoting jobs were adopted, concerning young unemployed, unemployed with higher qualifications, aged workers, women, disadvantaged people, disabled

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17 MTSS (2005)
18 Source: MTSS (2005)
persons, unemployed immigrants, restructuring of public employment centres (these are run by MTSS), etc.

These employment measures are implemented by IEFP – Instituto de Emprego e Formação Profissional (Institute for Employment and Professional Training), which reports directly to MTSS and runs 171 local centres scattered throughout the country (Table 3).

<table>
<thead>
<tr>
<th>Regions (NUTS II)</th>
<th>Employment Centres</th>
<th>Training Centres (Own)</th>
<th>Training Centres (in collaboration)</th>
<th>Centres for the Creation of Enterprises</th>
<th>Total Centres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norte</td>
<td>29</td>
<td>8</td>
<td>18</td>
<td>1</td>
<td>56</td>
</tr>
<tr>
<td>Centro</td>
<td>18</td>
<td>9</td>
<td>10</td>
<td>1</td>
<td>38</td>
</tr>
<tr>
<td>Lisboa e Vale do Tejo</td>
<td>23</td>
<td>9</td>
<td>16</td>
<td>0</td>
<td>48</td>
</tr>
<tr>
<td>Alentejo</td>
<td>11</td>
<td>6</td>
<td>2</td>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>Algarve</td>
<td>5</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td>33</td>
<td>48</td>
<td>4</td>
<td>171</td>
</tr>
</tbody>
</table>

The overall annual budget assigned by IEFP to measures designed to promote job creation is in the order of Euro 220 mn.. For 2006 this budget was broken down, by intervention classes, as follows:

- Training/Employment programmes: Euro 62.7 mn., targeting 21,680 persons;
- Creation of Employment and Enterprises: Euro 79.1 mn., targeting 7,300 persons;
- Social Labour Market: Euro 57.1 mn., targeting 52,000 persons;
- Other programmes: Euro 27.7 mn., targeting 5,700 persons

In the training/employment area the most important component (98% of the budget) are the professional traineeship programmes. Under these programmes, trainees are awarded subsidies (income, meals, transportation, accommodation) for a period from 9 to 12 months, in coordination with the organisation that provides these traineeships (these organisations must comply with some requirements, such as good standing as regards tax and social security obligations). These programmes apply to qualified and highly qualified people, usually youngsters immediately after getting their higher education graduation. The vast majority of the jobs induced by this programme is created in the manufacturing and service industries of the urban and intermediate centres.

The programme supporting the creation of employment and enterprises is intended to facilitate de access to jobs by groups that are difficult to integrate (youngsters, long-term unemployed and disabled persons) includes 2 major measures (86.9% of the budget):

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19  Source: IEFP Web Site (http://portal.iefp.pt/)
20  IEFP (2005)
The support to job creation measure (44.3% of the budget) applies to all registered unemployed entitled to receive the unemployment insurance benefit\textsuperscript{21}. The unemployed person, individually or in association with other people under the same conditions, starting an enterprise or becoming partner of an existing company that provides him/her with a full time job, receives, as an upfront lump sum, the aggregate value of all future unemployment insurance benefits he/she is entitled to.

The local employment initiatives (42.6% of the budget) provides financial support to new companies incorporated under certain circumstances: they must create up to 20 full time jobs, to be filled by unemployed or youngsters seeking the 1\textsuperscript{st} job, and operate in the manufacturing and services industries (in general, agriculture is not eligible, but biological agriculture and the processing of agricultural products is), the promoters must be able to provide cash (own equity) to cover at least 5% of initial capital costs, and at least half of the promoters must be unemployed. The measure provides grants equal to 18 times the national minimum wage, per job created (grants may be increased by 20% for each job filled by certain unemployed persons – long term, over 45, youngster seeking 1\textsuperscript{st} job -, or by 25% for each job filled by a disabled person). These “employment” grants are cumulated with “investment” grants of up to 40% of the initial capital costs; the latter must not exceed Euro 150,000.

These employment/enterprise creation measures have some relevance in rural areas, particularly when combined with local initiatives, such as the LEADER supported projects that foster the creation of manufacturing and service companies in rural areas.

2 major sets of measures dominate the social labour market programmes (87.5% of the budget):

- The “insertion” enterprises measure (27.3% of the budget) provides IPSS’s\textsuperscript{22} implementing investment capital projects that create jobs for long term and other disadvantaged unemployed people, with 2 types of financial support: (a) “investment support” consisting of (1) a grant equal to 18 times the national minimum wage per job created and up to 50% of the capital costs and of (2) an interest free loan of the same individual amount (per job created) and up to 20% of the capital costs; (b) “functioning” support; (b) “insertion subsidy”, per job created, to part fund training costs (up to 6 months), salaries/wages and social security charges during the “professionalisation

\textsuperscript{21} In Portugal, unemployed people are entitled to the unemployment insurance benefit when they are capable and available for work, they are registered at the employment office and they are not in receipt of an invalidity or old-age pension. The qualifying period of insurance is generally 540 days. The unemployment insurance benefit is calculated on the basis of the previous wage. The unemployment insurance benefit is paid for a certain period of time which is dependant on age (from 12 to 30 or more months).

\textsuperscript{22} IPSS or Private Social Solidarity Institutions (Instituições Privadas de Solidariedade Social) are not-for-profit, private organisations, incorporated according Portuguese law, with the purpose of materialising in an organised way the ethical duties of solidarity and justice, in order to pursue objectives such as: to support children, young people and families, to protect old, poor, ill and other disadvantage groups of the population, to help in the education and training of citizens and in providing housing for the ones in need. IPSS may have several legal statutes: social solidarity associations, social solidarity volunteer’s associations, mutual associations, social solidarity foundations, and brotherhoods of holy houses of mercy. Religious parish centres and congregations are also considered IPSS (with a statute similar to foundations). Co-operatives with social purposes can also be accepted as IPSS organisations. IPSS must be registered with Directorate-General for Social Solidarity (Ministry of Labour and Social Solidarity) to benefit from the statute of “public utility” which confers advantages (tax exemptions, reduced rates for some utilities, such as electricity and water, and the possibility of entering into co-operation agreements with the government for the purpose of being subsidised), but calls also for some obligations (disclosure of financial data, obligation to co-operate with the public administration and to follow specific rules instated by the labour department).
period” (from 6 to 24 months). Other minor financial and in-kind support mechanisms may also apply.

- The “occupational programmes” measure (60.2% of the budget) supports IPSS’s, municipalities and state services that submit an occupational project, with the maximum duration of one year. The project must create temporary and socially relevant work opportunities for unemployed or economically disadvantaged persons, thus increasing their possibilities of future insertion in the regular work force. The measure provides grants to part fund the employers costs with the temporary jobs.

**Exhibit 3 – Regional Employment Programmes**

The major component under the IEPF class of “other projects” are the Regional Employment Plans (72% of the budget). These are one of the measures of the National Employment Plan (Measure 18), addressing specific regions where unemployment rates are higher (Exhibit 3).

From the 5 regions that are covered by this measure, 2 are located in deep rural areas in the Eastern parts of the north and central regions (NUTS II of Trás-os-Montes and Beira Interior).

Though, so far, this measure shouldn’t have had any substantial impact in the rural territories, as the budget assigned to these areas was too meagre (ca. Euro 1 mn. in 2006).

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Source: MTSS (2005). N.B.: These 5 territorial plans do not cover all the municipalities of the regions highlighted on the map.
Local Development Associations

There are more than 50 local development associations in Portugal. Most of these were created since 1991, induced by the LEADER programme. From the 52 associations currently involved in the Local Action Groups (LAG), either acting themselves as LAG or leading a LAG partnership with other local organizations, only 5 were created before the launch of LEADER I.

In general, these associations are incorporated as private not-for-profit associations aiming at adding value to local resources and at fostering local development in all aspects, through cultural, social and other initiatives. The majority of these associations are public-private partnerships joining local governments (typically town and/or parish councils) and private organizations, such as cultural, recreational, sports, social, producers, volunteers, vocational schools, co-operatives, and other not-for-profit organizations. In some cases membership is extended to individual persons and to small firms.

The participation of social partners, per se, in rural development is very scarce: (a) from the 66 members of the 2 major federations of local development associations that have their membership publicly available, only one have in its membership 3 local trade unions; (b) the representation of employers is much more frequent, though not through their organisations engaged in industrial relations, but through local or regional chambers of commerce and industry and other industrial associations.

The associations cover all the Portuguese rural territories, both of the mainland and of the autonomous regions of Azores and Madeira (Appendix 4).

Besides their fundamental role in the LEADER programme, most of these associations started to diversify their interventions by embarking in other development programmes and projects, such as the EU co-funded LEONARDO, NOW, EQUAL and INTERREG, and the national programmes or measures providing financial or in-kind assistance to professional training, social inclusion, rural development, modernization of agricultural, industrial, trade and service SME’s, and other.

The majority of local associations are organised in a national federation “Minha Terra” (“my homeland”), which acts as their representative (it is a member of ELARD, the European LEADER Association for Rural Development) and their lobbyist in certain governmental instances.

Though some doubts can be raised as to the independence of these associations from the state, because many have local governments in their membership and governing bodies, and the vast majority is financially dependent on public funds, either national or EU funds distributed through governmental agencies, they are, in general, the best organisational setting to foster rural development in Portugal.

Due to their extensive involvement in several LEADER initiatives and to some innovative characteristics of the programme (notably the emphasis on local resources and on territorial strategies, the bottom-up and multi-sectoral approach and the network based and decentralised organisation), many of these associations gained a valuable experience and developed technical and behavioural skills that can be particularly instrumental in resorting to social capital as a critical condition for increasing the success of rural development initiatives.

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24 Social partners in the usual meaning of the labour and employers representative organisations engaged in the social dialogue. In Portugal these organisations are the trade unions (and their confederations and unions) and vertical/sectoral employers organisations (and their federations and confederations).
25 Minha Terra (http://www.minhaterra.pt) and ANIMAR (http://www.animar-dl.pt/)
26 M. Adosinda Henriques (2001),
27 Nuno Jordão (2002),
Furthermore, they are probably much more efficient than governmental agencies, in integrating the utilisation of a rather fragmented array of public support systems and mechanisms into a rural based, territorial strategy.
Other

There are other organisations which have a variety of roles in rural development in Portugal.

Regional Planning Commissions.

These are extensions of central government operating in each of the five NUTS II regions of the mainland\(^28\), which integrate the sectoral programmes and policies of the central government into a regional perspective. One of the major tasks of these commissions is the implementation of a Regional Operational Programme, specific to each region, which is a multi-annual instrument co-funded by the EU structural funds (basically ERDF and ESF) aiming at fostering regional development. For the period 2000/2006 the total budget for public expenses in the programmes for the whole of the country was of Euro 15,120 mn. (63% of which provided by the structural funds). Specific budget for agriculture and rural development (the AGRIS Programme already mentioned in the section on the Ministry of Agriculture) was slightly over one billion Euros (Exhibit 4).

Exhibit 4 – Breakdown of the Budget of the Operational Programmes (2000/2006)\(^29\)

<table>
<thead>
<tr>
<th>Overall</th>
<th>Agriculture &amp; Rural Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro 15,120 mn.</td>
<td>Euro 1,205 mn.</td>
</tr>
<tr>
<td>North (31%)</td>
<td>North (24%)</td>
</tr>
<tr>
<td>Madeira (7%)</td>
<td>Madeira (9%)</td>
</tr>
<tr>
<td>Azores (8%)</td>
<td>Azores (9%)</td>
</tr>
<tr>
<td>Algarve (5%)</td>
<td>Algarve (4%)</td>
</tr>
<tr>
<td>Alentejo (13%)</td>
<td>Alentejo (14%)</td>
</tr>
<tr>
<td>Lisbon &amp; Tagus Valley (17%)</td>
<td>Lisbon &amp; Tagus Valley (11%)</td>
</tr>
<tr>
<td>Centre (19%)</td>
<td>Centre (20%)</td>
</tr>
</tbody>
</table>

Task forces managing Community Initiatives

The most relevant of these task forces, as regards rural development and employment, are the ones that deal with EQUAL and INTERREG initiatives. These structures are appointed by and report to the central government:

- **EQUAL Office** (reports to MTSS). This office is responsible for the technical, administrative and financial management of the EQUAL initiative in Portugal. Since 2001, 188 projects were approved. Of these projects about 32% were classified under the “employability” priority.

\(^28\) In the regions of Azores and Madeira the functions of these Planning Commissions are performed by the Regional Secretaries for Planning of the autonomous governments.

• INTERREG Office (Treasury). This office is responsible for some administrative and financial management of INTERREG projects in Portugal. The strand A (cross-border projects) is probably the most important concerning rural development, as practically all the eligible area (next to the border with Spain) falls within the rural territories in Portugal. The budget for co-funding Portuguese/Spanish projects in the period 2004-2006 was around Euro 1 mn. Other strands apply to Portugal (or, at least, to some Portuguese regions), notably strands B (South West Europe, Atlantic Rim, Western Mediterranean, and Azores-Madeira-Canary Islands) and C; there is no aggregate data available as to their relevance to rural development and job creation in Portugal.

Town Councils
Town councils have responsibilities concerning a large set of municipal matters such as transportation (intra-municipal roads, mass transit systems), energy (low voltage distribution, public lighting), education (mandatory educational system), leisure and sports, health, social, environment and sanitation, consumer affairs, land use planning, municipal police, civil protection, etc.30. These responsibilities have been evolving in the last years as some new tasks are being transferred from the central government31. In rural areas these activities contribute to local development by enhancing the infrastructure and providing additional job opportunities. Besides these responsibilities, town councils usually have a local development office which deals with local/regional development. These departments carry out planning and promotion functions, trying to attract investment projects to the municipalities. In addition, many municipalities collaborate with the local development associations, in LEADER, EQUAL and INTERREG projects and usually are the providers of the public national funds that are needed to match the European and/or central government ones.

Think tanks, R&D organisations and universities
In June 2005 the Minister of Agriculture (Appendix 3) appointed a task force to prepare a strategy proposal for rural development in Portugal. This task force, GRE (Group for Reflection on Strategy), is chaired by the head of the Agro-Food Planning Office and composed by representatives of several agencies of the ministry (IDRH, Directorate-General of Forest Resources, Environmental Auditor, IFADAP and the AGRO Management Office), as well as by representatives of the Minister and the Secretaries of State themselves. A first version of this planning document was issued in May 2006 for public discussion32.

In 2001 the 1st Congress of Rural Studies was held at the UTAD (the University of Trás-os-Montes e Alto Douro located at the inland territory of the northern region) organized by SPER33 (the Portuguese Society for Rural Studies) and the Department of Social Sciences of the university. More than 70 papers were submitted to this congress by Portuguese and Spanish researchers and specialists. The Portuguese higher education institutions from which more researchers

30 Law no. 159/99 of September 14
31 There are also some responsibilities which are formally delegated by town councils to the parish councils. Parishes are the smallest administrative division in Portugal; there are more than 4,400 parishes in the mainland and the autonomous regions of Madeira and Azores.
33 http://home.utad.pt/~des/cer/CER/CONTEUDO/06.HTM (Portuguese only)
submitted papers were: UTAD\(^{34}\), the University of Évora\(^{35}\) (located at the inland territory of Alentejo), ISA\(^{36}\) (the School of Agronomics of the Lisbon Technical University), IPCB\(^{37}\) (the Polytechnics Institute of Castelo Branco, an intermediate city near the Spanish border, in central Portugal) and IPB\(^{38}\) (the Polytechnics Institute of Braganza, an intermediate city near the northern border with Spain).

**ANIMAR** – Associação Portuguesa para o Desenvolvimento Local em Meio Rural (the Portuguese Association for Local Development in Rural Areas), was incorporated in September 1993 as a development network of local development associations and individuals. Currently this association has a membership of around 70 associations (besides local development associations, the membership includes associations of ethnical minorities, craftsman, ecologists and cultural agents and co-operatives) and more than one hundred individuals (these are mainly staff members of local development associations, researchers and academics). This association aims at encouraging debates on local development through seminars, conferences, workshops and other events. They also participate in research projects funded by national or European funds.

Since 1994 that ANIMAR organises a bi-annual event the “MANIFesta”. This event, usually organised in collaboration with the association members and the town council from the rural town where it takes place, comprises a members assembly, several exhibitions of products, projects, publications and activities, a cultural festival, seminars, workshops. It is a kind of grass-roots event that issues a formal declaration, approved by the members assembly, where these associations state their demands and requests to the political powers. The last edition, the 6th, was held in the medieval town of Trancoso\(^{40}\).

The "Portuguese Association for Regional Development" (APDR) is a scientific institution founded in 1984 whose main objective is the promotion of research in the field of Regional Science. APDR is also the Portuguese Section of the European Regional Science Association (ERSA). APDR presently has around 220 effective members mainly working in private or public universities or regional development institutions. Most members are economists, geographers, architects and engineers.

35 http://www.uevora.pt/ (Portuguese only)
36 http://www.isa.utl.pt/home/ (Portuguese only)
37 http://www.ipcb.pt/en/
38 http://www.ipb.pt/ (Portuguese only)
39 http://www.animar-dl.pt/ (Portuguese only)
40 ANIMAR (2005)
Initiatives to create social capital and employment in rural areas

There are several measures and programmes aiming at creating job opportunities in Portugal. Though some are specifically directed to rural areas, the majority cover indifferently urban, intermediate and rural areas. Most of them were designed by government ministries and agencies41, other are simply national deployments of EU-wide Community Initiatives. Table 4 summarises these measures and programmes, which were already discussed in the previous section.

Table 4 – Major programmes and measures currently in force in Portugal

<table>
<thead>
<tr>
<th>Measure/Programme</th>
<th>Scope</th>
<th>Territorial Focus</th>
<th>Sectoral Focus</th>
<th>National Authority</th>
<th>Budget Size42</th>
</tr>
</thead>
<tbody>
<tr>
<td>RURIS</td>
<td>National</td>
<td>Rural</td>
<td>Multi</td>
<td>Min Agriculture</td>
<td>*</td>
</tr>
<tr>
<td>AGRIS</td>
<td>National</td>
<td>Rural (&amp; Intermediate)</td>
<td>Agriculture</td>
<td>Regional Planning Commissions</td>
<td>***</td>
</tr>
<tr>
<td>AGRO</td>
<td>National</td>
<td>Rural (&amp; Intermediate)</td>
<td>Agriculture</td>
<td>Min Agriculture</td>
<td>*** ***</td>
</tr>
<tr>
<td>Job Creation</td>
<td>National</td>
<td>All</td>
<td>Multi</td>
<td>Min Labour</td>
<td>**</td>
</tr>
<tr>
<td>Local Employment</td>
<td>National</td>
<td>All</td>
<td>Multi</td>
<td>Min Labour</td>
<td>**</td>
</tr>
<tr>
<td>Social Labour Market</td>
<td>National</td>
<td>All</td>
<td>Services</td>
<td>Min Labour</td>
<td>**</td>
</tr>
<tr>
<td>Regional Employment</td>
<td>National</td>
<td>Selected Areas</td>
<td>Multi</td>
<td>Min Labour</td>
<td>*</td>
</tr>
<tr>
<td>LEADER+</td>
<td>European</td>
<td>Rural</td>
<td>Multi</td>
<td>Min Agriculture</td>
<td>*</td>
</tr>
<tr>
<td>EQUAL</td>
<td>European</td>
<td>All</td>
<td>Multi</td>
<td>Min Labour</td>
<td>*</td>
</tr>
<tr>
<td>INTERREG</td>
<td>European</td>
<td>All</td>
<td>Multi</td>
<td>Treasury</td>
<td>**</td>
</tr>
</tbody>
</table>

None of the policy, programming or regulatory documents on which the above measures or programmes were based, makes any explicit mention to the use of social capital for the creation of job opportunities or, in fact, for any other matter.

All of the above programmes/measures43, with exception of the EU initiatives, lack mechanisms designed to encourage (either explicitly or not) the use of social capital for development purposes. On the contrary, these programmes share some features that discourage such use:

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41 Other EU countries have similar programmes, particularly when their national programmes are benefiting from EU co-funding.

42 Annual budget: **** over Euro 200mn.; *** between 100 and 200mn.; ** between 50 and 100mn.; * less than 50mn.

43 The “Job Creation” and “Local Employment” measures have attributes that can be viewed as enabling the use of social capital, but on a very limited way (for instance, under the first measure several unemployed individuals may associate to start new ventures).
• They are directed to single beneficiaries, either organisations or individuals, thus not promoting horizontal co-operation⁴⁴;
• They lack built-in mechanisms designed to enable the creation of partnerships and alliances;
• They tend to be somewhat inflexible, thus not fostering the inter-disciplinarity of the initiatives they are supporting.

In addition, research conducted in the northern part of the Portuguese rural territories⁴⁵, found that many measures embedded in the national programmes directed to rural world, did not benefit a large part of the rural population of that region because they were based on policies and mechanisms out of focus as regards the characteristics of large segments of potential beneficiaries. Some examples:

• Support measures were restricted to full-time farmers, when in many regions part-time farmers are the major segment of the rural population;
• Minimum size of farms was a requisite to benefit from the support measures, when a large percentage of the farms have sizes well below the established thresholds;
• Somewhat sophisticated requirements were set out, as regards application and reporting procedures, although the educational level of the average farmer is very low, making it difficult to comply with such requirements.

The Portuguese local development agents gathered in 2005 synthesised the difficulties concerning the application of the national programmes aiming at supporting local development as follows⁴⁶: “(... ) fragile sector policies, non-existent territorial strategies and the multiplicity of unarticulated programmes and interlocutors, are forcing local development agents to embark on many scattered projects using a large variety of different methods. The public control over the financial instruments, governed by strict and bureaucratic rules and following biased and opaque criteria, determines an excessive weight of the administrative and financial components distracting the attention of the agents and diverting their resources”.

Thus, only the EU initiatives have significant components that actually foster the use of social capital in rural areas in Portugal.

LEADER was the programme with more impact to this respect, for a variety of reasons:

• It was the first to be launched (1991), thus it has been in place for more time and accumulated more organised experience;
• It is focused on rural territories and addresses specific development issues of these territories;
• One of its initial aims was to encourage the emergence of local associations and networks and, as it was quite successful in doing this, actually induced the creation of many formal and informal local networks, notably the local development associations,

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⁴⁴ From the 1.1 million of the population living in farms, about 1 million work at the farm. Only 18.3% of these work full-time in the farm. “The family part-time workers is very important in all Portuguese regions, mainland and autonomous regions: in about 90% of all farms the part-time workers are predominant” [Source: GRE – Grupo de Reflexão Estratégica (2006)]

⁴⁵ Roca, M. Nazaré O. (2001)

⁴⁶ ANIMAR (2005),
which soon after diversified to other development initiatives and funding sources, thus promoting cross-fertilisation and mutual strengthening of local capabilities and skills.

Some shortcomings, though, were pointed out to LEADER. The first one is that it cannot be truly a development instrument due to its small budget when compared to other mechanisms (Table 4), such as the agriculture and regional development programmes funded by the structural funds. Notwithstanding, its qualitative influence is much larger than its financial magnitude, because it departed from the traditional agriculture development model of centralised, inflexible and excessively bureaucratic systems. LEADER approach gives more latitude to local stakeholders to select priorities, choose intervention fields and develop methodologies which, evidence suggests, are more effective in fostering rural development. So, its direct impact on rural development being very limited, its main interest resides in becoming an example to follow and in providing a test bed to experiment the relevance to local rural development of the local structures and skills it helped to create. Other shortcoming concerns the possibility that LEADER may have failed to support a significant part of the target population in 2 ways: it did not support significantly projects aiming at creating or improving proximity services which are needed by the increasing number of farmers who carry out other activities besides agriculture (part-time farmers) and the rural tourism projects supported by the programme failed to become a source of supplemental income for farmers, as most of the new tourist operations were owned and run by non-rural people, notably urban people.

This criticism is partial because it may apply only to certain areas in Portugal and the shortcomings that were identified may have resulted from specific strategies followed by local development associations (LAG’s) and not because there were flaws intrinsic to the programme. The second one may not even be a flaw but an early symptom of the evolving “human face” of the rural territories. In the last decade or so, a new migration trend became apparent in some rural areas in Portugal: people started moving from metropolitan areas to rural areas, particularly to the ones more close to conurbations and benefiting from good transport infrastructure. This trend, in contradiction with established migration theories and having nothing to do with employment opportunities, was explained by the attraction exerted on urban people by the amenities of rural space, such as environmental quality, pace of life and other “healthier” conditions, particularly on segments in the upper and medium income brackets. In a field research conducted in the late nineties, it was shown that employment opportunities (that in the beginning were not major motivations for these migrations) may also had played a role, as the vast majority of the owners of rural tourism operations are not farmers neither farm owners, but mostly highly educated people, independent professionals (such as doctors and lawyers), corporate executives and non-agricultural entrepreneurs, either retirees or not, that moved (or are commuting weekly or daily) from urban areas. As many rural tourism projects

48 This was reported for northern area of the rural territory (Vale do Lima), a typical intermediate rural territory where land property is very fragmented and the existence of some manufacturing activities induces multiple-job opportunities. M. Nazaré O. Roca (2001)
49 Though the empirical evidence on the comparative advantages of rural areas vs. urban areas in terms of health and wellness is mixed [Jérôme Martinez et all (2004)]
50 Joaquim, Graça (2001)
were supported by the first editions of the LEADER initiative in Portugal (and still are), this outcome tends to be viewed as a “deviation” from the original purposes of the programme51.

The other 2 EC initiatives (EQUAL and INTERREG), though also encouraging the use of social capital in many of their programmatic variations, had less impact in rural areas in Portugal, due to their different geographical scope, range of priorities and focus.

In the following chapter 2 cases of rural development projects are described and commented. Both were developed and managed by local organizations entailing formal and informal local development networks, which benefit from the support of EC initiatives (EQUAL and LEADER).

Both cases document the role of social capital in two different but interrelated perspectives. In the first one, the focus was put on methodological and procedural components of the projects, leveraged by the social capital called in to create awareness and strengthen the actions of a group of professionals.

In the second case, the emphasis was placed on a distinctive set of cultural and natural resources, adequately articulated, upon which social capital was built up allowing the development of rural activities organised into a pear based network.

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51 Roca, M. Nazaré O. (2001)
Selected examples of building social capital in rural areas

Glocal

The Region
The northern part of Alto Douro region in Portugal includes 3 areas:

- the largest is the county of Vila Real with some 50 thousand inhabitants; the county capital is an intermediate city with some 30 thousand inhabitants living in its urban perimeter; Vila Real is also a district\textsuperscript{52} capital;
- the Murça, Alijó and Sabrosa counties are markedly rural transition areas between the Douro Valley, in the South, and Trás-os-Montes, in the Northeast;
- the counties of Régua, Santa Marta and Mesão Frio are more impoverished and affected by population decline.

Exhibit 5 – GLOCAL: Geographic Coverage

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\textsuperscript{52} Districts (distritos) are administrative divisions without self elected government. Though in the process of being phased out because of the decentralization process, they serve as a base for a series of administrative divisions like the electoral circles and some decentralised services of the central administration. There are 18 districts in mainland Portugal.
km and the remaining counties between 123 and 195 inhabitants/sq km.

The Alto Douro is characterised by a long term population decline (3.4% between 1991 and 2001), during which the county Vila Real was the only one that did not suffer demographic loss.

This region possesses a number of assets on which development initiatives can capitalise: the high quality of the environment and natural landscapes, significant areas of good agricultural land, and a number of excellent indigenous cattle species and traditional products. But it is an area with many problems: decreasing and ageing population, low qualification of the work force, insufficient entrepreneurial initiatives, low local added value in the agricultural products, high drop rate at schools, low social value attributed to the predominant agricultural activities by the local population, difficult accessibilities, insufficient offer of services, such as banking and business services.

**Background**

According to the promoters of the project, “in spite of public investments that, especially in the last decade, have helped to significantly narrow the infra-structural gap between the (...) region and the coastal zones of the country, the number of entrepreneurs remains tiny, those involved are typically poorly-equipped in management terms, trapped in niches that have little dynamism nor competitiveness, are highly dependent on outside inputs, sell mainly to a localised market in which value-added is either hard to generate, or difficult to retain, and consequently have difficulty generating anything other than low quality employment. These circumstances drive the best and most capable human resources to the coast and abroad, leaving the (…) region poorer in human resources. This abandonment of the region by the most qualified, besides contributing to the persistence of companies with low competitiveness, also contributes to low take up by local companies of the resources provided either by the state or the market aimed at developing the potentialities via enterprise initiatives”.

The rationale behind the GLOCAL initiative was based on:

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53 Including the Cultural Landscape of the Alto Douro Wine Region, listed at UNESCO’s World Heritage site: “The Alto Douro Region has been producing wine for nearly two thousand years and its landscape has been moulded by human activities. The components of the Alto Douro landscape are representative of the full range of activities association with winemaking – terraces, quintas (wine-producing farm complexes), villages, chapels, and roads. The cultural landscape of the Alto Douro is an outstanding example of a traditional European wine-producing region, reflecting the evolution of this human activity over time”. Source: http://whc.unesco.org/en/list/1046.

54 EQUAL Common Database: https://equal.cec.eu.int(equaljsp/dpcComplete.jsp?cip=PT&national=2001-165

55 Ibid.
• an understanding of the main weaknesses of the region, notably “in terms of employment, gender, culture, education/training, information and territory”;
• the recognition of the occurrence of a number of potential assets concerning “natural, cultural and other endogenous resources”, that could be exploited as investment opportunities if embraced by “innovative and environmentally-friendly businesses”;
• and the idea that one decisive way to contribute to local development was through the creation of companies, allowing “the development of the human, physical and financial resources of the region, in an attempt to break this vicious cycle and initiate a virtuous cycle of development”.

So, the overall goals of the project were defined as follows:
• to foster and support innovative and socially responsible entrepreneurship initiatives based on local networks and following global quality standards;
• to promote innovation in small firms by encouraging co-operative links between the university and local enterprises;
• to foster collaborative work among local institutions (town councils, schools, associations, agricultural thrift institutions, etc) as a form of supporting local entrepreneurship in a more focused fashion;
• to help rural communities in voicing their ambitions and expectations and in being responsible for their own development processes;
• to develop innovative systems to support the creation of new firms combining funding mechanisms with couching and voluntary work.

Though recognizing that one of the ways to fight “unemployment is by creating companies (in general) and by encouraging the longer-term and disadvantaged unemployed to opt for self-employment”, the promoters identified a “series of difficulties involved in such initiatives” that are prone to substantially impair the starting up and the earlier development of new firms in the region. The most important were: (a) the unavailability of information needed to start a business, (b) the lack of management skills of most entrepreneurs, (c) the inexistence or underdevelopment of business support services in the area, and (d) the lack of financial resources of the promoters or an easy access to bank loans and equity capital50.

Realising that the removal of the obstructions identified during the diagnostic phase was a pre-requisite to the implementation of a successful local development strategy, the promoters devoted their initial efforts to designing and developing fundamental tools and methodologies, as well as, testing these instruments in “real time “applications. From this activity, besides some preliminary entrepreneurship outcomes in terms of new firm and job creation, a number of interrelated tools designed to support business development and job creation in rural areas became available to the rural development players in Portugal. On the second phase, these tools

50 Ibid.
and methodology are being tested further and interactively with the unfolding process of company and job creation, thus allowing for additional enhancing of such instruments; furthermore some new instrumental initiatives (incubator, funding mechanisms, etc.) will be put in place to fill some gaps and address unsolved issues identified in the first phase.

It is worth noting that in the planning documents of GLOCAL (and, most likely, in the discussions that preceded the submission of the project application), attributes usually associated with social capital were frequently used, though without any specific mention to the term. Such was the case with (a) the role of local networks, both informal and formal (like partnerships), in helping focusing the minds, gaining mutual commitments, fostering consensuses and supporting entrepreneurship initiatives, as well as the need to create mechanisms and tools aiming at facilitating network based, collaborative work; (b) the cultural dimensions referred in connection with possible regional assets on which development strategies could be based on (e.g.: a long tradition of agricultural co-operatives and other forms of local co-operation among farmers) and in connection with the need to enhance cultural traditions that foster individual and community empowerment as opposed to the negative mindset that views rural people as passive beneficiaries of state grants and subsidies, not active players able to proactively define their purposes and pursue their own strategies; (c) the ethical dimension present at the inception of the project, considered by the promoters as instrumental to the development of the local communities, by creating job opportunities and increasing the level of regional income.

The Project
During the 1st phase (2002/2004) major tasks of GLOCAL were:

- creation of 3 laboratories:
  - New business opportunities lab – the tools of this lab were developed by the UTAD university based on an innovative methodology designed to identify new business ideas in rural settings. The tasks covered the setting up of an observatory of new business opportunities and the preparation of a business development manual, including guidance for carrying out feasibility analysis and preparing business plans;
  - Entrepreneur lab – the regional chamber of commerce and industry, NERVIR, was responsible for this lab, which developed a new methodology to identify prospective entrepreneurs based on a balance of skills and capabilities, carried out the training of the trainers of the new entrepreneurs, recruited and selected the potential entrepreneurs, and performed the training of the ones that were retained for the subsequent phases;
  - Financing lab – this was the responsibility of Superação SPA the private consultancy in charge of the overall management of the project. Under this work package a new regional micro-credit system based on 3 regional agricultural thrifty institutions was established providing funding to start-up
firms\footnote{This system has the following terms for credit operations for new companies: (1) maximum loan amount: 75\% of capital cost or Euro 25,000; (2) interest: 2\% spread over Euribor 6-months rate; (3) maturity: up to 5 years.} and the basis for the creation of a regional network of venture capital companies and individual business angels were set up.

- setting up of a comprehensive system to support the creation of new companies (action/training programmes to develop business plans, manual for setting up a new company, creation of Local Investment Agencies, services to entrepreneurs and to consultants/trainers and tutors);
- implementation of a publicity/awareness programme (radio, town and parish councils, NGOs, web site, newsletter, flyers and posters);
- setting up of an ICT programme (extranet, on-line data bases, Netmentor\footnote{A web application (extranet) designed to facilitate the follow-up of the entrepreneurs, notably by their mentors or tutors.}, Benchmarking, etc.);
- establishment of international links (exchange of information, experience, methods, etc),
- and new tools and good practice cases were made available to the interested parties in the country so they can be used or replicated elsewhere in similar situations.

During the 1st phase over 400 prospective entrepreneurs were reached by the project and professional guidance was provided to 226 of them. 103 individuals were selected as trainee-entrepreneurs and about 64 of these were able to evolve from the business idea phase to the structured business project phase. During the balance of skills and capabilities phase, 17 individuals dropped-out, thus about 40 started the process of creating a new company, entering into a preliminary phase of training and action-training, including the preparation of business plans. 27 prospective entrepreneurs reached the end of this phase and, as there were partnerships among some of them, 20 new companies were planned. 15 of these were actually incorporated (involving 18 entrepreneurs). At the end of the 1\textsuperscript{st} phase 11 companies (involving 13 entrepreneurs and 19 new jobs) were already running consolidated businesses.

On the second phase, which started at the end of 2005, the tools and methodologies developed and tested in the previous phase are being enhanced and expanded in an interactive way with the practice of new company creation, based on the GLOCAL methodological cycle. A virtual incubator is being created at the UTAD university aiming at incubating “spin-off and spin-in processes”, thus supporting innovative entrepreneurship initiatives from the academic and student communities and providing R&D services to new entrepreneurs coming from local communities. A second incubator will be created in a rural parish (Campeã) aiming at fostering the involvement of the local community in identifying and developing creative ideas concerning company and job creation.

Other initiatives in the second phase include:

- a voluntary mentoring system,
new financing mechanisms,
- the promotion of a entrepreneurial culture in the region, through publicity programmes, marketing of new business ideas to existing businesspeople and funding agents, public recognition events, entrepreneurship prizes at regional and county levels,
- the creation of networks of regional business designed to help collaborative programmes, such as co-operative marketing (some clusters were already identified to this respect: organic horticulture, aromatic and medicinal plants, fruit compotes)

The Future
The verifiable results achieved so far by GLOCAL are positive and the methods developed and put into practice have been generally acknowledged as appropriate to the local conditions. It is though too early to have a clear picture on 2 important features of the project: the ability to generate new businesses that cater to wider markets then the proximity businesses created so far and the results of applying the project methodology into other regions. As to the first issue it is likely that some of the elements accrued to the project in the second phase (such as the university incubator and the collaborative networks) may facilitate unleashing some local potential to create more out-bound oriented businesses. The replication potential is currently being tested in another EQUAL project managed by ADRIMAG, a local development association active in a mountainous region located at the northern part of central Portugal, by incorporating some of GLOCAL tools into a structure designed to test and implement business ideas in rural areas59. So, some more time is needed to ascertain the effectiveness of these 2 desired properties of GLOCAL.

59 EQUAL project PT-2004-059
The Network of Taverns

The Region

The “Alto Tâmega” region is located in the NUTS II “Região Norte”, includes 6 rural counties, with a total area of about 3,000 sq km and a population slightly over 100 thousand inhabitants. It is a rural area whose population tends to concentrate in small towns, most of which are steadily losing population.

Besides the national park, there are basically 3 zones: (a) the green zone of the “veigas” on a low elevation terrain (400-700 m), with excellent soils for agriculture, (b) the plateau zone (elevation 800-1,000 m) with good conditions for cereal crops and grazing and (c) the mountains (800-1,500 m) where forest predominates. Road access has been improved substantially in the last years, though road connections within the region in rural areas are poor.

The activity rate in the region is low (37%) and the work force is predominantly employed by the services sector (54%). Though decreasing, the number of workers in agriculture is over 20% of the active population, one of the highest rates in the country.
Background

The region, besides high quality environmental values and pristine sceneries, features a rich gastronomy and many traditional craft products. The combination of the above assets into an integrated offer has not yet been tackled extensively by commercial tourist operations in the area.

ADRAT is a development association whose membership is composed of 25 local and regional organisations, recruited among the main economic and social development agents in the area: 6 town councils and their regional association, a regional chamber of commerce and industry, one regional tourist commission, several agricultural co-operatives and other farmers’ organisations, one local house of mercy and 3 cultural associations.

Since its inception in 1990, ADRAT has been involved in many initiatives posing itself as facilitator of inter-institutional co-operation in the region. So the idea of exploiting the synergistic elements between the regional gastronomy and the promotion of local products, including agro-food items and crafts, could be materialised through launching a novel offer within the restaurant sector in the region, based on a network of small taverns run by local families.

In this way it was possible to combine the traditional cuisine of the region with the flavour of ambiances and cultural assets of the region, providing a genuine experience to the tourist, and simultaneously to create opportunities of promoting the cultural values and genuine products of the region.

The Project

To accomplish these objectives ADRAT selected houses and families that followed quite strict criteria: architectural value of the building, quality of the surrounding environment and landscape, capabilities of the owners as regards traditional cooking, availability of local products with good quality standards, and willingness of the owners in embarking in network co-operation. Owners should also have a minimum cultural standard to enable them to act as promoters of the products of the region.

So, the project “Network of Taverns” followed the approach of resorting to cultural factors to induce the development of new entrepreneurial ideas, to create jobs and to increase regional income. When doing this ADRAT adopted a rather professional approach by carefully selecting the people to be involved in the programme, preparing planning documents, developing quality control systems and involving in the process other local development players such as town councils, parishes, local training and employment services, cultural associations.

The project started by recruiting 7 families in the region, providing financial assistance (through LEADER II) to recover, refurbish and repair the rooms of the houses to be used by the taverns.
and to buy furniture, equipment and utensils as needed. Subsequently ADRAT developed a training/couching programme and a marketing plan under which a co-operative promotional plan was implemented conveying, a differentiated and unique image to the network.

Typically these small restaurants do not have a standard menu for major meals; though they have their doors open to the public, they only offer, on a standard basis, snacks and light meals based on the regional cuisine. The more substantial, typical meals are arranged by previous reservation, usually for families or small groups. Besides the restaurant activities, tavern owners act as promoters and salespersons of local products and crafts, thus inducing the creation of additional jobs in the neighbouring areas.

There is also a noted synergy with the traditional hotel business in the area (where some ancient spas are quite active) and with rural tourism projects.

As some of the taverns are becoming the dynamic centres of the small villages where they are located, the exchange of information within the network and between the network and the surrounding communities are prompting new initiatives and projects. For instance, the re-introduction of some crops that were abandoned due to lack of demand, such as some forest fruits, mushrooms and cranberries, are now being considered by local farmers. Thus in addition to the 7 fulltime equivalent jobs created by the network (one per tavern), there is a distinct possibility of inducing the creation of additional jobs in the villages involved in the project.

The initiative was a success: the franchise-like operating mode and the quality and differentiation of the service was reciprocated as satisfied clients are promoting the network though word of mouth and personal referrals (about 60% of clients reside in the Oporto metropolitan area, 150 km from the project area, and some 30% are from urban areas of Spain).

These taverns are being sought as source of inspiration by other Portuguese regions as well as by some Spanish regions of the Galicia provinces and the Avila area.

The Future

ADRAP is now forcing the “weaning” of the network: the network will become a self-regulated, self-funded formal association, new members will be recruited and selected by their peers (there are 3 currently being considered), joint promotional activities will be decided and implemented on a collaborative basis, and an independent evaluation of the network is to be drafted and commissioned by the members themselves. ADRAT will also pass on to the new association the IP rights on the brand of the network.
Another association, CORANE, which covers 4 different counties (Braganza, Miranda do Douro, Vimioso and Vinhais) of a neighbouring region, is also initiating a project based on the ADRAT approach.
Conclusions

The role of social capital in rural development it is not, per se, an important discussion or research topic in Portugal. The concept of social capital has been completely absent from the official planning and programming documents (in the rural context or in any other), from the generalist or specialized magazines and other media or any significant debate forum. Even as regards the academia and research community, only a couple of references dealing with theoretical aspects of the concept can be traced in the last 15 years or so. Neither in the 1st Congress on Rural Studies in 2001 (the only one so far), or in magazines or sites dealing with local and rural development⁶⁰, there is a single paper or article covering the subject or addressing it in a substantive way⁶¹.

It is likely that the elusiveness of the concept or the refusal to accept it as something more than fashionable terminology by researchers and practitioners, might explain why the national awareness is so low.

The fact that social capital is not touted about in Portugal does not mean that people are not using it. Actually, many people are aware of the importance of some characteristics usually associated with it (such as networking, cultural norms, social trust, bottom-up approach) and of its positive role in local development processes. This is case of the 3 major communities that are dealing with rural development in Portugal: the public officials of the Agriculture and Labour ministries and of some regional and local authorities, the private organisations that are carrying out local development projects on the terrain (basically the local development associations), and the academia (notably the “regional” universities and polytechnics located in rural areas, and some social sciences departments of “national” universities).

The acknowledgment of the importance of such components has been slowly penetrating the official services and local authorities since the early 90’s, when the first LEADER initiative was launched. Since then, the conviction of the importance of these components has been increasing as new successful cases of LEADER projects were known. Furthermore, some projects that were implemented later under the EQUAL and INTERREG umbrellas, provided additional opportunities to exercise the local based approach fostered by the LEADER methodology. All this accumulated experience strengthened the idea that traditional top-down approaches to rural development are prone to fall short of the expectations held for them in founding programming and regulatory documents.

The major factor hindering a more widespread and genuine adoption of the LEADER approach is the reluctance of the central power (the agents of central government) to “let go”. Some underlining assumptions and prejudices⁶² are conditioning the way empowering elements are regulated by central authorities, which tend to adopt a pre-emptive posture with excessive

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⁶⁰ Notably the Web Sites of federations of local development associations, such as „Minha Terra” or „ANIMAR”, or special editions of thematic magazines, such as the special edition of the „inLoco” magazine „A REDE” published in November 1998.

⁶¹ It should be noted that in Portuguese “social capital” (translation “capital social”) means also “equity” or “share capital”. This circumstance makes difficult to retrieve documents on social capital using a key-word based search as the overwhelming majority of returned documents pertains to the second meaning (equity).

⁶² Central policies are frequently inspired by an “urban and technological” mind set with 2 major traits: on the one hand local agents are viewed as immature and uneducated people in need of a benevolent parental control (the central state), on the other hand, there is an atavistic suspicion that the civil society is dominated by crooks, calling for too many controls and reassurance mechanisms designed to prevent fraud.
bureaucratic controls and very stringent operational conditions. The emergent local associations, still fragile and financially dependent, can easily be driven into conformant behaviour and progressively loose their independence from the state, if the empowering elements of the development policies are not genuine, and fair competition and transparency is not ensured in the process that leads to their selection to manage publicly funded development projects.

* * *

The experience of the use of social capital for rural development purposes in Portugal, although limited and not explicitly recognised, when viewed against the more recent international findings and advancements on the subject, surely suggests that social capital is an important factor to increase the probability of success of development initiatives. It also corroborates the idea that other conditions have the same or even higher impact on the success chances. Besides 2 factors that have been already documented in empirical studies, the quality of local leaders and the level of literacy in the community, there is a third one which Portuguese practitioners deem also important: the existence of a distinctive local resource or asset, on which the local identity can be based and the development efforts can capitalise. The role of this factor is also well documented in the second case discussed in the previous section, where natural and cultural resources were combined into a local distinctive identity. Thus, experience suggests that the following factors are associated with higher achievements in local development:

- a high level of social capital;
- the quality of local leadership;
- a high literacy level of the population;
- availability of local resources that, combined into a distinctive identity, can provide a strategic thrust on which development plans can capitalise.

Important as these factors may be, it is yet to be proved whether their effects on local development can be verified independently or whether they are closely correlated as manifestations of other underlying factors, being results rather than causes.

* * *

The Portuguese official strategy for rural development, currently being formalised under the preparation of the national reference plan for the application of the structural funds in 2007-2013, follows closely the EU rural policy orientations as regards the 4 major strategic objectives (competitiveness, environment sustainability, quality of life and diversification, local initiative, participation and co-operation). The plan considers that the rural development strategy “must be implemented with the participation (...) of all intervening agents and of the rural populations” and includes as “horizontal” strategic objectives (a) to strengthen territorial and social cohesion and (b) to foster the effectiveness of public, private and associative agents, in managing territorial and sectoral developing instruments.

64 In a recent survey, more than 87 % of a sample of 60 development professionals in Portugal agreed that “local identity should be a competitive value to make possible local development”.
This programming document acknowledges the importance of the LEADER programme and considers its model approach to have a fundamental role in mobilising local agents and in defining and managing development instruments designed to create jobs and diversify rural activities. In accordance to this orientation, the government decided to put under the LEADER approach 2 of the 4 components of the rural development programme for the period 2007-2013, involving about 20% (or Euro 800 mn.) of the total budget available to rural development programmes.

Though timid, this is a government move in the right direction which will create additional opportunities to use social capital in rural development initiatives.

In the future, a major challenge for local development agents, particularly private associations, is to keep their independence vis-à-vis the state and to avoid becoming local mechanisms which simply distribute public funds. To this respect it is important to devise new innovative funding opportunities such as untied government grants, local authority’s sponsorships, fundraising initiatives (which are also good opportunities to raise awareness).

Other challenges local development agents are facing:

- To get more visibility in the media, calling for more aggressive marketing and publicity campaigns.
- To increase the collaboration with universities and the research community.
- To create more opportunities to debate and exchange ideas in seminars, workshops and other events

Experience in Portugal suggests that, in general, when designing and implementing rural development initiatives 3 base orientations should be present:

- To enhance the capacity for inter-disciplinary and cross-sectoral planning;
- To ensure entrepreneurial co-operation by broadening partnerships and alliances;
- To create the conditions and enabling mechanisms for leveraging local resources into a competitive development strategy.

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Appendices
Appendix 1 - NUTS II and III

NUTS II

The “LISBOA” region replaced in 2002 the former and larger “LISBOA E VALE DO TEJO” (Lisbon and Tagus Valley) region. For details see next page.
The “Oeste”, “Médio Tejo” and “Lezíria do Tejo” regions were part of the NUTS II “Lisboa e Vale do Tejo” region. In 2002 the “Oeste” and “Médio Tejo” were integrated into the NUTS II “Centro” region and “Lezíria do Tejo” into the “Alentejo” region. Currently the Lisbon NUTS II region includes only 2 NUTS III regions: “Grande Lisboa” and “Península de Setúbal”.
Appendix 2 – Rural Areas in Mainland Portugal

The Ministry of Agriculture, Rural Development and Fisheries adapted the OECD methodology to classify rural/urban areas in mainland Portugal.

The OECD methodology classifies NUTS III according to the population density:

1. Predominantly Urban (less than 15% of population lives in parishes with population density <150 inhab/sq km),
2. Significantly Rural (=Intermediate) (between 15 and 50% of population lives in parishes with population density <150 inhab/sq km) and
3. Predominantly Rural (more than 50% of the population lives in parishes with population density < 150 inhab/sq km).

The following adaptations were performed:

- All parishes with > 15000 inhabitants in rural areas were moved to predominantly urban areas;
- All parishes in the intermediate class that are not located in less favoured areas, and in whose municipalities the population working in agriculture is less than 10% of total employed population, were moved to predominantly urban areas;
- All parishes classified in predominantly urban areas that are located in less favoured areas were moved to the intermediate area;
- The predominantly urban areas were split into urban and periurban (an urban area is the set of parishes with population density > 500 inhab/sq km; the remaining parishes make up the periurban area)
- The intermediate and predominantly rural areas were aggregated into rural areas, except for urban agglomerations with population density > 15000 inhab.
Appendix 3 – Organisation Chart of the Ministry of Agriculture, Rural Development and Fisheries

Minister of Agriculture, Rural Development and Fisheries

Deputy Minister & Secretary of State of Agriculture and Fisheries

Secretary of State Rural Development and Forests

Central Services

- General Secretariat
- Legal Office
- Environmental Auditor
- General Inspectorate
- Agro-Food Planning Office

Institute for Rural Development and Hydraulics

- Directorate General for Crop Protection
- Directorate General of Forestry Resources
- Directorate General of Veterinary
- Directorate General for Fisheries and Aquaculture

- National Laboratory of Veterinary Research
- National Institute of Agricultural and Fisheries Research
- School of Fisheries and Shipping
- National Stud-Farms

Regional Services

- Regional Directorate of Entre Douro e Minho
- Regional Directorate of Trás-os-Montes
- Regional Directorate of Beira Litoral
- Regional Directorate of Beira Interior
- Regional Directorate of Ribatejo e Oeste
- Regional Directorate of Alentejo
- Regional Directorate of Algarve

Operational Programmes

- "AGRO" Programme Management Office
- "MARE" Programme Management Office

Other Services

- IFADAP (National Institute for Financing and Supporting Agriculture and Fisheries)
- INGA (National Institute of Agricultural Guarantees)
- IVDP (Institute of Douro and Port Wines)

Agricultural Regions

- Entre Douro e Minho
- Trás-os-Montes
- Beira Litoral
- Beira Interior
- Ribatejo e Oeste
- Alentejo
- Algarve
Appendix 4 – LEADER+ Portugal: Local Action Groups