

11th April, 2014

Regional Development Composite Index 2011

The 2011 results regarding the *overall index of regional development* show that six out of the 30 Portuguese NUTS 3 level regions exceeded the national average: Grande Lisboa, Grande Porto, Cávado, Baixo Vouga, Minho-Lima and Serra da Estrela. Baixo Vouga (Centro NUTS 2 region), Grande Lisboa (Lisboa NUTS 2 region) and Grande Porto (Norte NUTS 2 region) had a score above the national average in the *competitiveness* and *cohesion* indexes. Cávado, Minho-Lima (both in the Norte NUTS 2 region) and Serra da Estrela (Centro NUTS 2 region) showed records above the national average in the *cohesion* and in the *environmental quality* indexes.

In the *competitiveness* index, the more favourable performances belonged to the metropolitan territories centred in Lisbon and in Porto, in contrast with particularly with the inner mainland. Grande Lisboa was the leading region in the *competitiveness* ranking.

As for *cohesion*, the index displays a more balanced country than the one resulting from the *competitiveness* index, with the mainland centre sub-regions showing more cohesion than the inner Northern and Southern sub-regions and the autonomous regions. The leading region in the ranking of the *cohesion* index was Baixo Mondego.

In the *environmental quality* index, the results suggest a reversed territorial pattern in relation to *competitiveness* as the inner mainland showed, in general, better *environmental quality*. Serra da Estrela was the leading region with regard to the *environmental quality* index.

The Regional Development Composite Index (ISDR) relies on a conceptual framework which benefits from a broad view of development that encompasses *competitiveness*, *cohesion* and *environmental quality*.

ISDR results now published take into account time-series changes in the 2004-2010 statistical data that support the construction of the composite indicators as described in this press release's technical note.

Annual data for the 2004-2011 period as well as conceptual and computational methodological options are available at www.ine.pt.

With the release of the 2011 results, Statistics Portugal ends the production cycle of ISDR's version 1. In 2015, a new series will be launched benefiting from the release of new information within the scope of the National Statistical System and reflecting the new benchmark for the administrative organization set by Law no. 75/2013, September 12, according to which the intermunicipal entities are administrative units.

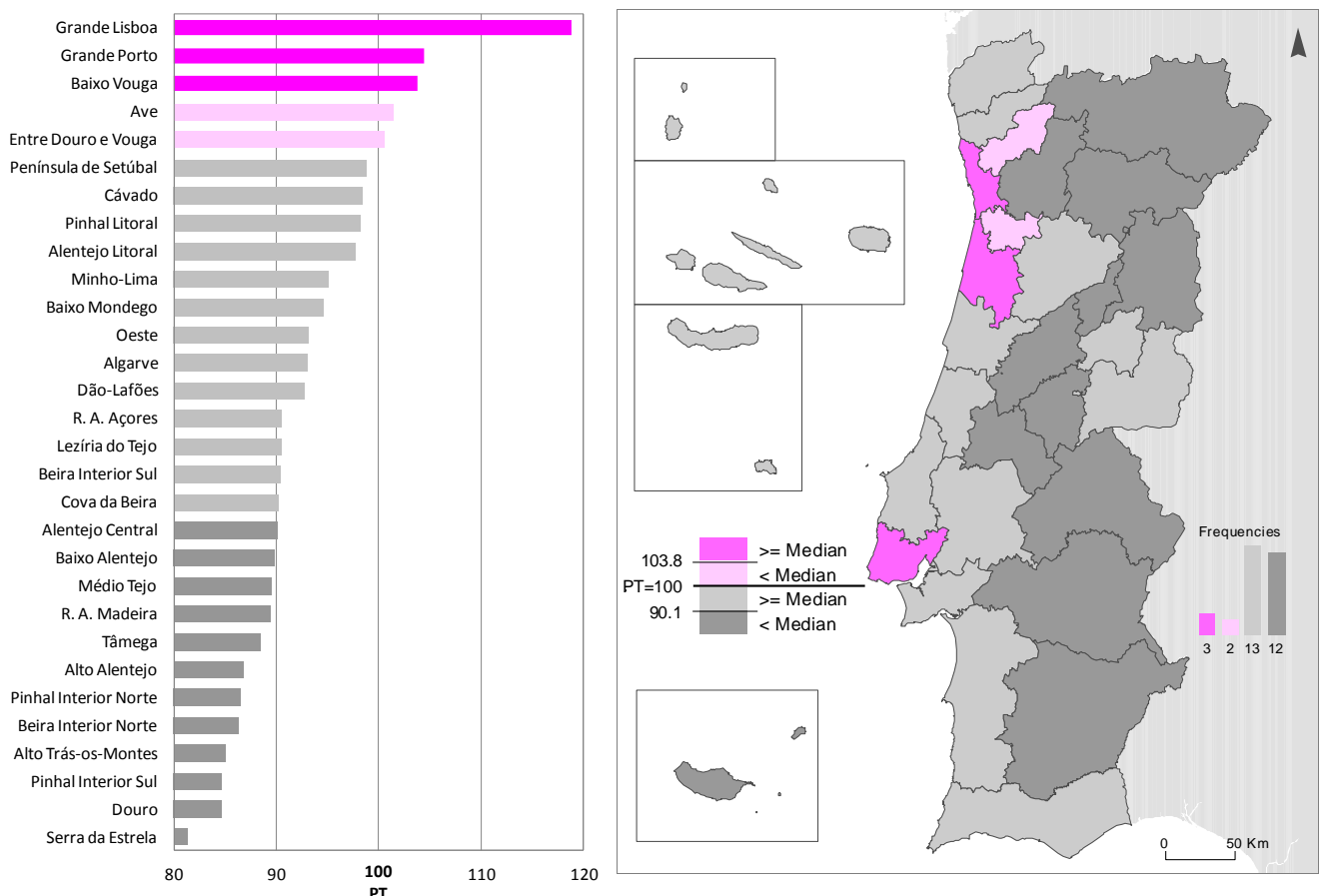
The NUTS 3 performance in 2011: *competitiveness, cohesion and environmental quality*

Competitiveness index

The **competitiveness** index aims to express the regional potential (both regarding human resources and physical infra-structures) for the performance in *competitiveness*, as well as the efficiency in the path being followed (measured by the educational, professional, entrepreneurial and productive profiles) and, also, the effectiveness in creating wealth and the ability to compete in international markets.

The 2011 results show that only five out of the 30 Portuguese NUTS 3 level regions, located in the mainland coastal strip, exceeded the national average with regard to the *competitiveness* performance: in hierarchical order, Grande Lisboa (in a clear way), Grande Porto, Baixo Vouga, Ave and Entre Douro e Vouga. Taking into account that Península de Setúbal and Cávado scored closely to the national average, the *competitiveness* territorial pattern puts in evidence two contiguous territories centred in the metropolitan areas of Lisbon and Porto, with a higher *competitiveness* index, contrasting, in particular, with the inner mainland. The lowest results in this index were observed in Serra da Estrela, Pinhal Interior Sul (Centro region), Douro and Alto Trás-os-Montes (Norte region).

Competitiveness (Portugal = 100), NUTS 3, 2011

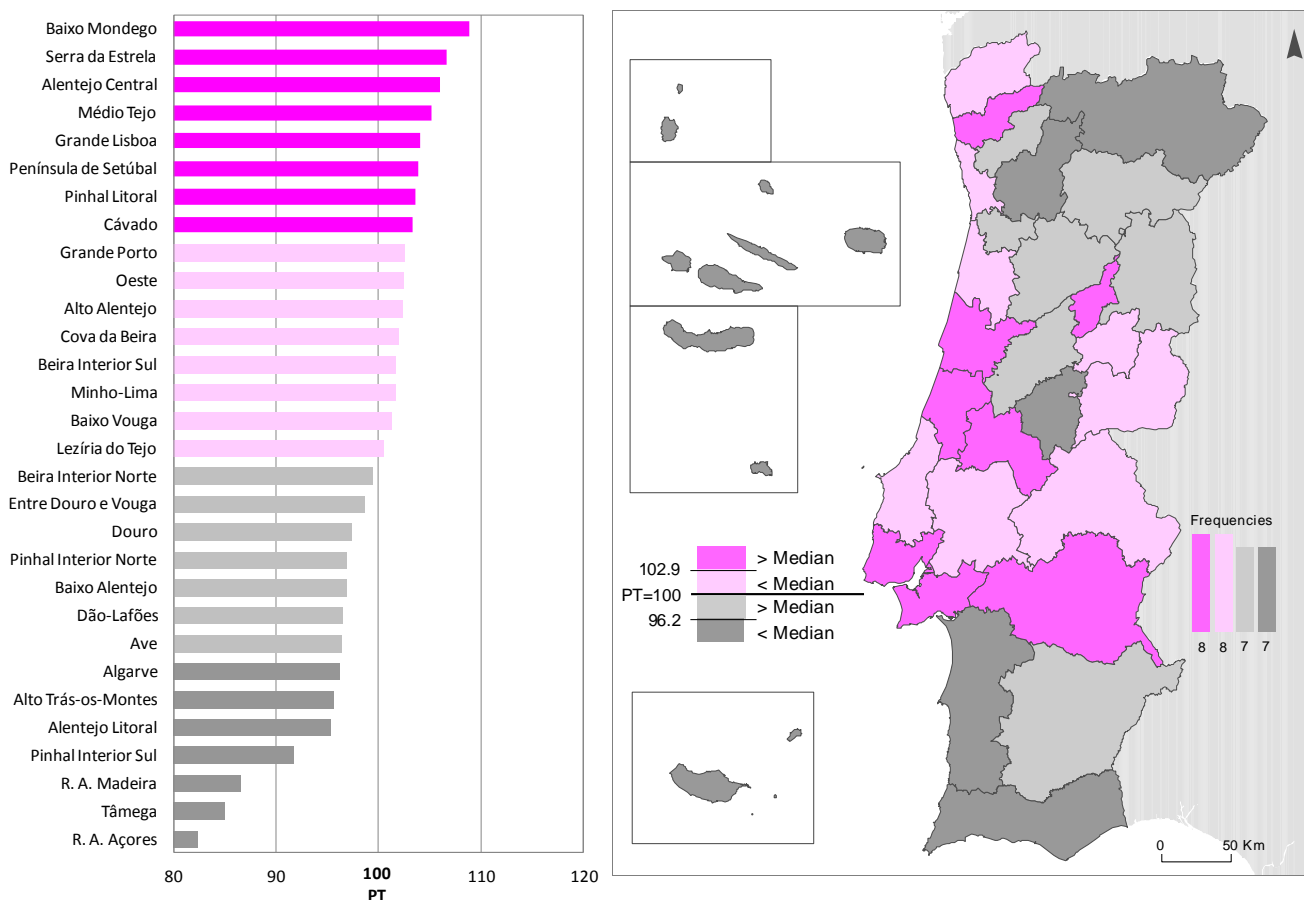


Cohesion index

Cohesion's composite indicator regards the population accessibility to quality basic collective equipment and services, the profiles that lead to a greater social inclusion and to the effectiveness of public policies given by an increase in the quality of life and to a decrease in territorial disparities.

As for this development component, the results suggest a picture of a more balanced country than the one observed for *competitiveness*, since in 16 of the 30 regions, and more clearly in Baixo Mondego, Serra da Estrela, Alentejo Central and Médio Tejo, the performance exceeded the national level and, at the same time, the regional variability was lower than the one observed for *competitiveness*. The territorial pattern opposes the mainland centre (with more *cohesion*) to both the inner Northern and Southern mainland regions and the autonomous regions (with less *cohesion*). The less favourable performances belonged to the two autonomous regions, to two Northern regions – Tâmega and Alto Trás-os-Montes –, one Centro region – Pinhal Interior Sul – and also to Alentejo Litoral and to the Algarve.

Cohesion (Portugal = 100), NUTS 3, 2011

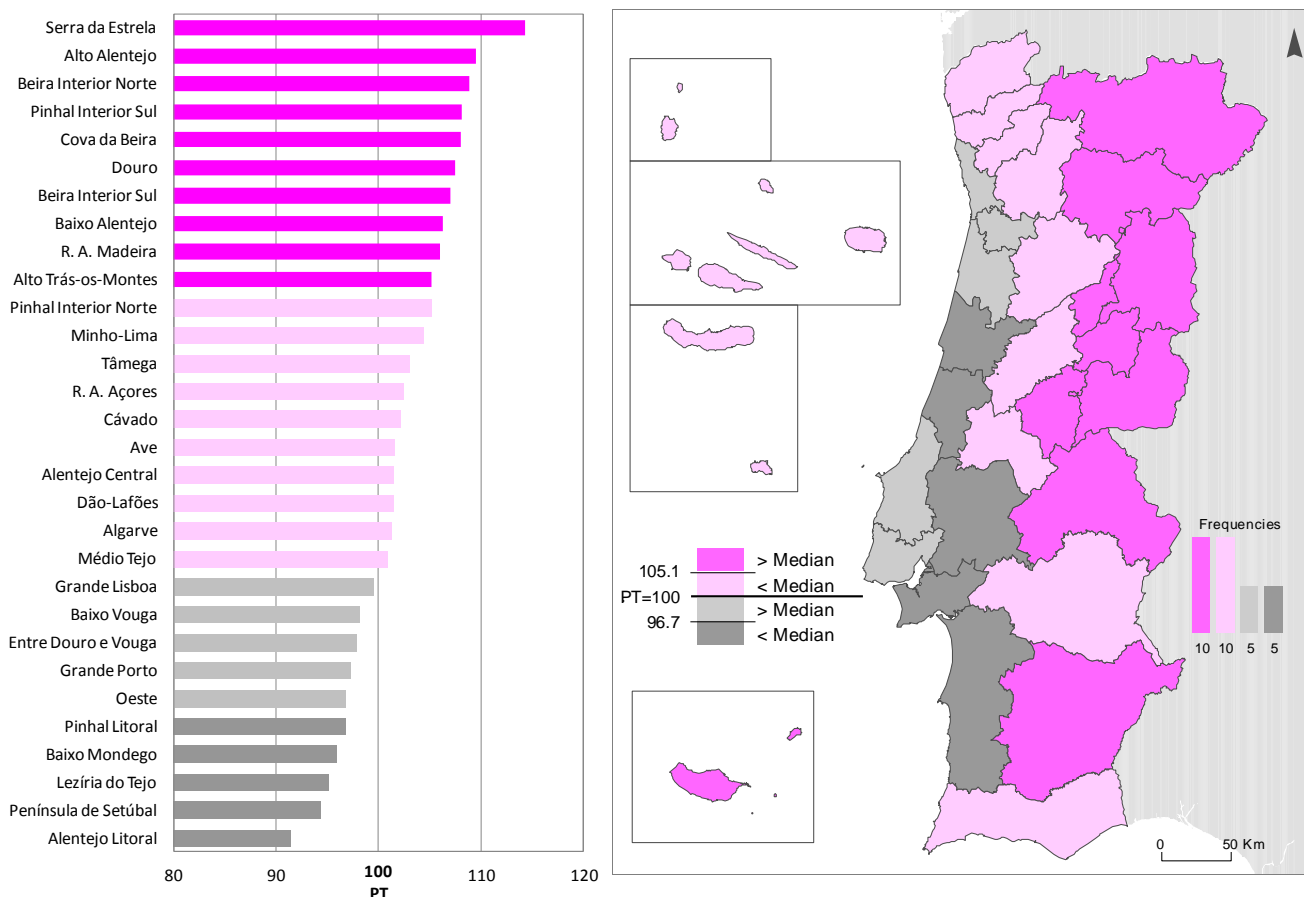


Environmental quality index

The **environmental quality** index combines the pressure put on the environment by economic activity and social behaviour (extended to territorial qualification and planning), the corresponding effects on environment and the economic and social responses (both regarding individual behaviour and public policies).

The 2011 results suggest a more balance but reversed territorial pattern in comparison with *competitiveness*, with the inner mainland regions showing, in general, more *environmental quality*. Overall, the territorial pattern of the results in this index suggests that the *environmental quality* progressively increased from the coast toward the inner mainland. Among the NUTS 3 level regions with lower *environmental quality*, there were four of the five most competitive ones: Grande Porto, Entre Douro e Vouga, Baixo Vouga and Grande Lisboa. The regional dispersion was lower than for the two other components. Serra da Estrela was the leading region regarding the *environmental quality* index.

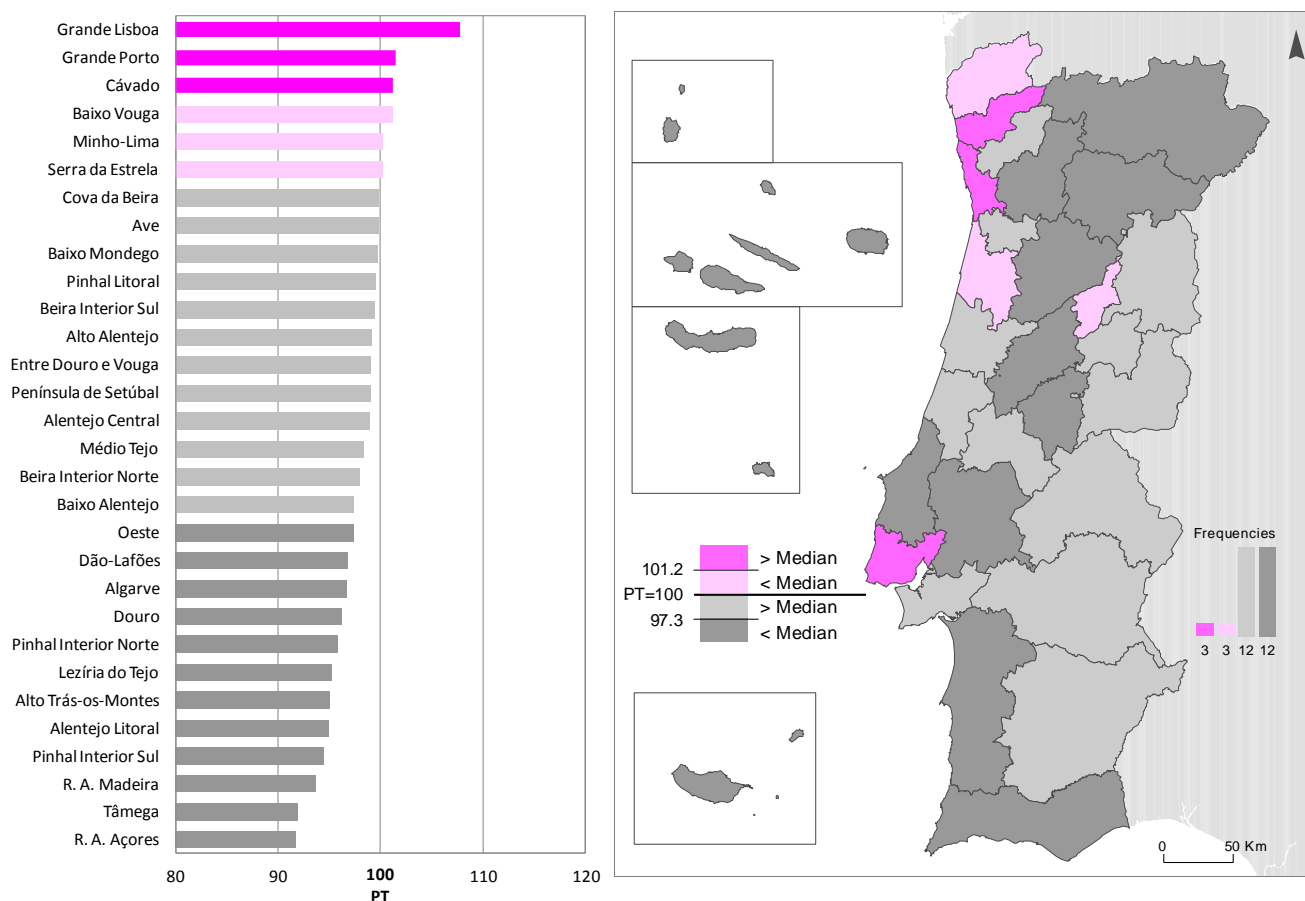
Environmental quality (Portugal = 100), NUTS 3, 2011



The joint analysis of regional development in 2011

The **overall index of regional development** is the result of the joint performance in *competitiveness, cohesion* and *environmental quality* performances. According to the 2011 ISDR results, six out of the 30 Portuguese NUTS 3 level regions scored above the national average: Grande Lisboa (in a clear way), Grande Porto, Cávado, Baixo Vouga and, marginally, Minho-Lima and Serra da Estrela. Cova da beira, Ave and Baixo Mondego were slightly below the national average.

Overall index of regional development (Portugal = 100), NUTS 3, 2011



In 2011, the *competitiveness* and *cohesion* components showed a positive correlation with overall development (0.7 and 0.8, respectively) while, as for *environmental quality*, there was no relevant correlation with the overall development, thus showing the absence of a relationship between the joint performance of the 30 NUTS 3 regions in *environmental quality* and in the *overall index of regional development*. The negative association between *competitiveness* and *environmental quality* should also be noted.

Correlation matrix, 2011

	Overall index	Competitiveness	Cohesion	Environmental quality
Overall index	-			
Competitiveness	0.7	-		
Cohesion	0.8	0.2	-	
Environmental quality	-0.1	-0.6	-0.1	-

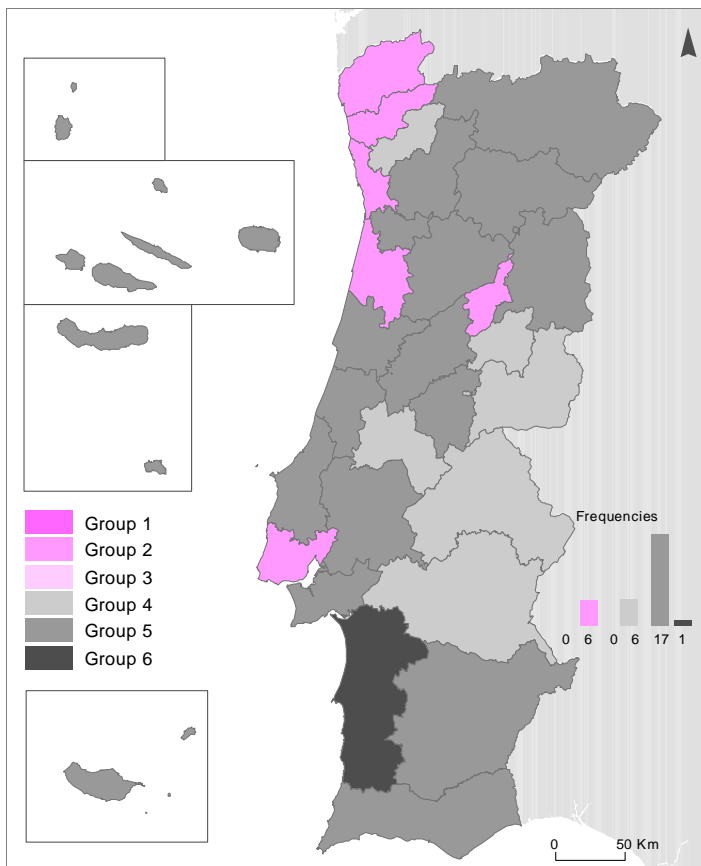
The complexity of regional development, considering the multidimensional perspective that ISDR intends to reflect, leads to heterogeneous regional profiles.

In 2011, the six regions with a performance above the national average in the *overall index of regional development* shared the feature of staying behind the national threshold in a single partial index: on one hand, Baixo Vouga, Grande Lisboa and Grande Porto did not exceed the national average in the *environmental quality* index; on the other hand, Cávado, Minho-Lima and Serra da Estrela were below the national reference in *competitiveness*.

The most common regional profile, covering 11 regions, consisted in an *environmental quality* above the national average and *competitiveness* and *cohesion* indexes below the national level.

Overall index of regional development, competitiveness, cohesion and environmental quality: performance in relation to the national average (Portugal = 100), NUTS 3, 2011

	ISDR > 100		ISDR < 100	
COMP > 100 COES > 100 AMB > 100		Group 1		
COMP > 100 COES > 100 AMB < 100	Baixo Vouga Grande Lisboa Grande Porto	Group 2		Group 4
COMP > 100 COES < 100 AMB > 100			Ave	
COMP < 100 COES > 100 AMB > 100	Cávado Minho-Lima Serra da Estrela	Group 3	Alentejo Central Alto Alentejo Beira I. Sul	Group 5
COMP > 100 COES < 100 AMB < 100			Cova da Beira Médio Tejo	
COMP < 100 COES > 100 AMB < 100		Group 3	Entre D. Vouga	Group 5
COMP < 100 COES > 100 AMB < 100			Baixo Mondego Lezíria do Tejo	
COMP < 100 COES < 100 AMB > 100		Group 3	Oeste P. de Setúbal Pinhal Litoral	Group 5
COMP < 100 COES < 100 AMB > 100			Algarve Alto T. Montes Baixo Alentejo Beira I. Norte Dão-Lafões Douro	
COMP < 100 COES < 100 AMB < 100			Pinhal I. Norte Pinhal I. Sul R. A. Açores R. A. Madeira Tâmega	Group 6
COMP < 100 COES < 100 AMB < 100			Alentejo Litoral	



Note: The acronym ISDR refers to the overall index of regional development, COMP to the competitiveness index, COES to the cohesion index and AMB to the environmental quality index.

Technical note

The Regional Development Composite Index (ISDR) is a statistical study of annual frequency and national coverage. The observed statistical unit is the NUTS 3 level region, data collection is indirect and the variables used to compute the composite index result from administrative procedures and from statistical operations within the National Statistical System.

The pertinence of the statistical data guided the selection of the statistical indicators that supported the quantitative match to the concepts underlying the construction of the index – *competitiveness, cohesion* and *environmental quality* –, taking into account the 30 Portuguese NUTS 3 level regions. It is, however, worthwhile to stress the diversity of territorial contexts among these regions, of which the autonomous regions and the metropolitan areas' regions are examples, as well as the heterogeneity regarding the size of the 30 Portuguese NUTS 3 level regions.

On the basis of a 65 statistical indicators matrix, for the 30 Portuguese NUTS 3 level regions, properly normalized (statistical standardization and *minmax* rescaling, with the minimum and maximum reference values extracted from the set of 65 standardized indicators for the time span available), distributed by three components – *competitiveness, cohesion* and *environmental quality* – subsequently aggregated by a non-weighted average, for the components level as well as from the components level to the overall index level, four composite indicators are produced – *competitiveness, cohesion, environmental quality* and *overall index of regional development*. The four composite indicators are referenced to the national value (Portugal = 100), with the national value estimated by the NUTS level 3 regions indexes average, weighted by the resident population, and not directly obtained from the model which is exclusively applied to the NUTS 3 level regions. In the same way, the values for the NUTS 2 level regions are estimated by the corresponding NUTS 3 level regions average, weighted by the resident population, as a way to ensure that national values computed from each of the two geographical levels are the same.

The methodological options that support ISDR conception and computing are presented in the methodological document *Índice Sintético de Desenvolvimento Regional, código 127 / versão 1.4, INE* (available at www.ine.pt, in Metadata, Metadata System, Methodological documentation). The need to review this methodological document regarding the 1.3 version relies on the changes in the 2004-2010 statistical data that support the construction of the composite indicators: namely, i) the revision of the life expectancy at birth series; ii) a minor adjustment in the Regional Accounts regarding Grande Lisboa; iii) the revision of the data on the share of the value added of manufacturing industries with advanced competitive factors; iv) the incorporation of new Integrated Business Accounts System data for 2010 of the Lists of Personnel regarding the indicators on the establishments' demography; v) the revision of the data on the quality of water for human consumption for the autonomous regions; and vi) the revision of the 2006-2010 data on the proportion of urban waste selectively collected.

Annual data for the 2004-2011 period, in accordance with the 1.4 version of the methodological document, are available at www.ine.pt, in Statistical information, Statistical data, Database.