



27th April, 2010

Regional Development Composite Index 2007

In 2007 according to the results from the Regional Development Composite Index (ISDR) four NUTS 3 regions stood above the overall development national average with Grande Lisboa at the top and then Pinhal Litoral, Beira Interior Sul and Baixo Vouga.

Regarding *competitiveness*, coastal regions stood out in opposition to the inland regions. As for *cohesion* the index indicated a more balanced country than the one resulting both from the competitiveness and the overall indexes, with some of Mainland centre sub-regions at the top against the Northern and Southern sub-regions and the autonomous regions. Concerning *environmental quality* the results also suggested a relatively balanced territorial pattern, although in reversed order in relation to *competitiveness*: the coast showed, in general, lower *environmental quality*.

With the release of data for the period 2004-2007 Statistics Portugal begins the dissemination of its annual Regional Development Composite Index (ISDR).

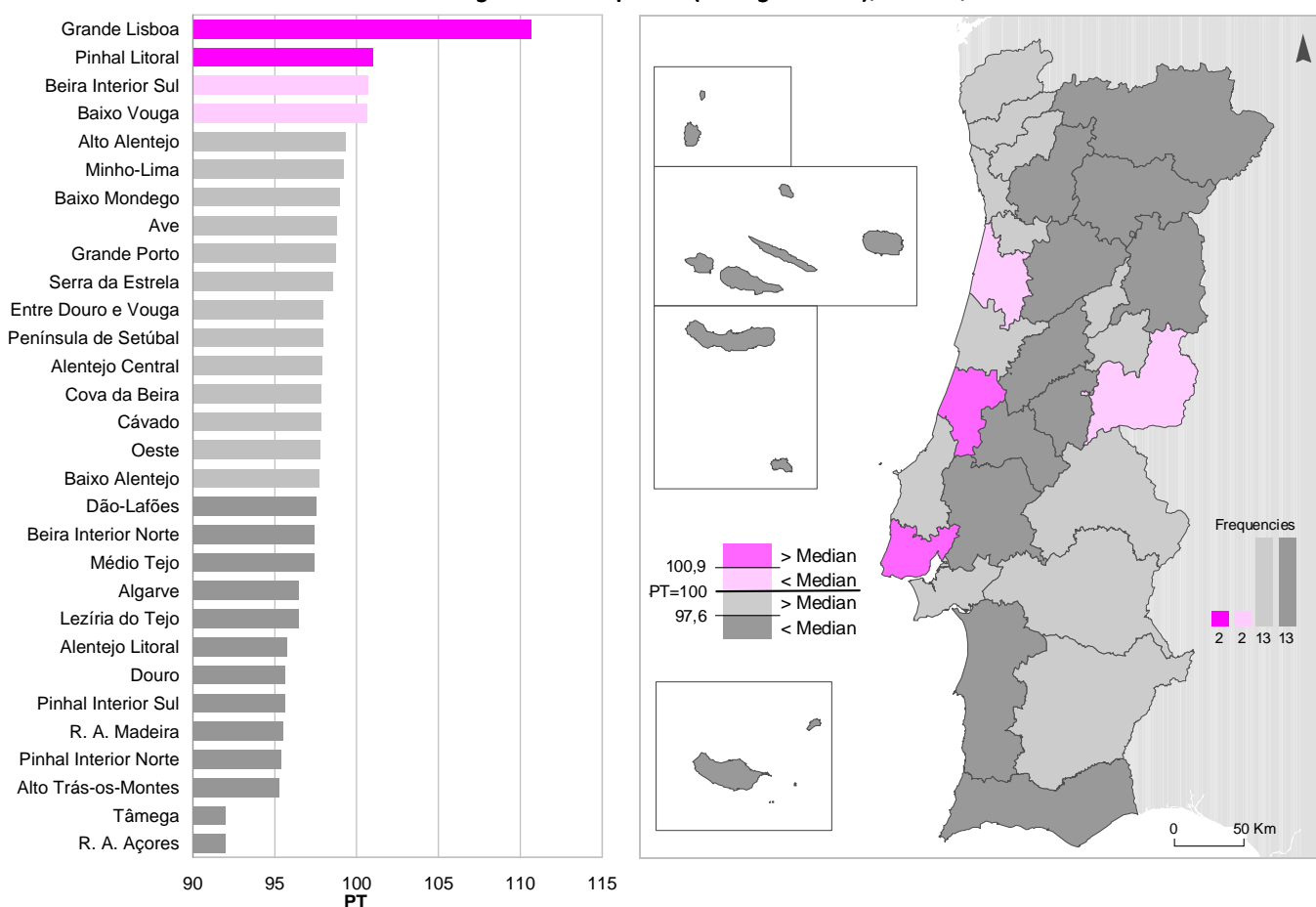
In May 2009, a preliminary study with the results for 2004 and 2006 was published. The interest then showed stressed the importance of this statistical tool if produced annually, as a way to support follow-up reports on territorial-based public policies. The discussion and assessment that took place after the 2009 preliminary edition, aiming at the annual publication of the results, led to the redefinition of some variables and to methodological adjustments; therefore, the results now published are not comparable to those published in 2009.

Both the results for 2004, 2005, 2006 and 2007 and the methodological options that support the ISDR conception and the computation are available at www.ine.pt.

The performance of the NUTS 3 level regions in 2007

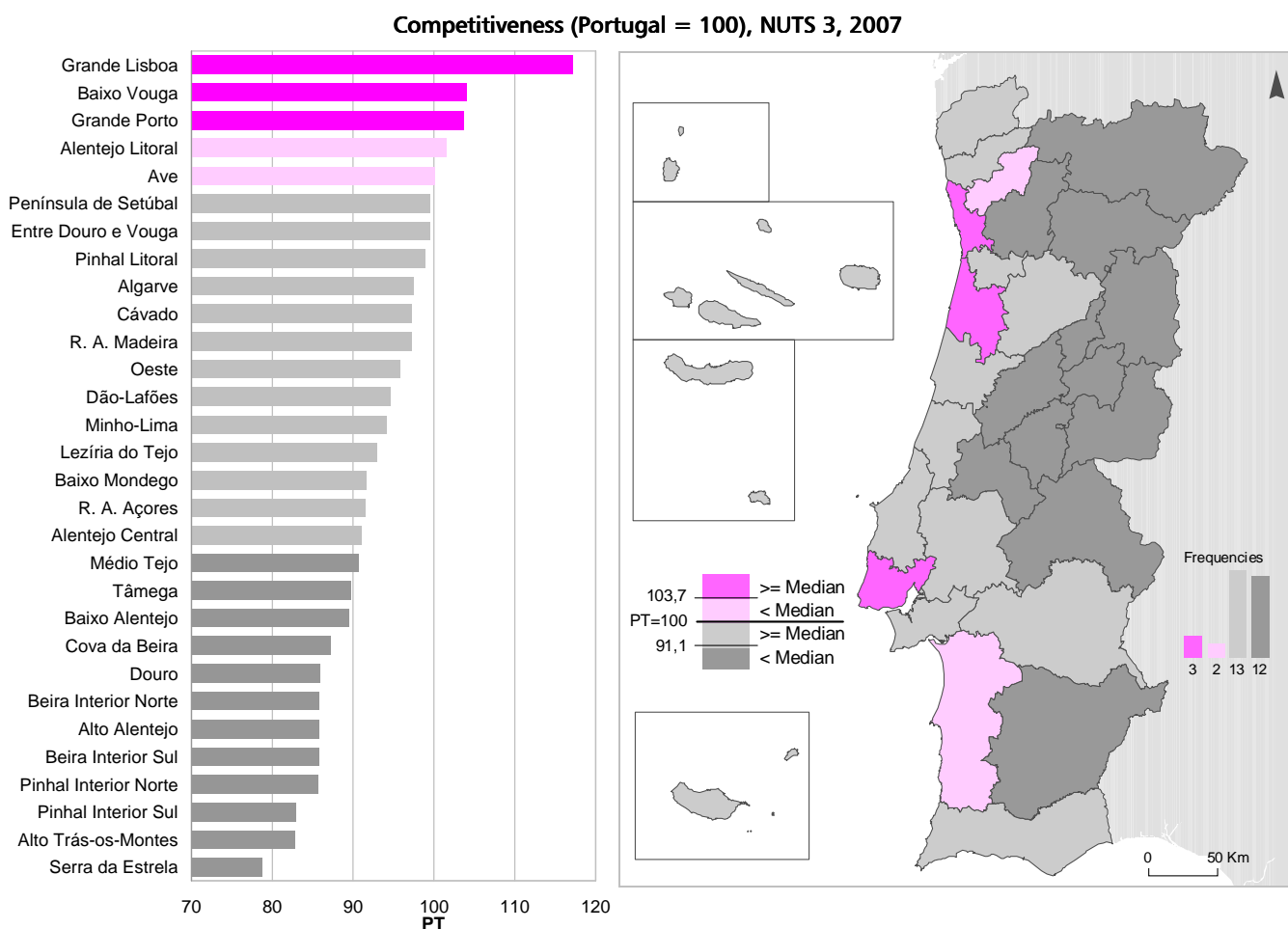
The 2007 ISDR results show that, although the territorial pattern differs according to the dimension of development at stake, the regions with better performance regarding overall development tend to be located in the Mainland coastal strip. In the overall index of regional development, as a result of the joint effect in competitiveness, cohesion and environmental quality, only four regions stood above the national average: Grande Lisboa (in a clear way), Pinhal Litoral, Beira Interior Sul and Baixo Vouga. Although not in such a clear way as for competitiveness, the best performances were mostly dominant in coastal Mainland regions.

Overall index of regional development (Portugal = 100), NUTS 3, 2007



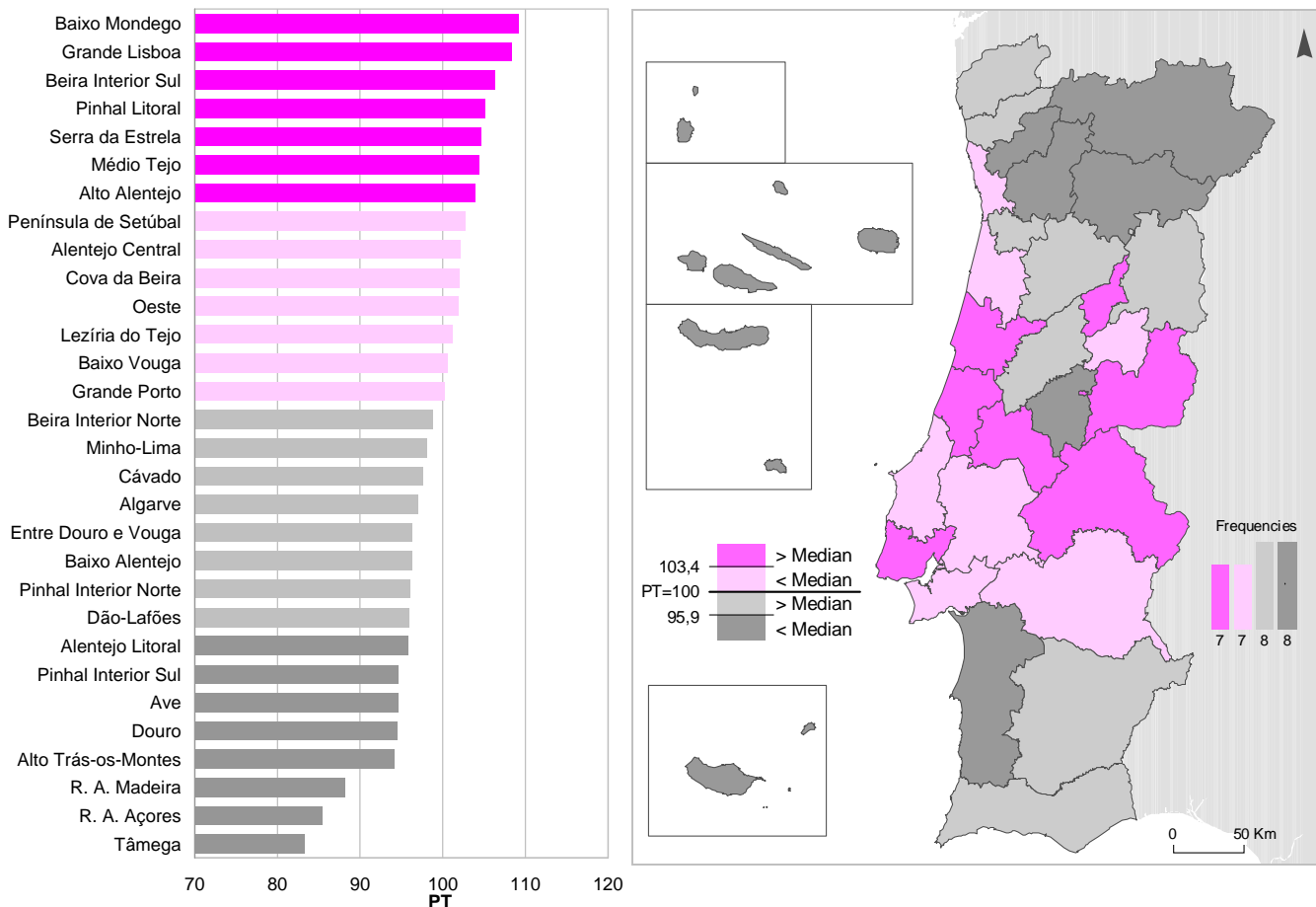
The competitiveness index aims to express the regional potential for a good performance (both regarding human resources and physical infra-structures), the efficiency in the path being followed (measured by the educational, professional, entrepreneurial and productive profiles) and, finally, the effectiveness in the generation of wealth and the ability to compete in international markets. As regards this component, the Mainland coast stood out in opposition to the inland and the autonomous regions. From the 30 Portuguese NUTS 3 level regions, the five

with performances above the national average in 2007 belong to the Mainland coast: in the South, Grande Lisboa and Alentejo Litoral, in the centre, Baixo Vouga and, in the Norte, Grande Porto and Ave. If the NUTS 3 regions performances slightly below the national average are considered – Península de Setúbal and Entre Douro e Vouga – a territorial image of two contiguous spaces, both in the coast, with the best performance in competitiveness, becomes visible.



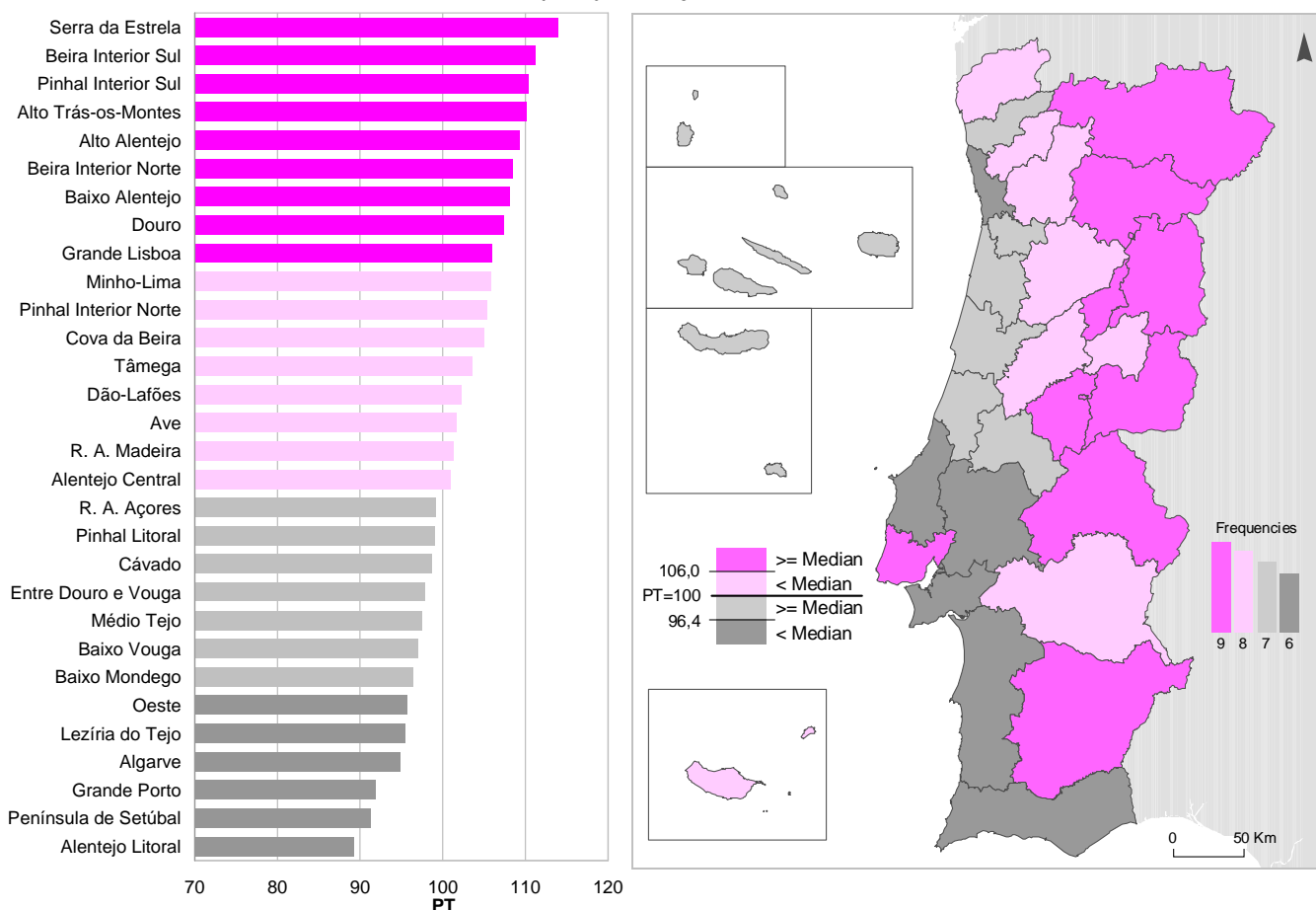
Cohesion regards the population accessibility to quality basic collective equipment and services, the profiles that lead to a greater social inclusion and to the effectiveness of public policies given by an increase in the quality of life and to a decrease in those disparities. The results for cohesion show a greater regional balance than the ones for competitiveness and for the overall index of regional development, with better performances in the Mainland centre than in both the Northern and Southern Mainland regions and in the autonomous regions. Baixo Mondego, Grande Lisboa and Beira Interior Sul showed particularly positive performances. The lower cohesion indexes belong to Tâmega, Alto Trás-os-Montes, Douro and Ave (all belonging to the NUTS 2 level Norte region) and to the two autonomous regions.

Cohesion (Portugal = 100), NUTS 3, 2007



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). As observed for cohesion, regarding environmental quality, the results show a somewhat balanced territorial pattern in a reversed manner in comparison with competitiveness, with the coastal regions showing in general less environmental quality. Within the 13 regions with an environmental quality below the national average, Alentejo Litoral, Península de Setúbal and Grande Porto stood out; it is worthwhile noting that these are among the more competitive regions in 2007.

Environmental quality (Portugal = 100), NUTS 3, 2007



The joint analysis of regional development in 2007

In 2007, the competitiveness and cohesion components showed a positive correlation with overall development (0,6 and 0,7, respectively) while, as for environmental quality, there is no relevant correlation with overall development (0,1), thus reflecting the absence of a relationship between regional performance in environmental quality and the overall index of regional development. At the same time, there is a negative correlation between competitiveness and environmental quality.

Correlation matrix, 2007

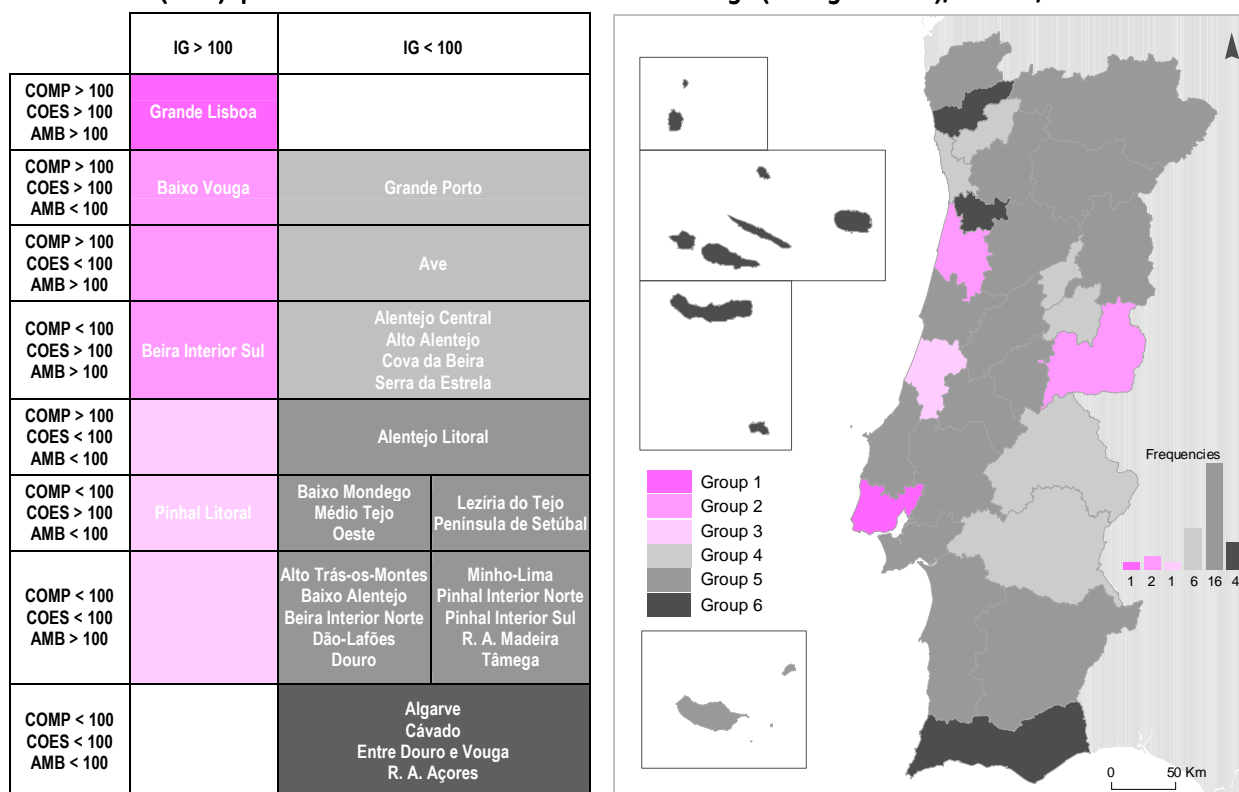
	Overall index	Competitiveness	Cohesion	Environmental quality
Overall index	-			
Competitiveness	0,6	-		
Cohesion	0,7	0,1	-	
Environmental quality	0,1	-0,6	0,0	-

The complexity of regional development, in light of the multidimensional perspective the ISDR intends to reflect, is expected to lead to heterogeneous regional profiles, according to the performance of each region in the three components of regional development at stake as well as the result of that joint behaviour in the overall index of regional development.

Grande Lisboa was the only region with a performance above the national average in 2007, in all four composite indicators; Cávado, Entre Douro e Vouga and the Região Autónoma dos Açores were in the opposite situation, with performances below the national value in the four composite indicators. Baixo Vouga and Beira Interior Sul shared an overall index of regional development above the national average with a performance below 100 in one of the components: environmental quality for Baixo Vouga and competitiveness for Beira Interior Sul.

In 2007, the most frequent situation, in which 10 Portuguese NUTS 3 level regions were (a third of the total), was of less competitive and cohesive territories than the national average but with less environmental quality than the national average, leading to an overall regional development above the national average.

Overall index of regional development (IG), competitiveness (COMP), cohesion (COES) and environmental quality (AMB): performance in relation to the national average (Portugal = 100), NUTS 3, 2007





Technical note

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

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 period 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 3 level regions 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 discussion and assessment that took place after the 2009 preliminary edition, aiming at annual publication of the results, led to the redefinition of some variables and to methodological adjustments; therefore, the results now published are not comparable to those published in 2009.

The results for 2004, 2005, 2006 and 2007 are available at www.ine.pt, in Statistical information, Statistical data, Database.

The methodological options that support ISDR conception and computing are presented in the methodological document *Índice Sintético de Desenvolvimento Regional, código 127 / versão 1.0, INE* (available at www.ine.pt, in Metadata, Methodological Documents).