



**The impact of the COVID-19 outbreak on the tourism and travel sectors  
in Portugal:**

***Recommendations for maximising the contribution of the European  
Regional Development Fund (ERDF) and the Cohesion Fund (CF) to the  
recovery***

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## **List of abbreviations**

A3Es - Evaluation and Accreditation Agency

ACE - Alentejo, Centro and Extremadura cooperation area

AEP - Business Association of Portugal

AERLIS - Lisbon Region Business Association

AETP - Portuguese Tourist Companies Association

AETUR - Association of Tourist Entrepreneurs of Douro and Trás-os-Montes

AHETA - Association of Hotels and Tourist Enterprises of the Algarve

AHP - Portuguese Hospitality Association

AHRESP - Portuguese Hotel, Restaurant and Similar Association

AHRP - Association of Rural Hotels in Portugal

AICEP - Agency for Investment and Foreign Trade of Portugal

AHSA - Association of Hotel and Similar Industry in the Algarve

AIP - Portuguese Industrial Association

ALEP – Association of Local Tourism Accommodation

ANA – Airports of Portugal

ANCAT - National Association of Touristic Animation Drivers

ANMP - National Association of Portuguese Municipalities

APAVT - Portuguese Association of Travel and Tourism Agencies

APECATE - Portuguese Association of Congresses, Tourism Entertainment and Events Companies

APHORT - Portuguese Association of Hotels, Restaurants and Tourism

APTERN - Portuguese Association of Tourism in Rural and Natural Spaces

APQ - Portuguese Association for Quality

ARAC - Association of Driverless Car Rental Industries

ARTP – Regional Tourism Promotion Agencies

ATP – Association of Spas and Health Tourism

ATURMINHO – Association of the Minho Region

BP - Bank of Portugal

CAE - Portuguese Classification of Economic Activities

CCDR - Regional Coordination and Development Commission

CEC – Business Council (Centro)

CEF - Connecting Europe Facility

CF – Cohesion Fund

CIEBI - Business Innovation Centre (Beira Interior)

CIM - Comunidade Intermunicipal

CIM BSE - Comunidade Intermunicipal das Beiras e Serra da Estrela  
CM - City Council  
CNIG - National Golf Industry Council  
CRII - Coronavirus Response Investment Initiative  
CRM - Customer Relationship Management  
CTCV - Technological Centre for Ceramics and Glass  
CTP - Tourism Confederation  
DRT Madeira - Regional Directorate of Tourism of Madeira  
EC – European Commission  
EAFRD - European Agricultural Fund for Rural Development  
EMFF - European Maritime and Fisheries Fund  
ENERAREA - Regional Energy and Environment Agency  
ERDF - European Regional Development Fund  
EREI - Regional Smart Specialization Strategy  
ERT - Regional Tourism Entity  
ESIF / ESI - European Structural and Investment Funds  
ESF - European Social Fund  
EU - European Union  
F&B - Food and beverage  
FCT - Portuguese Foundation for Science and Technology  
FI - Financial Instruments  
GDP - Gross Domestic Product  
GNI - Gross National Income  
GORB – Gross Occupancy Rate Bed  
GORR - Gross Occupancy Rate Room  
IAPMEI - Institute of Support to Small and Medium Enterprises and Innovation  
ICT - Information and communications technology  
IDR, IP-RAM - Regional Development Institute (Madeira)  
INE - National Institute of Statistics  
IPA - Instrument for Pre-Accession Assistance  
IP CB - Polytechnic Institute of Castelo Branco  
IPQ - Portuguese Institute for Quality;  
LPN - Nature Protection League  
MICE - Meetings, Incentives, Conferencing, Exhibitions  
N/D - No Data  
NSRF - National Strategic Reference Framework

NTO – National Tourism Organisation

NUTS - Nomenclature of Territorial Units for Statistics

OECD - Organisation for Economic Co-operation and Development

OP – Operational Programme

OP CI - Operational Programme Competitiveness and Internationalization

OP TA - Operational Programme Technical Assistance

OP SRUE - Operational Programme Sustainability and Resource Use Efficiency

OT - Thematic Objective

PADRE - Action Plan for the Development of Endogenous Resources

PI - Investment priority

PNPOT - National Programme for Spatial Planning Policy

PO - Policy Objectives

POCTEP - INTERREG VA – Spain-Portugal

PRIVETUR - Portuguese Rural Tourism Association

PROT - Regional Spatial Planning Programmes

PT - Portugal

R&D - Research and development

RCM - Resolution of the Council of Ministers

RIS3 - Research and Innovation Strategies for Smart Specialization

RTB – Regional Tourism Board

RUP - Rational Unified Process

SDG - Sustainable Development Goals

SEF - Portuguese Immigration and Borders Service

SET - Secretary of State for Tourism

SI 2E - Incentive System for Entrepreneurship and Employment

SME - Small and medium-sized Enterprises

STL – Strategic Tourism Laboratories

STL- KET - Strategic Tourism Laboratories - Knowledge, Employment & Training

STL- CIT - Strategic Tourism Laboratories - Competitiveness & Innovation in Tourism

STL- TIA - Strategic Tourism Laboratories - Trends & International Agenda

TCP / ERTC - Regional Tourism Entity (Centro)

TEM-T - Trans-European Transport Network

TFEU - Treaty on the Functioning of the European Union

TOR – Terms of Reference

TP - Portugal’s National Tourism Organisation

TSA - Tourism Satellite Accounts

TURIHAB - Association of Rural Tourism

UC – University of Coimbra

UNWTO / WTO – World Tourism Organization

VFR - Visiting friends and relatives

WTTC - World Travel & Tourism Council

## Abstract

The outbreak of COVID-19 has strongly affected the tourism and travel sector in Portugal. After decades of continuous growth, the sector declined sharply as most businesses had to stop their activities. This report provides an analysis of the way tourism expanded in Portugal until the outbreak of the pandemic, and how it collapsed as the borders and tourism activities were closed. The report provides several scenarios about the way tourism may evolve in the future, and recommendations for the way ERDF and CF funds may be utilised in the future to ensure the recovery of the tourism sector and make it more resilient and adjusted to further crisis.

## Executive Summary

The objective of this report is to assess the impact of COVID-19 outbreak on the tourism and travel sectors in Portugal and make recommendations for maximising the contribution of the European Regional Development Fund (ERDF) and the Cohesion Fund (CF) to the recovery. The purpose of the document is to advise the Commission on the use of the ERDF and CF to support the tourism sector in the programmes for the period between 2021 and 2027.

Tourism has become one of the world's largest economic sectors in terms of business generation. The sector had grown steadily until February 2020, that is, before the outbreak of the pandemic. Until that time, tourism barely stopped expanding. The improvement of the living conditions of the world's population and in particular the growth of disposable income, made people start to spend more on the travel and leisure markets.

Portugal has reached top positions in the world's travel and tourism market. Between 2010 and 2019, tourism almost doubled in the country. In 2019, with a population of about 10 million people, Portugal attracted 27.1 million guests and generated 70.2 million overnight stays. According to the World Travel and Tourism Council (WTTC), direct, indirect and induced impacts of tourism accounted for 19.8% to the GDP. The enhancement of the living conditions were critical for the rapid expansion of domestic tourism. In addition, the improvement of facilities and infrastructure and the increasing visibility of the country associated with high levels of security and hospitality made tourism expand. Furthermore, in the World Travel and Tourism Awards 2019 Portugal was ranked right at the top of the world's best destinations, winning 24 prizes, including Europe's leading beach destination, leading adventure tourism destination, leading cruise destination, and leading city break destination. In addition to this, the Executive Digest<sup>1</sup> ranks Portugal first with the best tourism promotion in Europe, and the third best in the world.

The impact of COVID-19 on Portugal, and on the world, is still unknown. Throughout 2020 the advance of the pandemic was enormous, and the contraction of the number of arrivals amounted to between 70% and 80%. The scenario could have been worse, but during the beginning of the year, between January and February, and also during some periods between July and August, the borders were re-opened and the lockdown was eased, allowing tourists to travel. During periods of total lockdown, when the airports were closed, the decrease of air travel varied between 90% and 100%. When the borders were closed, the impact on air

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<sup>1</sup> <https://executivedigest.sapo.pt/country-brand-awards-portugal-e-eleita-a-melhor-marca-turistica-da-europa-e-a-terceira-a-nivel-mundial/>

transportation was close to 100% since the country operated only a few humanitarian and safety flights. Likewise, the accommodation, F&B and event sectors were strongly impacted when the lockdowns were enforced. During the lockdown, the event and accommodation sector underwent almost 100% paralysis. Most restaurants had also to close, and only a few decided to operate with take-away and delivery services to minimize negative impacts.

During the last centuries, and with the exception of the world wars, the world tendency pointed towards an increasing and free movement of people all over the world. This tendency was even fuelled over the last 3 decades, as the world's globalization advanced and people and trade could move across the globe without many restrictions. Conversely, with the outbreak of COVID-19, the travel and tourism sectors experienced a situation which was unimaginable. The movement of people within countries was restricted, and it became forbidden for people to travel abroad. Economic activities associated with the travel and tourism market almost collapsed, and many avoided bankruptcy only because governments stepped forward providing financial aid.

During the pandemic, the travel and tourism sectors have experienced two situations. Businesses mostly dependent on international markets almost collapsed because their demand depends on international travellers. The economic structure of these companies is not prepared for crisis when international travel stops. On the contrary, regions where domestic tourism is balanced or outnumbers international markets, have proven to be more resilient and better prepared to face crisis. Some companies have even shown capacity to adapt and, some of them, even to grow in times of crisis.

The negotiations of the European Authorities with the Member States concerning the ERDF and CF funding for the period 2021-2027 should take into account the lessons which all are learning from the pandemic. While the world is still apprehending how to live with the spread of COVID-19, lessons learned from this calamity should stay with us. It should be considered that, in the future, other cataclysms and misfortunes may occur as a result of other pandemics, political crisis, social turmoil, wars, natural disasters, etc. From an economic and management point of view, which is the focus of this assignment, the lessons to be learnt from the pandemic are how to face and manage an economic crisis that disturbs the 'normal' chain of operations and logistics of the travel and tourism sectors. That is, how to make the sector survive, recover and become more resilient to face further crises.

This report is organised in two main parts. The first assesses the way tourism evolved in Portugal until 2019. By analysing this period, supported on secondary information collected from official statistical sources, the report provides a quantitative analysis that allows an accurate

assessment of the evolution of the tourism sector during this period of consolidated expansion. In addition, and in order to evaluate what it may happen in the short, medium and long terms, the project constructed scenarios matrices, which attempt to interpret, circumscribe and evaluate the frontiers of what may happen in the future.

In addition to the collection of secondary information, the report offers additional data collected directly from a number of tourism key players (see Annex I). Twenty-eight organisations were interviewed, and a wide range of primary information was collected. The representativeness of these interviews is very high, since they cover the full population of the national and regional level tourism organisations, and most national business associations.<sup>2</sup> In addition, these organisations cover the full population of the economic tourism sectors of the Tourism Satellite Account.

Semi-structured interviews were used and proved to be a powerful technique that allows information to be gathered about what is happening in the sector, and, additionally, act as strategic nodes of the tourism network to access information collected by their members that otherwise could not be collected.

Taking both primary and secondary information into account and placing this information within knowledge of tourism theory and practice, it was then possible to design recommendations for the ERDF and CF, aimed at bringing the industry back on track, and make it more adjusted and resilient to future crises.

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<sup>2</sup> [https://www.turismodeportugal.pt/pt/Turismo\\_Portugal/Organizacao\\_Parceiros/Paginas/default.aspx](https://www.turismodeportugal.pt/pt/Turismo_Portugal/Organizacao_Parceiros/Paginas/default.aspx)

## 1. Introduction

### 1.1 Context and background information

Tourism<sup>3</sup> accounts for a significant part of economic growth and is an important driver of it, globally and locally. The sector directly contributes 4.4% of GDP, 6.9% of employment and 21.5% of service exports in OECD countries, on average.<sup>4</sup> Given the sector's potential in terms of growth and employment but also in terms of social and cultural integration, any appraisal of its competitiveness and position requires a good knowledge of the volume of tourism, the characteristics of tourism trips, the profile of the tourist, tourism expenditure and the benefits for countries' economies.<sup>5</sup>

European Structural and Investment funds (ESIF) have traditionally been an ally of the European regions in their efforts to add value to geographical assets and the cultural and historical heritage in an efficient and sustainable manner. The *Study on the contribution of tourism to local and regional development – evidence from the European Structural and Investment Funds 2012-2018*<sup>6</sup> provides detailed analysis of how and the extent to which tourism activities were supported by the funds in the period 2012-2018 and analyses their results and impacts. Thus, in the programming period 2014-2020 an amount of around EUR 10 billion was earmarked for tourism related operations, with Poland (EUR 1.8 bn), Italy (EUR 1.6 bn) and Portugal (EUR 1 bn) spending significant amounts on the sector.

ESI Funds<sup>7</sup> are executed under the shared management mode between the Commission and the Member States, within the boundaries of Partnership Agreements and operational programmes adopted by the Commission. The execution of the programmes (evaluation and selection of applications, monitoring of the operations, evaluation activities etc.) is the responsibility of the Member States, and of the authorities designated for this purpose. In general, financial support by the ESI Funds can be provided in the form of subventions, repayable assistance, prizes, financial instruments, and combinations of the above.

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<sup>3</sup> The concept of tourism includes the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. Tourism is a subset of travel, when travel is understood in a broad sense meaning a movement from one place to another. Tourism covers the worldwide travel market within the general framework of population mobility and the provision of services for visitors. Tourism means the practice of travelling outside a person's usual environment for all purposes excluding some non-voluntary purposes of trips. (EUROSTAT: <https://bit.ly/3cAAN9p>)

<sup>4</sup> Organisation for Economic Co-operation and Development: <http://www.oecd.org/cfe/tourism/oecd-tourism-trends-and-policies-20767773.htm>

<sup>5</sup> <https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-GQ-14-013>

<sup>6</sup> <https://op.europa.eu/en/publication-detail/-/publication/f38cad5e-72f8-11ea-a07e-01aa75ed71a1>

<sup>7</sup> [ESIF Common Provision Regulation \(EU\) No 1303/2013](#)

## *1.2 Context: The COVID-19 crisis and the tourism/travel crisis in Portugal*

The outbreak of COVID-19 in early 2020 led to a severe lockdown of the world economy. The travel and tourism sectors have been two of the most affected, because of travel restrictions and the temporary cessation of activities in hotels, restaurants and bars, among other measures decreed by governments to limit the spread of the disease. This is of particular concern to Portugal, due to the significant weight of the tourism sector in the overall economy and in some regions, particularly in the case of the Algarve, Lisbon and Madeira.

As stated in the TORs, to mobilise support against the COVID-19, the Commission proposed a new set of measures through the Coronavirus Response Investment Initiative (CRII)<sup>8</sup> and the Coronavirus Response Investment Initiative Plus (CRII+).<sup>9</sup> They bring flexibility to allocate all budgetary non-utilised margins available under the ESI Funds to crisis-related measures or simplified procedural steps linked to programme implementation, use of financial instruments and audits.

Moreover, in its communication of 13 May 2020, the Commission published common criteria and principles for gradually and safely restoring tourism activities, in particular for health protocols for hospitality (hotels, etc.). National or regional authorities managing ESI Funds can use the margins available to address the immediate liquidity shortages of small or medium businesses working in tourism, such as covering labour costs, materials, operational inputs, inventories and overheads, rent and utilities.

Also, in its proposal for a European Recovery Plan presented on 27 May 2020, the Commission clearly identifies tourism as one of the most affected sectors of the EU economy, deserving particular attention in the context of the post COVID-19 recovery. The proposed REACT-EU (related to the 2014-2020 operational programmes) and the 2021-2027 programmes are expected to amply contribute to the recovery of this sector.

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<sup>8</sup> [Regulation \(EU\) 2020/460 of 30.03.2020](#)

<sup>9</sup> [Regulation \(EU\) 2020/558 of 23.04.2020](#)

## 2. Overall approach and methodology

Taking into account the objective of this report, a methodology was designed, including the following main stages:

### 2.1 Database – secondary information

To start with, the author created a database with the evolution of tourism in Portugal for the period concerning 2010-2020. The objective was to provide an overview of the evolution of tourism in the country in the phase of rapid expansion (2010–2019), and then to quantify the fall of the sector between 2019 and 2020. This analysis was mostly quantitative, though qualitative information was also collected in an ad hoc approach to help explain the expansion and fall of the tourism sector.

Secondary information was collected from the following main sources:

- i. INE – Instituto Nacional de Estatística. INE is the official **National Institute for Tourism Statistics** that operates under the umbrella of the Portuguese Government. The information is collected through technically and scientifically supported techniques, which means that this information is reliable and unbiased. Most non-economic Portuguese statistical information is collected by this Institute.<sup>10</sup>
- ii. ANA – Aeroportos e Navegação Aérea. The **Portuguese Airports** operate under the responsibility of ANA.<sup>11</sup> This organisation is responsible for managing the Portuguese airports. **The Portuguese Immigration and Borders Service** (Serviços de Estrangeiros e Fronteiras – SEF) is responsible for supervising the movement of people in and outside the country. SEF produces a wide variety of statistics that is include in the SEF Portal.<sup>12</sup> All this information is gathered through unbiased methods.
- iii. BP – Banco de Portugal. The **Bank of Portugal**<sup>13</sup> is responsible for a wide range of publications, research and statistics in all areas, including the tourism field.

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<sup>10</sup> [https://www.ine.pt/xportal/xmain?xpgid=ine\\_main&xpid=INE&xlang=pt](https://www.ine.pt/xportal/xmain?xpgid=ine_main&xpid=INE&xlang=pt)

<sup>11</sup> <https://www.ana.pt/pt/institucional/home>

<sup>12</sup> <https://www.sef.pt/en/Pages/homepage.aspx>

<sup>13</sup> <https://www.bportugal.pt/en>

- iv. **Travel BI.** This portal<sup>14</sup> is also an important source of tourism statistics in Portugal. Travel BI is a platform operated by the Secretary of State of Tourism in Portugal (Turismo de Portugal). Travel BI is supplied with information gathered from INE, the Bank of Portugal and SEF. Travel BI works as a portal where information may be cross-tabulated and analysed, providing a clear picture of tourism in Portugal. In addition, Travel BI supplies other publication and research reports in the area.
- v. **Health information.** While the former main sources of information provide tourism information, other sources were also used in the report. In particular, health information concerning the evolution of the pandemic was utilised. The Ministry of Health<sup>15</sup> has launched a special portal<sup>16</sup> for COVID-19, where statistical information is available. Since one of the core objectives of this report is to analyse how the pandemic has influenced the evolution of tourism in Portugal, tourism statistics are analysed alongside the evolution of COVID-19.
- vi. **Business information** collected by tourism organisations in Portugal. This is the case of several Portuguese tourism organisations that collect information directly from their members and use it mostly for their own purposes. This is the case of organisations such as:
- i. Hotels – Association of Hotels of Portugal (AHP)
  - ii. Restaurants – Association of Portuguese Hotels and Restaurants (AHRESP)
  - iii. Travel Agencies – Association of Portuguese Travel Agencies (APAVT)
  - iv. Confederation of Tourism
  - v. Regional Tourism Boards (5)
  - vi. Regional Directorates of Economy from the Azores and Madeira (2)
- vii. **International sources of statistical information.** In addition to the national sources, several international organisations provide official information about tourism. This is the case of **EUROSTAT**, the United Nations World Tourism Organisation (**UNWTO**) and the World Travel and Tourism Council (**WTTC**). The tourism statistics about Portugal are provided by INE, Bank of Portugal and SEF. However, international

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<sup>14</sup> <https://travelbi.turismodeportugal.pt/en-us/Pages/Home.aspx>

<sup>15</sup> <https://www.sns.gov.pt/institucional/ministerio-da-saude/>

<sup>16</sup> <https://covid19.min-saude.pt/>

publications will allow a comparison of the evolution of tourism between Portugal and other countries.

- viii. **Regional Planning Commissions (NUT II, 5) and Regional Directorates of Economy from the Azores and Madeira (NUT II, 2).** The regional authorities also collect information about the evolution of tourism in Portugal.

## **2.2 Literature review**

Alongside the collection of information, the author organised a systematic literature review about the models that could explain how to approach the tourism sector during times of expansion and contraction. Bearing in mind that most tourism models approach the sector from an expansion point of view, because tourism has grown almost non-stop between World War II and 2019, with a few exceptions, the author also conducted a literature review about crisis situations in manufacturing, and on the role played by areas such as operations management and logistics in tackling situations of crisis. The final section of this report includes groups of considerations and recommendations that take this literature review into account.

## **2.3 Scenarios**

A central objective of this report is to design future scenarios (Task 3) capable of answering the needs of the tourism industry, but at the same time, to offer paths of development that will allow tourism to progress in a quick, efficient and sustainable way. In a world of uncertainty, it is important to build scenarios with the objecting of foreseeing the way the world may evolve and design optimal paths that may be followed in the future.

The scenario development is a method used in methodologies of planning and management that includes the following stages:

- Identification of tendencies and driving forces;
- Identification of uncertainties;
- Development of plausible scenarios;
- Discussion of paths and implications.

## 2.4 Interviews – primary information

In addition to the secondary information collected from official sources, primary information was collected by the use of a semi-structured Interview (see Annex 1).

The interviews comprehended three main parts:

- Part 1 – To question the directors of the Portuguese tourism organisations about their perceptions of the way tourism evolved in Portugal up to 2019, and further throughout 2020 during the pandemic. To question the directors on whether they have their own sources of information, on the characteristics of that information, and how reliable it is. This allowed additional information to be collected to support the empirical evidence.
- Part 2 – To ask the directors to comment on the way they see the recovery of the tourism sector happening, its evolution, and what scenarios of development they anticipate for the sector. This part of the interview allowed information to be collected to help the definition of scenarios.
- Part 3 – To ask the directors to comment on the type of support they believe should be brought in for tourism businesses and organisations in the future. After asking this through an open question, the directors were asked to comment on the way tourism should evolve in the future according to the five POs defined by the Commission: (i) a smarter Europe; (ii) a greener, low carbon Europe; (iii) a more connected Europe; (iv) a more social Europe; (v) a Europe closer to citizens.

In order to be statistically representative, the interviews had to cover organisations illustrative of the tourism sector. Portugal's tourism organisation comprehends national and regional institutions. Local level organisations, including the Portuguese municipalities, rural organisations, cultural associations, etc. are included in the regional assemblies of the Portuguese regional tourism boards ('Entidades Regionais de Turismo'). Also, the organisations that were interviewed represent what the Eurostat and the UNWTO consider to be the core of the tourism sector (see section III).

The World Tourism Organisation (WTO) provides several definitions of tourism. Most of them approach tourism from the 'demand side', and thus the impact of tourism is often measured in terms of the hospitality industry.

Bearing in mind the objectives of this report, tourism must be addressed in a broader perspective, by encompassing other economic and social sectors that are directly or indirectly

included in the tourism industry. Therefore, the author uses 'supply side' definitions included in the Tourism Satellite Account, adopted by the World Tourism Organisation (WTO), European Union (EU), and World Travel and Tourism Council (WTTC). These definitions comprise what is called the 'core' of the tourism industry (i.e., the hospitality sector – accommodation and food and beverages) plus other sectors operating in the sphere of influence of the tourism sector. Therefore, the interviews included organisations that are seen as representative of the tourism sector.

The interviews covered a total of 29 organisations with an average duration of one hour each, ranging from 30 minutes to 1 hour and 43 minutes. The organisations covered by the interviews are as follows:

**National level organisations:**

- i. Government organisations
  - Secretary of State for Tourism (SET)
  - Portugal's National Tourism Organisation (Turismo de Portugal - TP)
- ii. Private sector organisations
  - Confederation of Tourism (Confederação Turismo de Portugal - CTP)
  - Association of Hotels (Associação de Hotéis de Portugal - AHP)
  - Association of Restaurants (Associação de Hotelaria e Restauração de Portugal - AHRESP)
  - Association of Travel Agencies (Associação Portuguesa Agências Viagens e Turismo - APAVT)
  - Association of Spas and Health Tourism (Associação das Termas de Portugal - ATP)
  - Association of Rural Tourism (Associação de Turismo de Habitação - TURIHAB)
  - Association of Congresses, Tourism Entertainment and Events Companies (APECATE)
  - Association of wine tourism

**Regional level organisations**

- iii. Regional tourism boards of the five NUTS in the mainland (North, Centre, Lisbon, Alentejo, Algarve)
- iv. Regional Directorate of Tourism of Madeira
- v. Regional associations of tourism promotion of the five NUTS in Portugal and Madeira

- vi. Leaders of the operational programmes in the mainland (five NUTS II) and in Madeira and the Azores

The interviews were conducted online using the Zoom platform. They were video-recorded and transcribed in Word format. Word format files allow useful analysis with 'NVivo' software.

### ***2.5 Good practices***

The collection of good practices from other places and in general literature was also used in the report. Information was collected and systematised in a group of tables, enlightening the comments presented in the report with best practices available at other destinations (see Annex IV).

### 3. The organisation of the territory of Portugal

Portugal comprises 'mainland' Portugal and two archipelagos<sup>17</sup> (Azores and Madeira) situated in the Atlantic Ocean. Portugal has a total area of 92,225.61 km<sup>2</sup> including 'mainland' (89,102.14 km<sup>2</sup>), the Azores Autonomous Region (2,321.96 km<sup>2</sup>) and the Madeira Autonomous Region (801.51 km<sup>2</sup>). The mainland has an extension of 577 km and a width of 286 km. It shares its coastal areas with the Atlantic Ocean, but in the south, it has the influence of warm streams coming from the Mediterranean (INE, 2019a).

The country is organised in administrative divisions, more specifically in Nomenclature of Territorial Units for Statistics (NUTS<sup>18</sup>). At the **national level**, Portugal (NUTS I) comprises 'mainland' Portugal, and the autonomous regions of the Azores and Madeira. The **regional level** (NUTS II) is made of basic regions for the application of regional policies, that include the North Region, Central Region, Lisbon Metropolitan Area, Alentejo and the Algarve, and the two autonomous regions of the Azores and Madeira. The NUTS III are smaller regions comprising 23 associations of municipalities, in the mainland:

- *North Region* [8 NUTS III]: Alto Minho, Alto Tâmega, Terras de Trás-os-Montes, Porto Metropolitan Area, Tâmega e Sousa, Cávado, Ave and Douro;
- *Centre Region* [8 NUTS III]: Aveiro Region, West, Coimbra Region, Leiria Region, Viseu Dão Lafões, Beira Baixa, Médio Tejo, and Beiras and Serra da Estrela; Lisbon Metropolitan Area [1 NUTS III]: Lisbon Metropolitan Area;
- *Alentejo* [5 NUTS III]: Alentejo Litoral, Baixo Alentejo, Lezíria do Tejo, Alto Alentejo and Central Alentejo;
- *Algarve* [1 NUTS III];
- *Azores*, Autonomous Region of the [1 NUTS III];
- *Madeira*, Autonomous Region of [1 NUTS III].

At the **local level**, Portugal has a total of 308 municipalities and 3,092 parishes, 86 in the North Region, 100 in the Central Region, 18 in the Lisbon Metropolitan Area, 58 in the Alentejo, 16 in Algarve, 19 in the Azores Autonomous Region, and 11 in the Madeira Autonomous Region (INE, 2019a).

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<sup>17</sup> The Azores archipelago consists of nine islands that are divided into three different groups: western group (Flores and Corvo), central group (Terceira, Graciosa, São Jorge, Pico and Faial) and the eastern group (Santa Maria and São Miguel). The archipelago of Madeira consists of the islands of Madeira and Porto Santo and the islets Desertas and Selvagens.

<sup>18</sup> Nomenclature of Territorial Units for Statistics: See <https://ec.europa.eu/eurostat/web/nuts/background>

#### 4. The evolution and the impact of COVID-19 on the travel and tourism market in Portugal

Tourism has become one of the most important sectors in Portugal, with a great impact on the economy and society. With a population of 10.1 million people, Portugal attracted 27.1 million tourists and 70.2 million bed nights in 2019. Tourism “has become the largest export economic activity in the country, responsible for 52.3% of exports of services and 19.7% of total exports. Tourist revenues registered an 8.7% direct contribution to the national GDP.” (Turismo de Portugal et al., 2020). Nevertheless, the WTTC shows that the impact of the travel and tourism sector in 2019 amounted to 19.8% of the GDP, when considering not only direct impacts, but also indirect and induced effects created by the percolation of the direct impacts throughout the economy. This and other useful data are available in publications of the WTTC<sup>19, 20</sup>.

While the quantitative tourism indicators available show that tourism has a great impact on the economy, qualitative information also demonstrates that Portugal is seen as a leader in world tourism and its prospects to grow are very promising. During the last four years in a row, Portugal won the prize of Europe’s best tourism destination. In the last edition of the World Travel Awards,<sup>21</sup> Portugal received 24 prizes, including Europe’s leading beach destination, leading adventure tourism destination, leading cruise destination, and leading city break destination. In addition to this, the Executive Digest<sup>22</sup> ranks Portugal first with the best tourism promotion in Europe, and the third best in the world.

With the outbreak of the pandemic, its impact on tourism in the Portuguese economy has been enormous. Between January and September 2020, the impact of COVID-19 on the travel and tourism sector reached the impressive figures detailed below.

The following sections provide a more detailed analysis of the evolution and impact of COVID-19 on the travel and tourism sector. Several indicators will be used to show how tourism has evolved over the last decade, and on how the pandemic is affecting the travel and tourism sector. The indicators that will be analysed are:

- Guests
- Overnight stays

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<sup>19</sup> <https://time.com/5859217/europe-tourism-coronavirus/>

<sup>20</sup> <https://wttc.org/Research/Insights>

<sup>21</sup> <https://www.worldtravelawards.com/winners/2020/europe>

<sup>22</sup> <https://executivedigest.sapo.pt/country-brand-awards-portugal-e-eleita-a-melhor-marca-turistica-da-europa-e-a-terceira-a-nivel-mundial/>

- Average length of stay
- Total and room income
- RevPAR
- Establishments and accommodation capacity
- Gross occupancy rate for bed and room
- Flows at airports and in maritime ports
- Trips made (no.) by tourists, according to motive

The analysis that follows is based on secondary information collected from INE, ANA, Travel BI, Bank of Portugal, Eurostat, World Tourism Organisations, and the World Travel and Tourism Council. The information was collected and treated for the period concerning 2010, 2015, 2019, and 2020.

#### 4.1 Guests

The number of guests, that is, people staying at tourism establishments, has been increasing steadily in Portugal over the last decades. In 2010, Portugal registered 13.5 million guests and between 2010 and 2019, the number of guests more than doubled, with an increase of 13.6 million, reaching 27.1 million guests in 2019 (Figure 1).

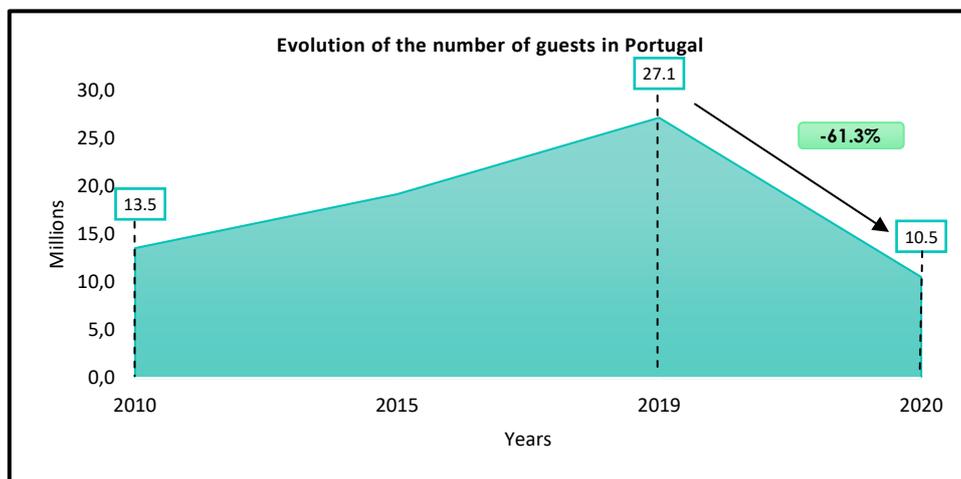


Figure 1 – Evolution of the number of guests in Portugal (annual)

Source: INE

In 2019, The Lisbon Metropolitan Area received the largest number of guests (8 216 681, which represents 30.3% of the total guests) (Figure 2). North Portugal was the second ranked region, with 2 343 655 less guests when compared with the Lisbon Metropolitan Area and thus representing 21.6% of the total guests in Portugal. The archipelagos of the Azores and Madeira

attracted the smallest number of guests of all regions in Portugal (771 688 guests and 1 482 240 guests, respectively).

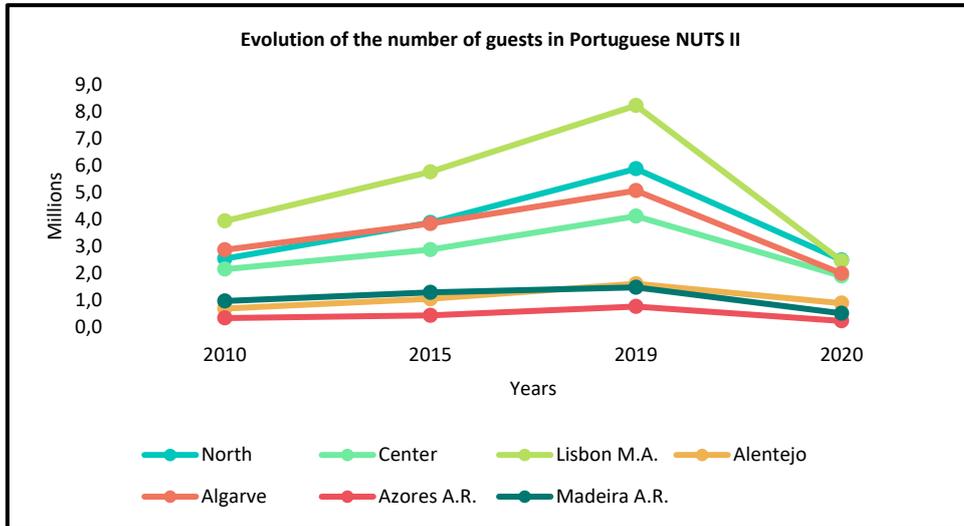


Figure 2 - Evolution of the number of guests in Portuguese NUTS II

Source: INE

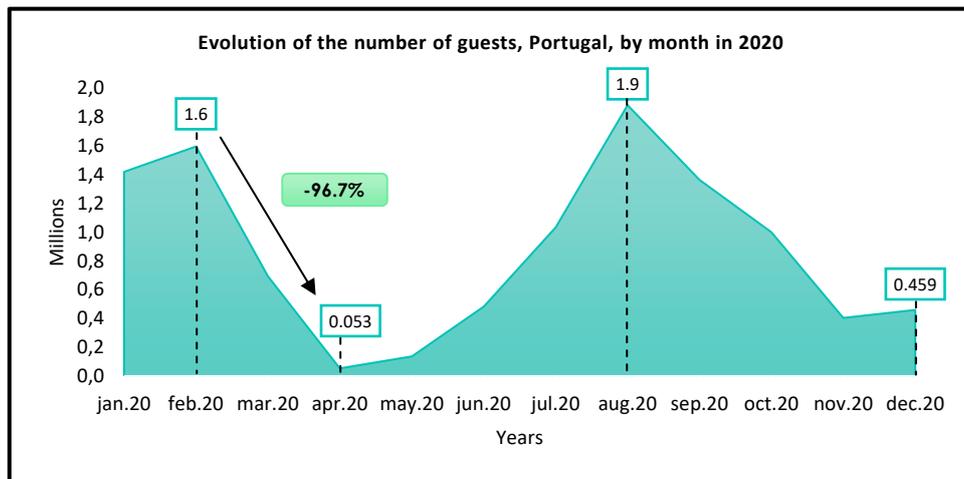


Figure 3 – Evolution of the number of guests in Portugal (monthly)

Source: INE

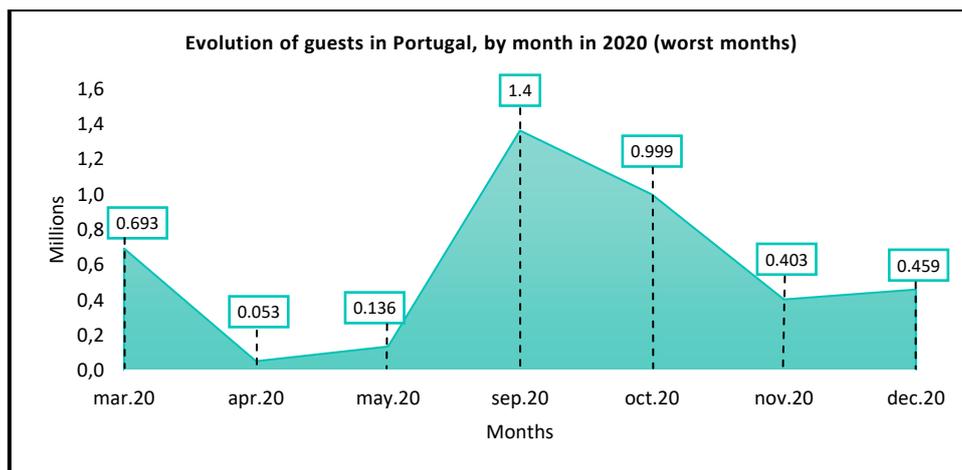


Figure 4 – Evolution of guests in Portugal, by month in 2020 (worst months)

Source: INE

The ratio between the number of foreign and national guests varies from region to region according to the motivation of the tourists, the products offered by the region, and the characteristics of the economic structure. The share of Portuguese guests in Central Portugal (Figure 6) and Alentejo (Figure 8) is higher than of foreign tourists. In North Portugal (Figure 5) and the Azores Autonomous Region (Figure 10), the relative weight between nationals and foreigners is balanced. The situation observed previously in these four regions is explained by the fact that tourism is not as developed as it is in the other regions, because the number of guests and bed nights are smaller, and the impact of the sector on the regional economy is lower. These regions are also more in demand by nationals and depend on shorter-term visits.

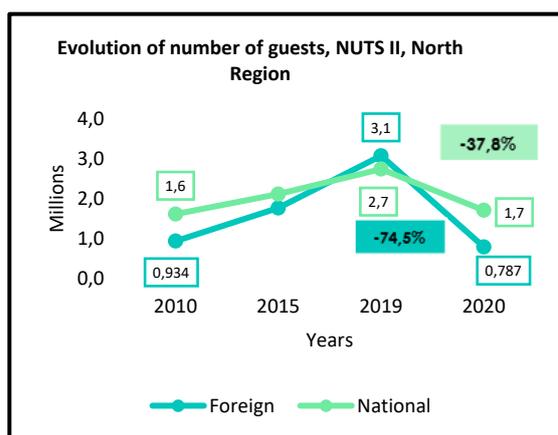


Figure 5 - Number of foreign and national guests in the North Region

Source: INE, with data collected from Travel BI

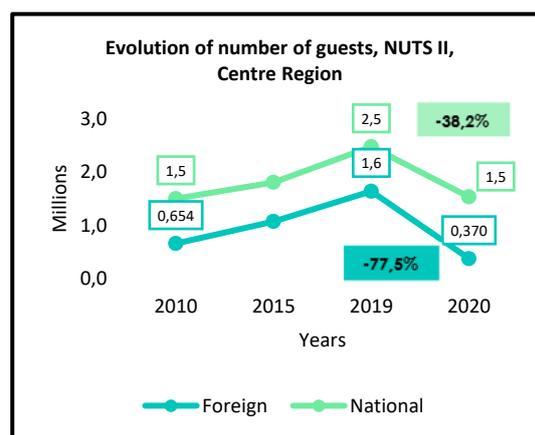


Figure 6 - Number of foreign and national guests in the Centre Region

Source: INE, with data collected from Travel BI

Conversely, Lisbon (Figure 7), the Algarve (Figure 9), and Madeira (Figure 11) are amongst the regions where the number of foreign tourists outnumber largely the number of nationals. The Algarve and Madeira attract international guests looking for pleasant beaches, good weather, tasty gastronomy, and relaxation. The Algarve and Madeira became recognized worldwide in the travel and tourism market owing to their unique products and territories. Lisbon has also come into strong demand by international tourists, due to the fact that it is the capital city and because it is a centre to the large companies that have their businesses located in the administrative capital. Lisbon is also in strong demand by tourist markets oriented to urban tourism. The proximity of Estoril and Sintra, two traditional tourism areas, also account for the popularity gained by Lisbon as a tourism destination of repute.

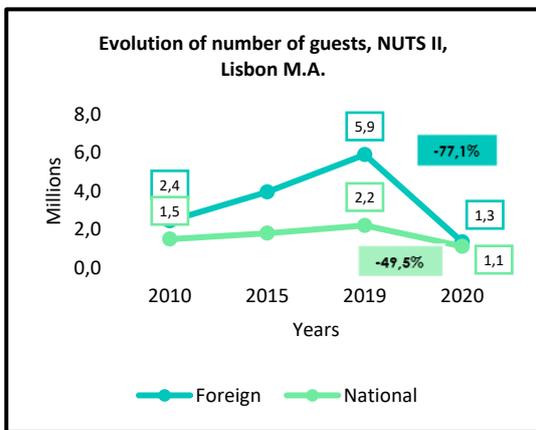


Figure 7 – Number of foreign and national guests in Lisbon M.A.

Source: INE, with data collected from Travel BI

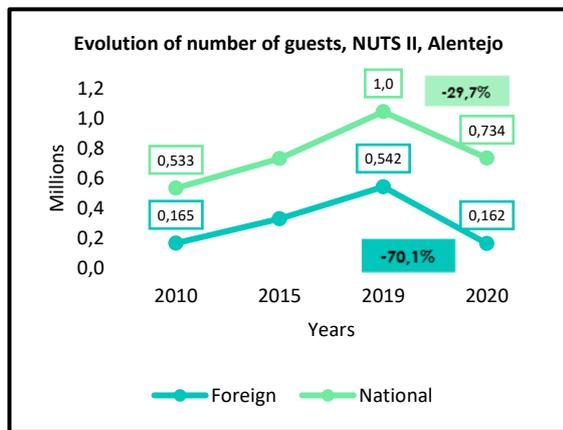


Figure 8 – Number of foreign and national guests in the Alentejo

Source: INE, with data collected from Travel BI

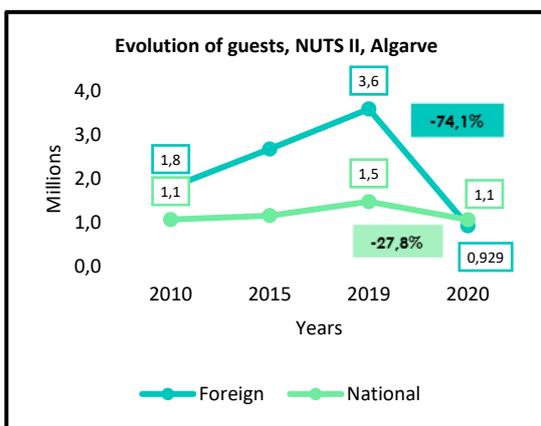


Figure 9 - Number of foreign and national guests in the Algarve

Source: INE, with data collected from Travel BI

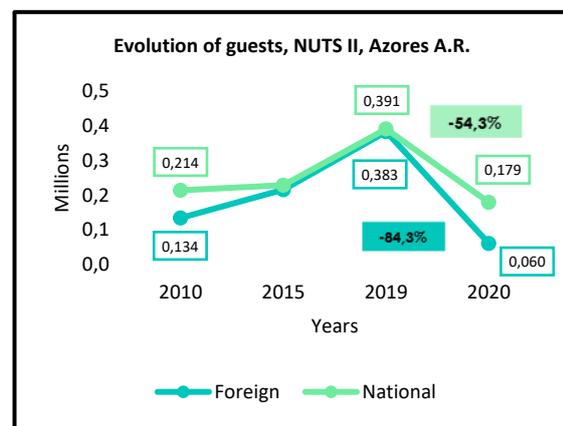


Figure 10 - Number of foreign and national guests in Azores A.R.

Source: INE, with data collected from Travel BI

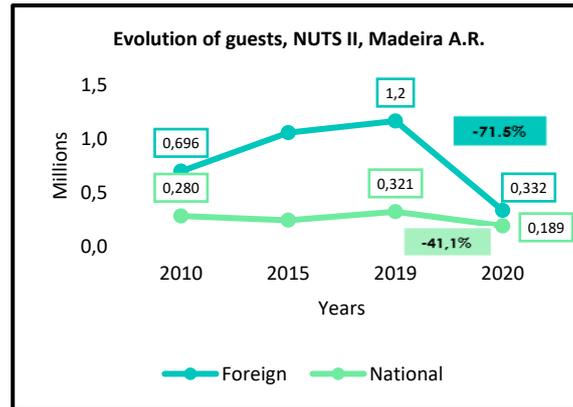


Figure 11 - Number of foreign and national guests in Madeira A.R.

Source: INE, with data collected from Travel BI

The top five guest markets in Portugal are shown in Figure 12. In 2019 the Spanish market was the largest, followed by the United Kingdom, France, Germany, and Brazil. Most foreign guests arrive from Europe, and they come to Portugal mostly for holidays, while the Brazilian segment also seeks Portugal due to historical, cultural, religious and language proximities.

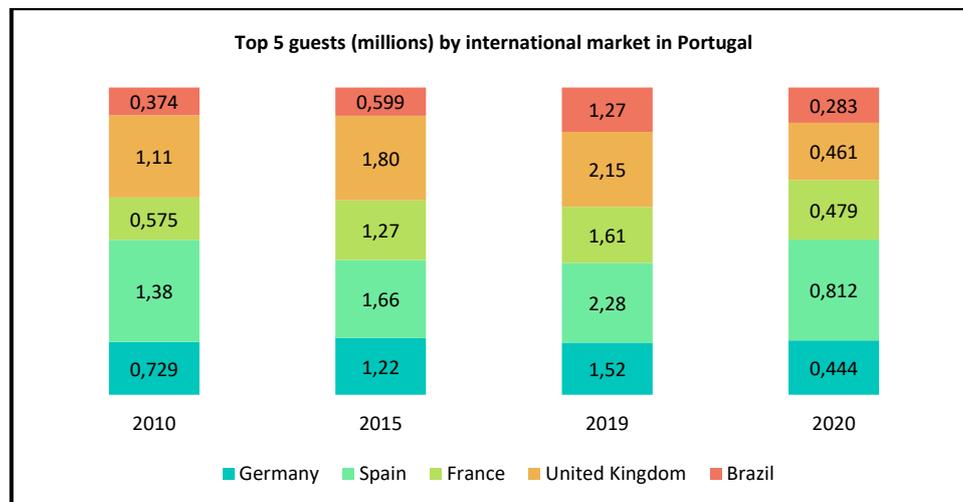


Figure 12 – Guests (millions) by international market in Portugal (Ranking 5)

Source: INE, with data collected from Travel BI

The outbreak of the pandemic in Portugal has had a great impact on the number of guests. Figure 1 illustrates that the number of guests went down by 61.3%, from 27.1 million in 2019 to 10.5 million in 2020. Figure 3 also shows that with the enforcement of the first lockdown the number of guests went down from 1.6 million in February to a scant 53,000 in April. According to Figure 4, excluding the best months of 2020, the month of September had the highest value (1.4 million) as observed, and the month of April remains the lowest. The frontiers were closed

and the same happened to the hotels and restaurants, tour operators, travel agencies, museums, festivals, and events. Consequently, the travel and tourism sector was almost completely paralysed during this phase. As the lockdown was eased and the borders were re-opened, the number of travellers started to rise again and ultimately some regions started to recover throughout the high season in July and August. However, with the arrival of the second wave of the pandemic the situation started to deteriorate again.

From a regional point of view, it is also found that the pandemic has had a greater impact on the regions which are more dependent on international tourism. For instance, the impact of the closure of Portuguese airports stops the British market from travelling, with an estimated impact of 3.8 billion euros between July and August 2019.<sup>23</sup> It should be noticed that the Algarve accounts for about 64.1% of the total of British guests.

The strong effect of the lockdown may be measured by the expansion of the British market in Algarve, Madeira, and Lisbon: after being considered safe by the British government, these regions re-opened their operations and a fast expansion of the arrivals boosted the economies of the regions again.

It can also be concluded that the outbreak of the pandemic brought strong negative effects to all regions. However, at destinations where domestic tourism is more balanced with international tourism, the economies proved more resilient. Domestic tourism is less impacted by events like pandemics since nationals re-start travelling preferentially to nearer places and are more aware of the level of safety of closer destinations.

## **4.2 Overnight stays**

The number of overnight stays, that is, nights spent by tourists at tourism establishments, is an indicator commonly used by countries to more effectively assess the evolution of the tourism sector and the impact on it. While the number of guests provides an accurate picture of the number of 'clients' in the country, the overnight stays reveal more clearly their impact both in terms of the duration of the stay and spending, and thus, the impact on the destination.

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<sup>23</sup> <https://expresso.pt/economia/2020-06-29-Sem-turistas-britanicos-Portugal-deixa-de-arrecadar-38-mil-milhoes-de-euros-so-em-julho-e-agosto>

The number of overnight stays has been increasing progressively in Portugal since the 1960s.<sup>24</sup> This figure has gone up from 6.3 million overnights in 1965, to 70.2 million in 2019. Between 2010 and 2019 it expanded from 37.4 million to 70.2 million, which means that it almost doubled in a single decade (Figure 13). In 2020, there were 26 million overnight stays.

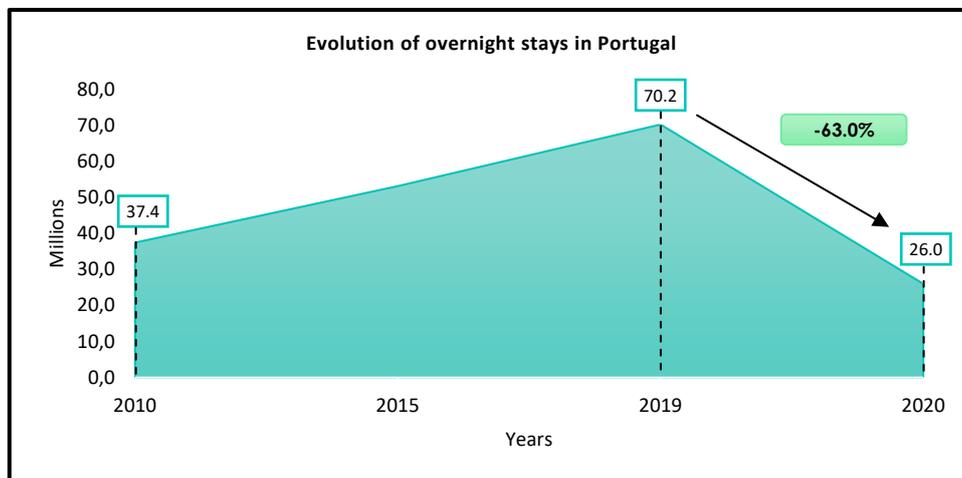


Figure 13 – Evolution of the number of overnight stays in Portugal (annual)

Source: INE

The Algarve has always been the region with most bed nights in Portugal because visitors seek the region for holidays and therefore stay longer (Figure 14). In 2019 the destination was responsible for generating 20 900 495 overnights, which represents a share of 29.8% of the total. Lisbon was second ranked second with 18 639 062, followed by the North region. Madeira and Central Portugal absorbed a similar share of overnights.

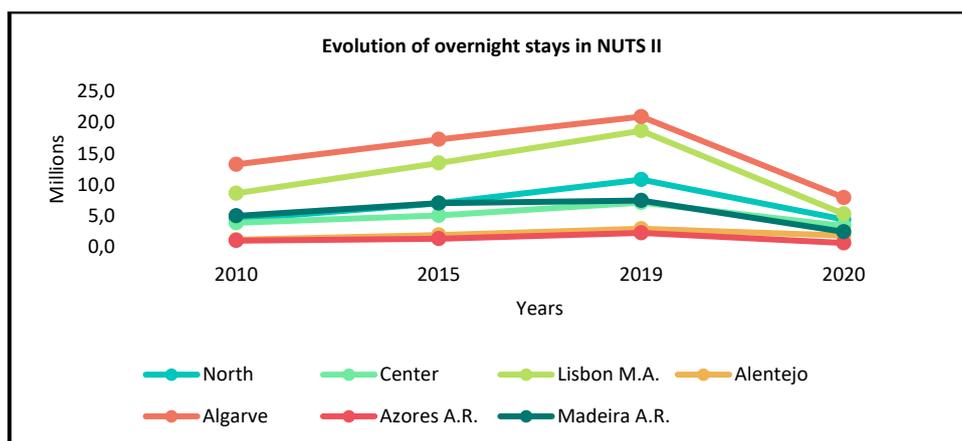


Figure 14 – Evolution of the number of overnight stays, NUTS II

Source: INE

<sup>24</sup> Costa, C. (2020). Um modelo integrado para o desenvolvimento do turismo ao nível local: o caso de Barcelos. In Costa, C., Gonçalves, F., Costa, M., Pinho, V. & Sousa, J. (Eds). *Turismo em Barcelos* (pp. 15-28). Barcelos: Edição da Câmara Municipal de Barcelos.

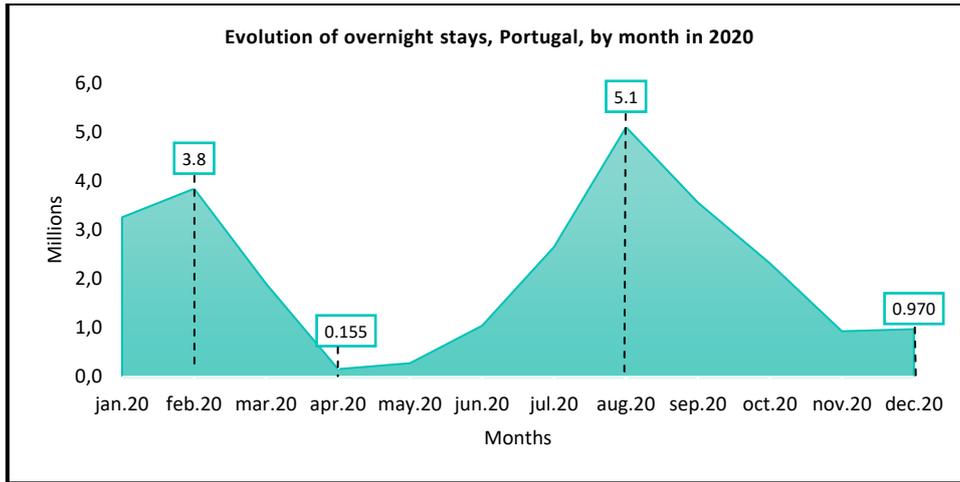


Figure 15 – Evolution of the number of overnight stays in Portugal (monthly)

Source: INE

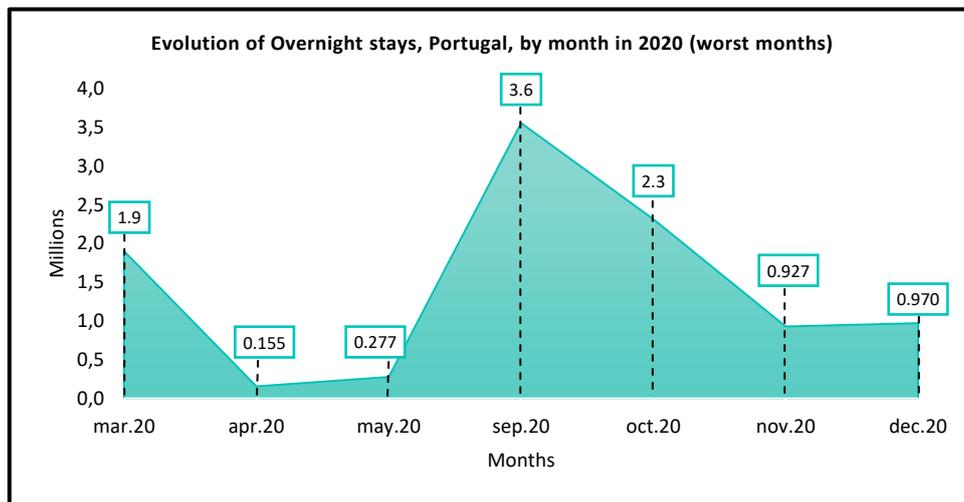


Figure 16 – Evolution of overnight stays, Portugal, by month in 2020 (worst months)

Source: INE

The balance between national and foreign markets follows the same pattern mentioned in the previous section. International tourism prevails clearly over the domestic market in the Algarve (Figure 21), Lisbon (Figure 19), Madeira (Figure 23), and North (Figure 17). In the Azores, the two markets almost equal each other, with a small difference in favour of international tourism (Figure 22). Conversely, in Central Portugal (Figure 18) and the Alentejo (Figure 20), domestic tourism outnumbers international travel.

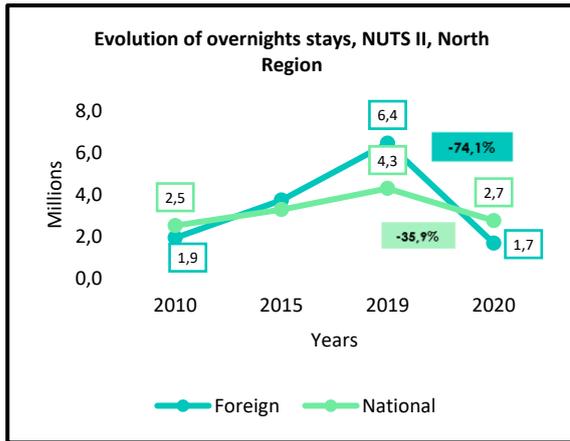


Figure 17 – Number of foreign and national overnight stays in North Region

Source: INE, with data collected from Travel BI

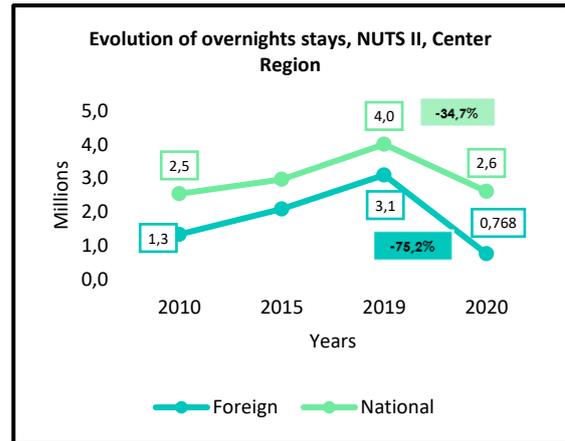


Figure 18 – Number of foreign and national overnight stays in Centre Region

Source: INE, with data collected from Travel BI

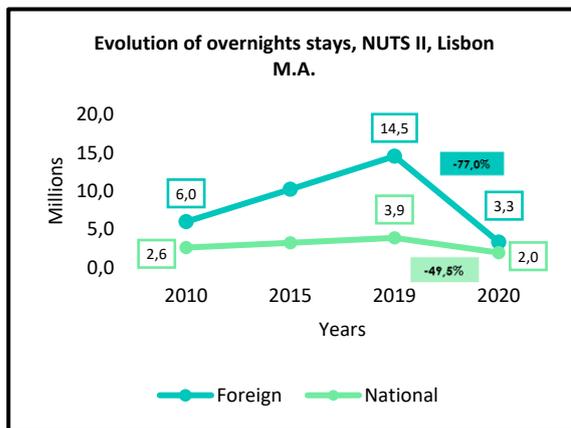


Figure 19 – Number of foreign and national overnight stays in Lisbon M.A.

Source: INE, with data collected from Travel BI

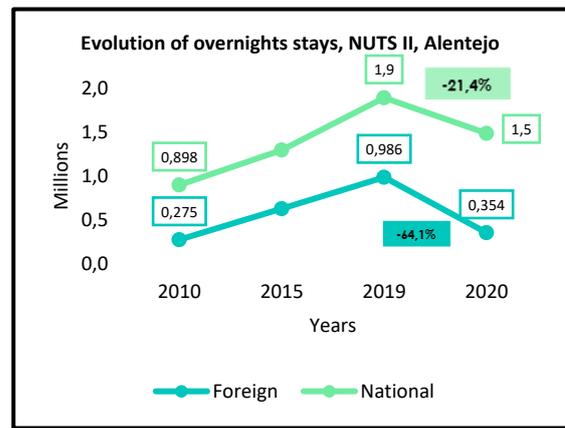


Figure 20 – Number of foreign and national overnight stays in the Alentejo

Source: INE, with data collected from Travel BI

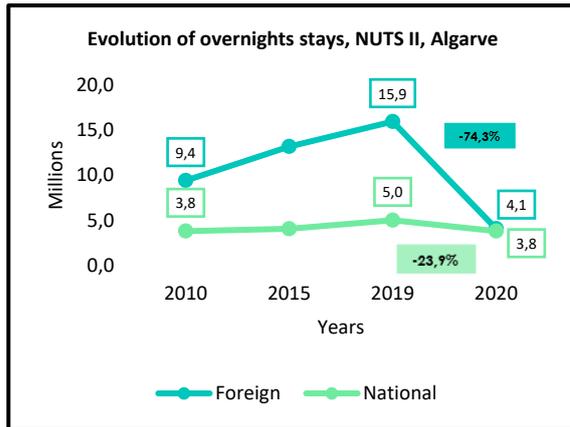


Figure 21 – Number of foreign and national guests in Algarve

Source: INE, with data collected from Travel BI

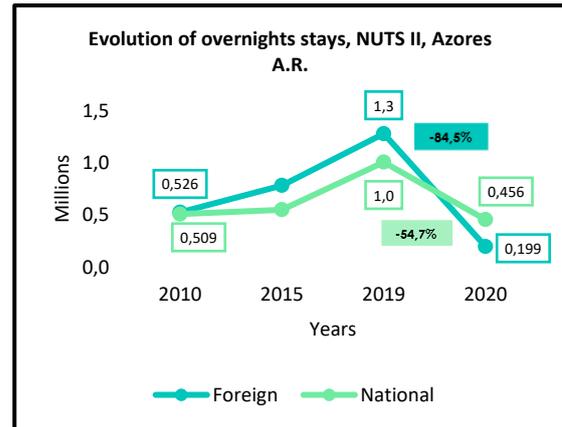


Figure 22 – Number of foreign and national guests in Azores A.R.

Source: INE, with data collected from Travel BI

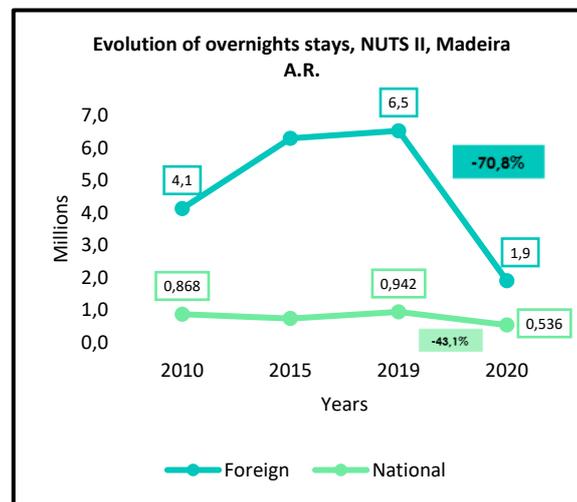


Figure 23 – Number of foreign and national guests in Madeira A.R.

Source: INE, with data collected from Travel BI

The overnight stays business is predominantly dominated by the sun-seeker countries<sup>25</sup> (Figure 24). By the end of 2019, right before the outbreak of COVID-19, the UK was first with 9.37 million bed nights, followed by Germany with 5.87 million, Spain with 5.23 million and France with 4.55 million. During this year, sun seekers from Holland were surpassed by the Brazilian market, with 2.93 million bed nights, interested not only in the Portuguese sun-and-sand market but also history and heritage.

<sup>25</sup> 'Sun-seeker' is an expression often used in tourism literature to label people that travel with the aim of enjoying nice weather. It is commonly used to label namely the British and Germans that travel to the Mediterranean looking for sunny days and warm temperatures.

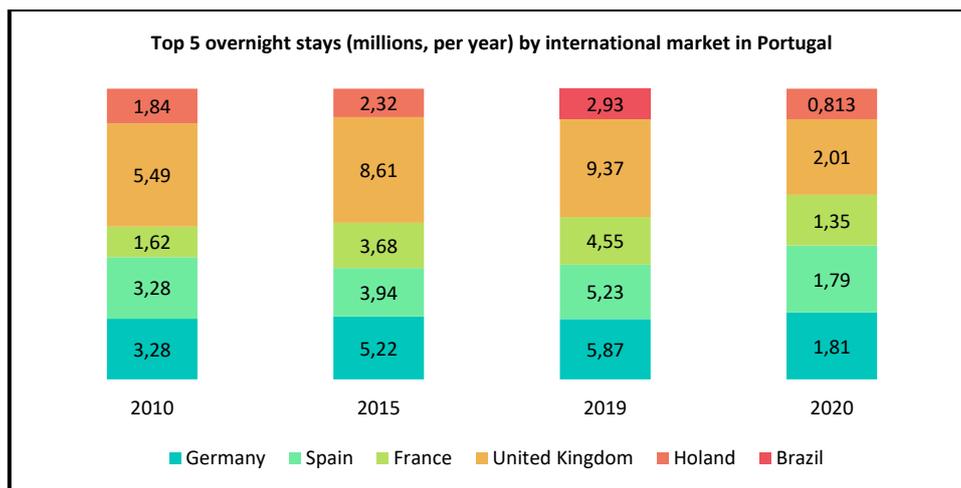


Figure 24 – Overnight stays (per year) by international market in Portugal (Ranking 5)

Source: INE, with data collected from Travel BI

With the upsurge of the pandemic, the land borders and the airports were closed and the arrivals from abroad came to an abrupt halt. Because of this, the number of bed nights sank abruptly by 63%, from 70.2 million in 2019 to 26.0 million in 2020 (Figure 13). During the first lockdown the government decided to close all tourism accommodation units, and the number of overnight stays shrunk by 96% between February and April (Figure 15). As the government eased the restrictions, some hotels re-started the operations and the number of overnight stays started to expand gradually with the proximity of the summer. According to Figure 16, excluding the best months of 2020, the month of September was the highest value (3.6 million) as observed, and the month of April remains the lowest. The year ended with 927 thousand overnight stays.

The shape of the curves of Figures 17 to 23 show that the impact of the pandemic varies as a function of the nature of the markets. Similarly to what was mentioned in the previous section (guests), it is found that the impact of the lockdown is stronger at destinations which are more dependent on international markets, while regions where domestic tourism is relatively stronger the impact is smaller.

### 4.3 Average length of stay

The evolution of tourists' average length of stay in Portugal by generating countries is displayed in Figure 25. The illustration shows that the average length of stay is higher at destinations where holidays are the predominant market, which is the case of Madeira and the Algarve (between about four and five days). The Azores are also known for their capacity to attract ecotourists seeking nature-based activities away from busy places, and by attracting tourists that stay about

three days. The remaining destinations are characterised by attracting short-term visits of about two days, because they rely more on shorter visits associated with a mix of professional motives only and short breaks connected with business and leisure.

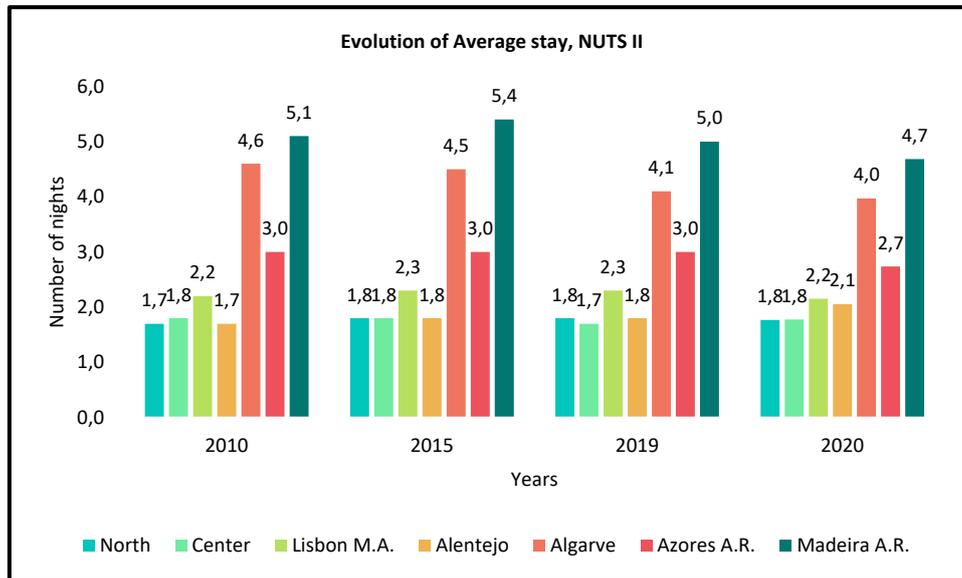


Figure 25 – Evolution of average stay by NUTS II in Portugal

Source: INE

The pandemic has been proved to influence the operation of the tourism sector. However, the impact is rather more intensive on the number of visitors than on the length of stay. As illustrated by Figure 25, the average length of stay is also impacted by the pandemic but to a lesser extent when compared with the number of guests and the overnight stays.

#### 4.4 Total income and room income

During 2019, Portugal had receipts of €4295.8 M in total income<sup>26</sup> (Figure 26). As seen in the two previous sections, Portugal’s tourism has grown consistently since the 1960s, and the performance of the last decade is quite impressive.

<sup>26</sup> Total income is the value resulting from the activity of the tourist accommodation facilities: room, F&B and others resulting from the activity itself (room rental, laundry, tobacco shop, telephone, etc.).

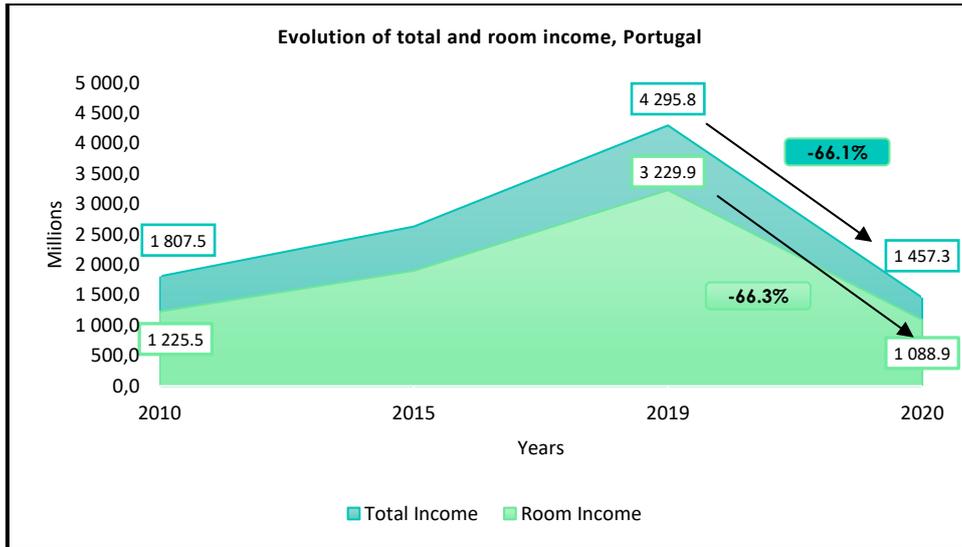


Figure 26 – Evolution of total and room income in Portugal (2010-2020)

Source: INE

The Algarve region has become the largest destination in number of bed nights (Figure 14). However, Lisbon has been growing more rapidly in terms of total income. In 2019 Lisbon recorded the highest total income with €1372.2 M (31.9% of the total), followed by the Algarve with €1225.7 M (28.5% of the total). These two regions were followed by North, Madeira, Centre, Alentejo and Azores (Figure 27).

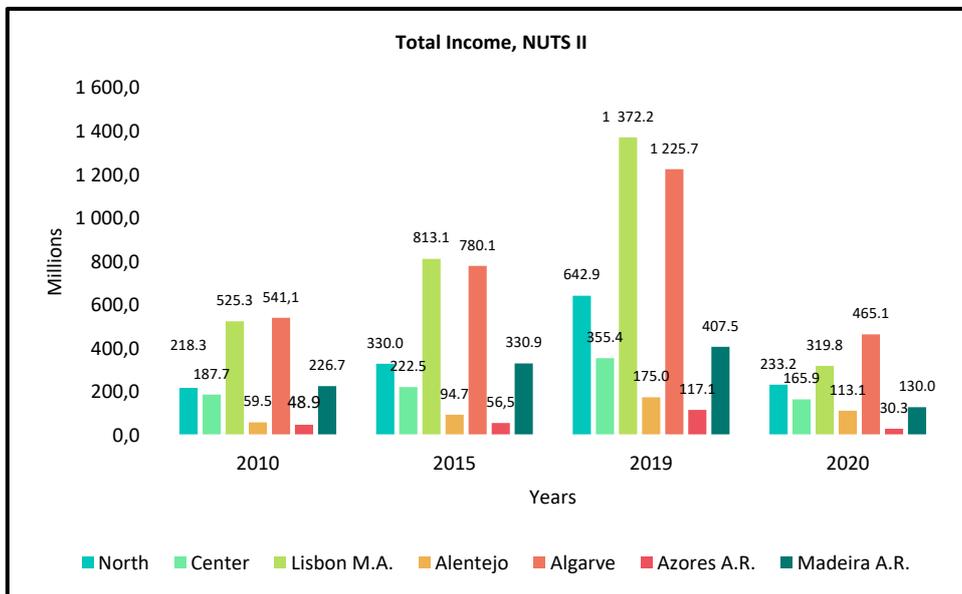


Figure 27 – Evolution of total income in NUTS II, Portugal (2010-2020)

Source: INE

As far as the evolution of room income<sup>27</sup> is concerned, the situation is similar to the previous one (Figure 28). In 2019 Lisbon documented the highest rate with €1083.7 M (33.6%) and the Azores the lowest with €90.8 M (2.8%).

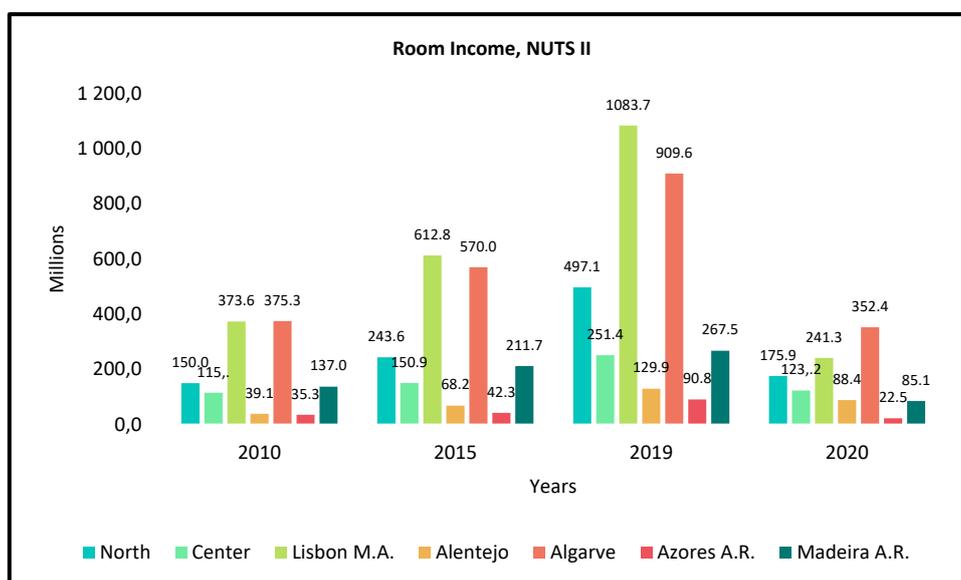


Figure 28 – Evolution of room income in NUTS II, Portugal (2010-2020)

Source: INE

The outbreak of COVID-19 in Portugal has brought unprecedented changes in the performance of the tourism sector. The total income fell from €4295.8 M to €1457.3 M (Figure 26), down by 66.1%, a decrease which was recorded in all regions (Figure 27). Likewise, the evolution of the room income shrunk dramatically, from €1083.7 M to €241.3 M in Lisbon, and from €909.6M to €352.4 M in Algarve in 2020 (Figure 28).

#### 4.5 RevPAR (revenue per available room)

The revenue per available room (RevPAR) is a very important indicator used by the tourism sector because it provides information concerning the performance of the hospitality sector and in particular of the accommodation sector. In other words, it provides management information about the performance of the rooms.

The previous sections demonstrate that the evolution of the travel and tourism sector was very positive in Portugal in terms of guests, overnight stays, total income, and room income until the arrival of the pandemic. This evidence is also supported by the performance of tourism

<sup>27</sup> Room income is the value charged for overnight stays of all guests in the tourist accommodation facilities.

accommodation. Between 2010 and 2019, the RevPAR went up from 28.3 to 49.5 euros, an average increase of 75% in the whole country (Table 1). Until 2019 the North Region achieved better RevPAR results with an expansion of 85.3%, closely followed by the Algarve (82.9%) and Lisbon (82.2%). The Centre Region recorded the worst evolution (45.0%), as far as this indicator is concerned.

**Table 1 – RevPAR by NUTS II**

<b>Euros (€)</b>	<b>2010</b>	<b>2015</b>	<b>2019</b>	<b>2020</b>	<b>Variation Index (2010-2019)</b>	<b>Variation index (2019-2020)</b>
North R.	23.0	26.5	42.6	19.1	85.3%	-55.2%
Centre R.	17.3	18.0	25.1	15.3	45.0%	-38.9%
Lisbon M.A.	<u>40.8</u>	<u>52.6</u>	<u>74.3</u>	23.3	82.2%	-68.6%
Alentejo	20.5	20.5	33.1	26.8	60.9%	-18.9%
Algarve	29.8	39.3	54.6	<u>30.0</u>	82.9%	-45.1%
Azores A.R.	24.2	26.3	38.1	14.8	57.6%	-61.2%
Madeira A.R.	27.1	39.3	44.3	22.7	63.3%	-48.8%
<b>Global</b>	<b>28.3</b>	<b>35.1</b>	<b>49.5</b>	<b>22.6</b>	<b>75.0%</b>	<b>-54.3%</b>

Source: INE, with data collected from Travel BI

The outbreak of COVID-19 and the lockdowns imposed by the government made tourism arrivals stop and a number of hotel establishments reduced their operations very substantially or even closed their doors. Table 1 illustrates that, overall, the RevPAR decreased by 54.3% just between 2019 and 2020. Lisbon, the Azores, and the North Region are amongst the most affected regions. The impact on the Lisbon and Porto regions is explained because the two largest airports are located here, and tourism depends very much on business travellers. By closing the airports, the government prevented visitors from arriving at these two important tourism platforms. The situation in the Azores is additionally explained by its geographic distance. The Centre, Alentejo, and Algarve had better performance, since these destinations benefited greatly from an increased demand that started to emerge through the summer season coming from inbound tourism. It should be added that Lisbon and Porto suffered more because their airports were closed. While the Algarve airport was also closed, the region benefited greatly from the access of nationals by road.

#### 4.6 Establishments and accommodation capacity

The number of hotels and other similar establishments, also labelled as tourism accommodation, has been growing in Portugal over the last decades. Figure 29 provides a picture of the situation in 2019 before the upsurge of the pandemic. In 2019, there were 6833 establishments in Portugal. The North Region had the largest number of establishments (1785) and Madeira had the lowest (381). The Centre Region has the second largest number of establishments; however, the region also exhibits the lowest number of rooms and shorter lengths of stay.

When it comes to the capacity of the tourism establishments measured in terms of beds, the scenario changes greatly. The Algarve (134,042 beds) has the largest capacity, followed by Lisbon (92,174 beds), and Porto (73,987 beds). The other regions are ranked after these three main tourism destinations.

During the pandemic, many establishments had to cease or substantially reduce their operations. The government made the 'lay-off' programme available, and a number of hotels reduced their numbers of employees. After having partially recovered during the summer season, many establishments are reported to have closed again during the second wave of the pandemic. However, data is not yet available concerning how many units have closed, though it seems many have for good.

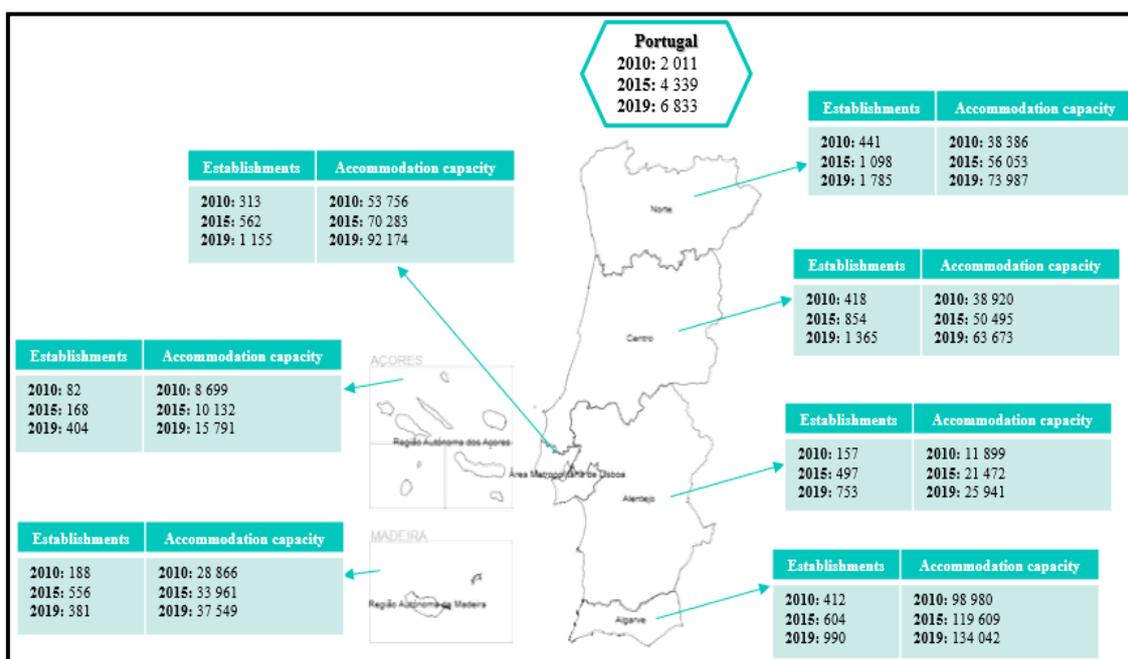


Figure 29 – Establishments and accommodation capacity by NUTS II (2019) in Portugal

Source: INE

#### 4.7 Gross occupancy rate (bed and room)

The gross occupancy rate, measured by bed and room (GORB and GORR),<sup>28</sup> are other two useful indicators to evaluate the evolution of the tourism sector (see Table 2). These indicators allow an understanding of the capacity available in a given region, and the need for new hotel investment. Some of the highest values of GORB were registered in Madeira in 2010 (51.6%), in 2015 (65.6%), and in 2019 (63.4%). The variation index (2010-2019) was higher in the Azores (38.9%) and in the North Region (31.3%). The Centre Region and Alentejo show lower percentages for the gross bed occupancy rate in the three years under analysis (Table 2).

The Lisbon Metropolitan Area registered the highest GORR, reaching the value of 76.1% in 2019, whereas the Centre Region shows the lowest value. In 2020, Alentejo and Madeira were the highest values for the gross occupancy rate (bed and room), with 24.9% in Madeira for GORB, and 31.1% in Alentejo for GORR. The Lisbon Metropolitan Area and the Azores Autonomous Region had the highest percentage decreases between 2019-2020 (GORB: -70.4% / GORR: -69.3% and GORB: -65.6% / GORR: -63.6% respectively).

Table 2 – Gross occupancy rate (bed and room) by NUTS II

NUTS II	2010	2015	2019	2020	Variation Index (2010-2019)	Variation Index (2019-2020)
North R.	GORB: 39.9%	GORB: 45.8%	GORB: 52.4%	GORB: 21.4%	GORB: 31.3%	GORB: -59.2%
	GORR: 48.3%	GORR: 55.8%	GORR: 65.0%	GORR: 26.2%		
Center R.	GORB: 32.3%	GORB: 32.4%	GORB: 39.9%	GORB: 18.6%	GORB: 23.5%	GORB: -53.4%
	GORR: 39.8%	GORR: 40.1%	GORR: 46.3%	GORR: 21.4%		
Lisbon M.A.	GORB: 49.1%	GORB: 56.7%	GORB: 60.4%	GORB: 17.9%	GORB: 23.1%	GORB: -70.4%
	GORR: <u>60.0%</u>	GORR: 71.2%	GORR: <u>76.1%</u>	GORR: 23.4%		

<sup>28</sup> The **occupancy rate** allows the average accommodation capacity used during the reference period to be analysed.

The **gross occupancy rate (bed) (GORB)** is the relationship between the number of overnight stays and the number of beds in the reference period, considering 'double beds' as two.

The **gross occupancy rate (room) (GORR)** is the relationship between the number of occupied rooms and the number of rooms in the reference period.

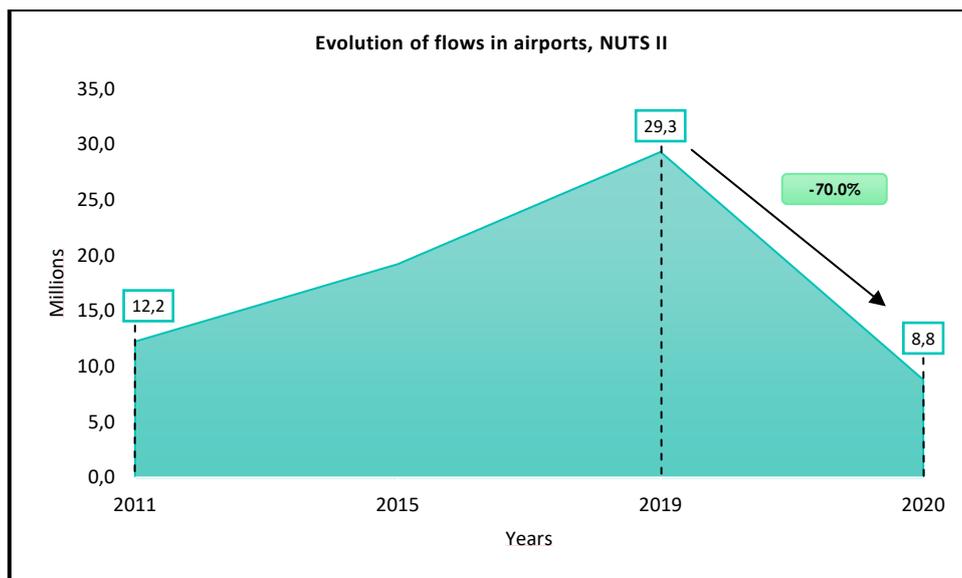
Alentejo	GORB: 35.3%	GORB: 33.0%	GORB: 42.8%	GORB: 23.5%	GORB: 21.2% GORR: 36.9%	GORB: -45.1% GORR: -45.5%
	GORR: 41.7%	GORR: 44.8%	GORR: 57.1%	GORR: <u>31.1%</u>		
Algarve	GORB: 40.5%	GORB: 46.5%	GORB: 49.6%	GORB: 22.6%	GORB: 22.5% GORR: 29.2%	GORB: -54.4% GORR: -54.7%
	GORR: 50.9%	GORR: 61.2%	GORR: 65.8%	GORR: 29.8%		
Azores A.R.	GORB: 35.4%	GORB: 44.8%	GORB: 49.2%	GORB: 16.9%	GORB: 38.9% GORR: 44.9%	GORB: -65.6% GORR: -63.6%
	GORR: 43.0%	GORR: 53.8%	GORR: 62.3%	GORR: 22.7%		
Madeira A.R.	GORB: <u>51.6%</u>	GORB: <u>65.6%</u>	GORB: <u>63.4%</u>	GORB: <u>24.9%</u>	GORB: 22.9% GORR: 25.7%	GORB: -60.7% GORR: -59.6%
	GORR: 55.6%	GORR: <u>71.8%</u>	GORR: 69.9%	GORR: 28.2%		
<b>Global</b>	<b>GORB: 42.2%</b>	<b>GORB: 48.4%</b>	<b>GORB: 52.4%</b>	<b>GORB: 20.9%</b>	<b>GORB: 24.1%</b> <b>GORR: 27.5%</b>	<b>GORB: -60.1%</b> <b>GORR: -60.9%</b>
	<b>GORR: 51.4%</b>	<b>GORR: 60.4%</b>	<b>GORR: 65.5%</b>	<b>GORR: 25.6%</b>		

Source: INE. with data collected from Travel BI

#### 4.8 Flows at airports and maritime ports

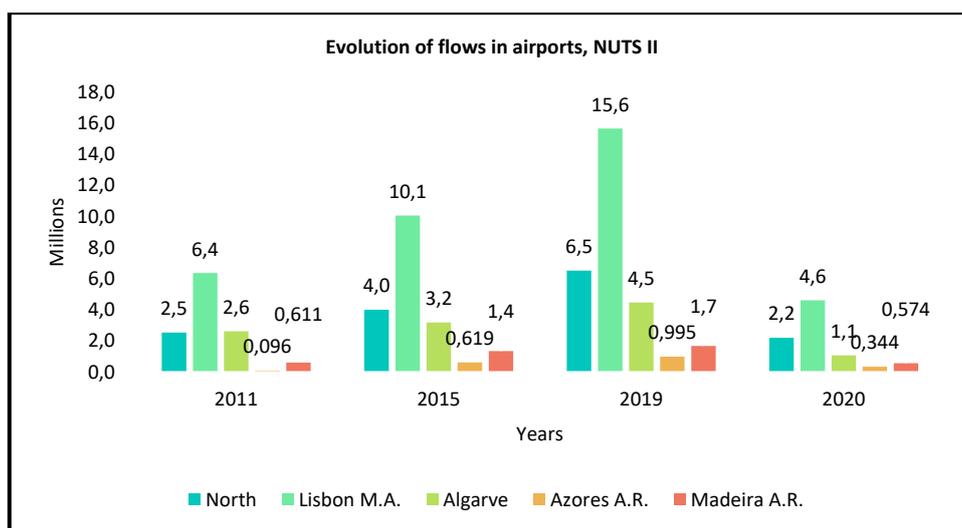
The tourism and travel market progressed rapidly in Portugal during the last decade, until the outbreak of the pandemic. In 2019, Portugal recorded 29.3 million air arrivals (Figure 30). Lisbon airport attracted 53.4% of the entries (15,6 million passengers). Porto airport registered 6.5 million passengers (22.2%). The Azores and Madeira recorded lower value flows for this index (Figure 31). In just eight years Portugal more than doubled the number of national and international arrivals, that is, the number of disembarked people, from 12.2 million to 29.3 million passengers between 2011<sup>29</sup> and 2019.

<sup>29</sup> Data is not available for 2010



**Figure 30 – Evolution of flows in airports in Portugal**

Source: ANA Airports Source, with data collected from Travel BI

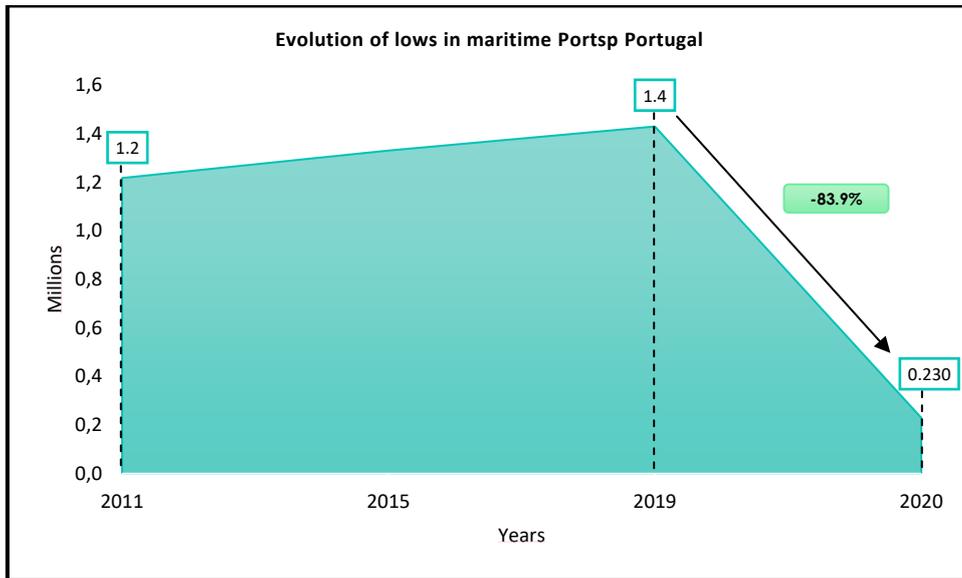


**Figure 31 – Evolution of Flows in airports, NUTS II**

Source: ANA Airports, with data collected from Travel BI

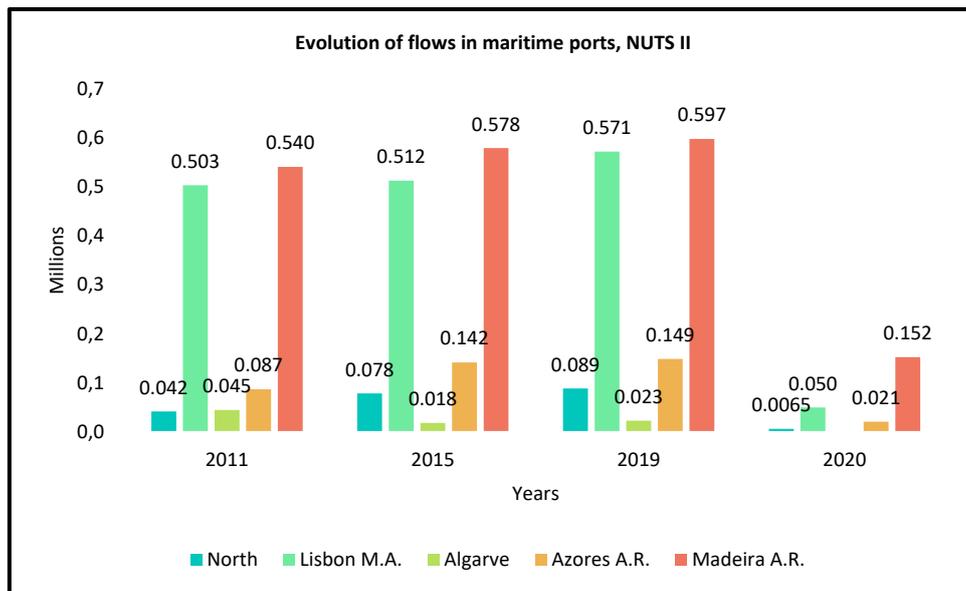
Between 2011<sup>29</sup> and 2019 the number of arrivals at maritime ports went up by 17.4%. It was in 2019 that the highest number of embarkings, landings and transit passengers (1.4 million) was documented (Figure 32). The Lisbon Metropolitan Area and the Madeira Autonomous Region registered the largest flows in maritime ports. In 2019, the Madeira Autonomous Region (41.8%) and Lisbon (40.0%) scored the largest disembarked number of travellers in maritime ports (Figure 33). With the eruption of the pandemic the number of arrivals at the Portuguese airports

and maritime ports were dramatically reduced: minus 70.0% of arrivals at airports (Figure 30) and minus 83.9% of disembarked passengers at maritime ports (Figure 32).



**Figure 32 – Evolution of flows in maritime ports, NUTS II**

Source: Maritime Ports, with data collected from Travel BI



**Figure 33 – Evolution of flows in maritime ports, NUTS II**

Source: Maritime Ports, with data collected from Travel BI

#### 4.9 Number of trips made by tourists (according to the motivation)

The top motivation of those travelling to the country is leisure/holidays, closely followed by the visiting friends and relatives (VFR) market (Figure 34). In 2019, leisure, recreation and holidays was the main reason for tourists to travel to Portugal (12.1 million | 49.4%), followed by visiting family and friends with 9 245 002 million tourists. Religious purposes are also on the top of the niche segments attracted by Portugal, with the Sanctuary of Fátima absorbing the largest share of this market.

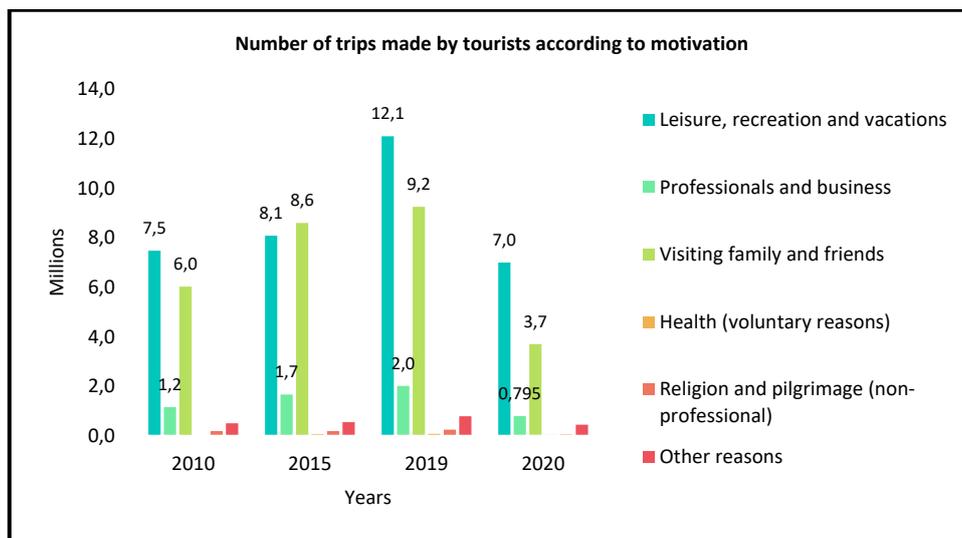


Figure 34 – Number of trips made by tourists, according to motivation

Source: INE

#### 4.10 A regional comparative analysis

Before the COVID-19 pandemic, Portuguese tourism development patterns were pointing towards marked and sustained growth. In the decade 2010-2019, the number of overnights increased by 87.6% in the country. Despite all NUTS II registering a significant growth, a special focus should be given to regions such as the Alentejo (150.6%), the North (143.6%), and the Azores (120.1%). Traditionally seen as low density and with a smaller participation in tourism dynamic, these regions were leveraged in the last years showing growth rates well above the national average. The effort made in developing and offering competitive and innovative tourism products as an alternative to traditional, sometimes standardised, destinations, and aiming at distinct markets, can explain the observed success and the achievement of growing market shares in the national panorama. In fact, Lisbon, the Algarve and Madeira have been the

most popular tourism destinations in Portugal for several decades. Lisbon as a destination offers city experiences, cultural touring, and business tourism, and is where the most important airport is located, and the latter stands out due to sea, sun, sand, and related products. However, the more traditional northern region experienced an interesting growth leveraged by the worldwide acknowledgement of Porto as an international top quality tourism destination, as well as the Douro Wine Region, both World Heritage Sites attracting large numbers of national and international visitors. Other features such as nature, gastronomy and wines, rural tourism, and religious tourism also contributed to this scenario. The NUTS II Alentejo and Azores, endowed with unique natural resources, focused on the development of sustainable experiences based on small-scale accommodation, nature, gastronomy, local culture, and arts and crafts.

This dynamic is reflected in the total income, which also grew remarkably in Portugal (+137.7%) and in all NUTS II regions in the last decade, but especially in the Alentejo (194.3%), and North (194.5%), followed by the Lisbon Metropolitan Area (161.2%), the Azores, and the Algarve. The regions of Centre and Madeira also register an interesting increase, although lower than the other regions. In sum up, tourism in Portugal was experiencing a significant and steady growth in all NUTS II regions until 2019. The performance of the tourism sector has increased every year, thanks to a diversified offer of products, together with high-quality service, physical infrastructure, public spaces, and hospitality.

Table 3 offers an in-depth analysis of the growth trend in 2019, as well as the impact of the COVID-19 pandemic on each of the performance indicators, per NUTS II. As concerns the number of guests registered in accommodation units, the decrease between 2019 and 2020 ranges between 44.6% in Alentejo and 70% in Lisbon. In the case of the Alentejo, the reduction in guests was lower than in other regions due to a high and unprecedented affluence of the domestic market.

The fact that the Alentejo is characterised as being a low-density region in terms of tourists and population, where both people and physical constructions are located far apart, and offering a wide diversity of products (cultural, nature, rural, sun, sea, sand, etc.) exerted an attraction for national tourists and placed it as the most competitive region. This reflects equally in the overnights, with only 37.4% less, which is explained by the rise in the average length of stay, which was more than 2 nights in 2020. Subsequently, it also the region that registered the lowest loss in total and room income, and in RevPAR (respectively -35.3%, -31.9%, and -18.9%). The market share of Alentejo is now 8.5% (guests) and 7.1% (overnights), which places the region in a more favourable position.

It is also worth mentioning the cases of the North and Centre Regions, which, despite losing 57.5% and 53.8% in guests, respectively, report a dynamic similar to Alentejo due to the offering of alternative tourism products in less crowded rural and natural destinations. In fact, several accommodation units registered the best year in terms of occupancy rate in summer months due to the affluence of the domestic market, which mitigated the negative effects of the pandemic crisis. Both regions increased their share of guests and overnights by more than 2% compared to the previous year. Moreover, the Centre registered an increase in the length of stay, and the North maintained it, while most other regions saw the average number of nights per guest diminish. Related to income, the variation from 2019 follows the rate of the other indicators and is aligned with the other NUTS II, except for room income and RevPAR in the North, with -64.6% and -55.2%. This may be explained by a strategy of lowering prices by accommodation units in order to attract tourists and thus prevent severe negative impacts of the pandemic crisis in the region. Nonetheless, the North reached the highest share in the number of guests (23.7%), alongside Lisbon Metropolitan Area.

Portuguese tourists also contributed to softening the decrease in numbers of guests (-60.6%) in the Algarve, since it continued to attract national tourists searching for sun, sea, and sand holidays. However, it registered a -3.2% change in the length of stay. Despite this, the Algarve has the highest market share of overnights with nearly one third of the total, following the previous year's trend.

The archipelagos of the Azores and Madeira, as they are only accessible by air, experienced the most significant decrease in performance indicators. In the case of Azores, the islands registered -69% fewer guests and -71.2% fewer overnights. This is particularly problematic for a region that has the lowest market share of the country, but that had been improving its performance and attracting both national and international visitors. It also saw the length of stay decrease by more than 8%, and even more worrying was the decrease of 74.2% in total and 75.2% in room income, and of 61.2% in RevPAR. The highest financial losses are registered in the Azores. As concerns Madeira, despite the (small) decreasing tendency in the tourism performance indicator between 2018 and 2019, it cannot be compared to the decline registered due to the pandemic. In addition to being accessible by air, the archipelago of Madeira relies heavily on cruise tourism, a segment that was also greatly affected by the pandemic crisis. This resulted in a drop of 64.9% in guests, 67.3% in overnights, around 68% in total and room income and 48.8% in RevPAR.

Finally, the flows in airports register reductions that range between 66.2% in Francisco Sá Carneiro Airport (Porto) and 75.9% in the Algarve, as documented in the table below, and also in Figures 30 and 31. Maritime ports present an even worse situation, with minus 92.7% in the

North, the largest drop, and 74.5% in Madeira. In air and maritime flows, it can be assumed that they relate to movements made mostly before March/April 2020, especially in the case of cruises.

**Table 3 – The impact of COVID-19 on Portuguese tourism regions (2018-2019 vs. 2019-2020)**

The evolution and the impact of COVID-19 on the travel and tourism market in Portugal

2019							2020							
Guests														
Variation (18-19)	Millions	Share (%)	Variation (18-19)	Millions	Share (%)	Variation (19-20)	Variation (18-19)	Millions	Share (%)	Variation (19-20)	Variation (18-19)	Millions	Share (%)	Variation (19-20)
+7.5%	27.1	100%	+7.5%	10.5	100%	-61.3%								
+11.1%	5.9	21.6%	+11.1%	2.5	23.7%	-57.5%								
+5.7%	4.1	15.2%	+5.7%	1.9	18.1%	-53.8%								
+8.9%	8.2	30.3%	+8.9%	2.5	23.4%	-70.0%								
+9.9%	1.6	6.0%	+9.9%	0.896	8.5%	-44.6%								
+7.0%	5.1	18.7%	+7.0%	2.0	19.0%	-60.6%								
+7.5%	0.772	2.8%	+7.5%	0.239	2.3%	-69.0%								
-7.7%	1.5	5.5%	-7.7%	0.521	5.0%	-64.9%								
Overnight stays														
Country/Regions	Millions	Share (%)	Variation (18-19)	Millions	Share (%)	Variation (19-20)	Variation (18-19)	Millions	Share (%)	Variation (19-20)	Variation (18-19)	Millions	Share (%)	Variation (19-20)
Portugal	70.2	100%	+3.7%	26.0	100%	-63.0%								
<b>North</b>	10.8	15.4%	+10.6%	4.4	17.0%	-59.2%								
<b>Centre</b>	7.1	10.2%	+5.3%	3.4	13.0%	-52.6%								
<b>Lisbon M.A.</b>	18.6	26.6%	+6.4%	5.3	20.4%	-71.5%								
<b>Alentejo</b>	2.9	4.2%	+9.8%	1.8	7.1%	-37.4%								
<b>Algarve</b>	20.9	29.8%	+2.2%	7.9	30.5%	-62.1%								
<b>Azores A.R.</b>	2.3	3.2%	+7.1%	0.655	2.5%	-71.2%								
<b>Madeira A.R.</b>	7.5	10.6%	-10.6%	2.4	9.4%	-67.3%								
Average length of stay <sup>30</sup>														

<sup>30</sup> Estimation

Country/Regions	Nº. nights	Variation (18-19)	Nº. nights	Variation (19-20)
Portugal	2.6	-7.1%	2.5	-5.0%
North	1.8	0%	1.8	-1.7%
Centre	1.7	-5.6%	1.8	+4.5%
Lisbon M.A.	2.3	0%	2.2	-6.3%
Alentejo	1.8	0%	2.1	+14.2%
Algarve	4.1	-8.9%	4.0	-3.2%
Azores A.R.	3.0	0%	2.7	-8.8%
Madeira A.R.	5.0	-7.4%	4.7	-6.3%

#### Total and room income

##### Total income

Country/Regions	Millions (€)	Share (%)	Variation (18-19)	Millions (€)	Share (%)	Variation (19-20)
Portugal	4295.8	100%	+7.8%	1457.3	100%	-66.1%
North	642.9	15.0%	+14.8%	233.2	16.0%	-63.7%
Centre	355.4	8.3%	+6.8%	165.9	11.4%	-53.3%
Lisbon M.A.	1372.2	31.9%	+8.3%	319.8	21.9%	-76.7%
Alentejo	175.0	4.1%	+16.8%	113.1	7.8%	-35.3%
Algarve	1225.7	28.5%	+7.1%	465.1	31.9%	-62.1%
Azores A.R.	117.1	2.7%	+11.5%	30.3	2.1%	-74.2%
Madeira A.R.	407.5	9.5%	-4.5%	130.0	8.9%	-68.1%

##### Room income

Country/Regions	Millions (€)	Share (%)	Variation (18-19)	Millions (€)	Share (%)	Variation (19-20)
Portugal	3229.9	100%	+7.9%	1088.9	100%	-66.3%
North	497.1	15.4%	+15.3%	175.9	16.2%	-64.6%
Centre	251.4	7.8%	+6.8%	123.2	11.3%	-51.0%
Lisbon M.A.	1083.7	33.6%	+7.8%	241.3	22.2%	-77.7%
Alentejo	129.9	4.0%	+18.2%	88.4	8.1%	-31.9%
Algarve	909.6	28.2%	+6.8%	352.4	32.4%	-61.3%
Azores A.R.	90.8	2.8%	+12.3%	22.5	2.1%	-75.2%
Madeira A.R.	267.5	8.3%	-4.2%	85.1	7.8%	-68.2%

RevPAR				
Country/Regions	€	Variation (18-19)	€	Variation (19-20)
Portugal	<b>49.5</b>	<b>+2.9%</b>	<b>22.6</b>	<b>-54.3%</b>
<b>North</b>	42.6	+4.8%	19.1	-55.2%
<b>Centre</b>	25.1	+2.4%	15.3	-38.9%
<b>Lisbon M.A.</b>	74.3	-1.3%	23.3	-68.6%
<b>Alentejo</b>	33.1	+9.3%	26.8	-18.9%
<b>Algarve</b>	54.6	+3.1%	30.0	-45.1%
<b>Azores A.R.</b>	38.1	+6.3%	14.8	-61.2%
<b>Madeira A.R.</b>	44.3	+5.6%	22.7	-48.8%

Establishments and accommodation capacity

Establishments				
Country/Regions	Nº.	Share (%)	Variation (18-19)	
Portugal	<b>6 833</b>	<b>100%</b>	<b>-0.51%</b>	
<b>North</b>	1 785	26.1%	+24.1%	
<b>Centre</b>	1 365	20.0%	+16.2%	
<b>Lisbon M.A.</b>	1 155	16.9%	+27.2%	No data available for 2020
<b>Alentejo</b>	753	11.0%	+20.5%	
<b>Algarve</b>	990	14.5%	+21.2%	
<b>Azores A.R.</b>	404	5.9%	+11.3%	
<b>Madeira A.R.</b>	381	5.6%	-75.3%	

Accommodation capacity				
Country/Regions	Nº.	Share (%)	Variation (18-19)	
Portugal	<b>443 157</b>	<b>100%</b>	<b>+4.7%</b>	
<b>North</b>	73 987	16.7%	+11.3%	
<b>Centre</b>	63 673	14.4%	+5.0%	
<b>Lisbon M.A.</b>	92 174	20.8%	+9.5%	No data available for 2020
<b>Alentejo</b>	25 941	5.9%	+8.8%	
<b>Algarve</b>	134 042	30.2%	+2.1%	
<b>Azores A.R.</b>	15 791	3.6%	+6.0%	

<b>Madeira A.R.</b>	37 549	8.5%	<b>-10.2%</b>
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### Gross occupancy rate for bed and room

#### Gross occupancy rate for bed

Country/Regions	%	Variation (18-19)	%	Variation (19-20)
Portugal	<b>52.4%</b>	<b>+0.55%</b>	<b>20.9%</b>	<b>-60.1%</b>
<b>North</b>	52.4%	+0.88%	21.4%	-59.2%
<b>Centre</b>	39.9%	+5.8%	18.6%	-53.4%
<b>Lisbon M.A.</b>	60.4%	+1.2%	17.9%	-70.4%
<b>Alentejo</b>	42.8%	+6.6%	23.5%	-45.1%
<b>Algarve</b>	49.6%	+0.64%	22.6%	-54.4%
<b>Azores A.R.</b>	49.2%	+1.4%	16.9%	-65.6%
<b>Madeira A.R.</b>	63.4%	<b>-6.1%</b>	24.9%	<b>-60.7%</b>

#### Gross occupancy rate for room

Country/Regions	%	Variation (18-19)	%	Variation (19-20)
Portugal	<b>65.5%</b>	<b>+0.67%</b>	<b>25.6%</b>	<b>-60.9%</b>
<b>North</b>	65.0%	+1.4%	26.2%	-59.7%
<b>Centre</b>	46.3%	+3.0%	21.4%	-53.8%
<b>Lisbon M.A.</b>	76.1%	+0.65%	23.4%	-69.3%
<b>Alentejo</b>	57.1%	+6.5%	31.1%	-45.5%
<b>Algarve</b>	65.8%	+2.8%	29.8%	-54.7%
<b>Azores A.R.</b>	62.3%	+3.8%	22.7%	-63.6%
<b>Madeira A.R.</b>	69.9%	<b>-5.6%</b>	28.2%	<b>-59.6%</b>

### Flows at airports and in maritime ports

#### Flows at airports

Country/Regions	Millions	Share (%)	Variation (18-19)	Millions	Share (%)	Variation (19-20)
Portugal	<b>29.3</b>	<b>100%</b>	<b>+10.0%</b>	<b>8.8</b>	<b>100%</b>	<b>-70.0%</b>
<b>North</b>	6.5	22.2%	+7.3%	2.2	25.0%	-66.2%
<b>Centre</b>	-	-	-	-	-	-
<b>Lisbon M.A.</b>	15.6	53.4%	+3.8%	4.6	52.3%	-70.6%
<b>Alentejo</b>	-	-	-	-	-	-

<b>Algarve</b>	4.5	15.2%	+5.8%	1.1	12.2%	-75.9%
<b>Azores A.R.</b>	0.995	3.4%	+0.55%	0.344	3.9%	-65.5%
<b>Madeira A.R.</b>	1.7	5.7%	+6.9%	0.574	6.5%	-65.8%
Flows in maritime ports						
Country/Regions	Millions	Share (%)	Variation (18-19)	Millions	Share (%)	Variation (19-20)
Portugal	<b>1.4</b>	<b>100%</b>	-0.88%	<b>0.230</b>	<b>100%</b>	<b>-83.9%</b>
<b>North</b>	0.089	6.2%	-24.3%	0.0065	2.8%	-92.7%
<b>Centre</b>	-	-	-	-	-	-
<b>Lisbon M.A.</b>	0.571	40.0%	-1.1	0.050	21.8%	-91.2%
<b>Alentejo</b>	-	-	-	-	-	-
<b>Algarve</b>	0.023	1.6%	-44.4%	-	-	-
<b>Azores A.R.</b>	0.149	10.4%	-9.2%	0.021	9.1%	-85.9%
<b>Madeira A.R.</b>	0.597	41.8%	+10.2%	0.152	66.3%	-74.5%

#### *4.11 A critical analysis of the evolution and the impact of COVID-19 on the travel and tourism market in Portugal*

The previous sections described the evolution of tourism in Portugal throughout the 2010s. It is undeniable that tourism expanded very rapidly during this period; when compared to the previous decades, tourism showed rates of growth in double figures. In January and February of 2020, the rate of growth was even bigger (around 15%) compared to previous years, revealing that tourism would have grown even faster and reached unprecedented success if the pandemic had not changed its course of action.

Over the period 2010/19, the number of guests more than doubled, and the number of bed nights expanded almost twice, showing a significant expansion of the tourist sector. It was in terms of turnover that tourism showed the best performance, with an increase of the total and room income between 200% and 300%.

The period concerning 2010-2019 was a golden phase for Portugal's tourism, and that tendency was kept untouched in the two initial months of 2020. However, with the outbreak of the pandemic, Portuguese and world tourism collapsed almost completely. The rates of travel and tourism decreased around 75% in Portugal when compared to 2019. The pandemic slowed down

only during some periods of the summer, which allowed people to travel and helped some businesses to re-open for some time.

The lessons learnt from these two situations – fast growth until 2019, and collapse throughout the pandemic – are highly important to prepare the sector for crisis situations in the future.

It has become clear that if international flows stop arriving, destinations depending on international tourism suffer more extensively. In particular, the Algarve, Madeira and Lisbon have proved to depend more on international tourism. Without the arrivals of international tourists, most hotels and restaurants located in these destinations hardly can operate and ultimately close or reduce their operations.

Conversely, the impact is lower in destinations where the number of nationals outnumber non-nationals, or when there is a well-balanced number of international and domestic tourists. The Centre, North and the Alentejo are good examples of that. The occupancy rates have even increased in regions such as Serra da Estrela, Douro Valley, Minho and the Alentejo. During the summer of 2020, a number of tourism establishments in these regions did not cope with the increased demand of domestic tourism. For instance, rural tourism and what is called ‘Interior Tourism’ in Portugal benefited from a golden phase, with the arrival of vast numbers of Portuguese who usually do not seek out these places during summer. This information was collected by the associations of rural tourism and was also reported by several presidents of the Portuguese tourism boards during the interviews.

Another item of evidence coming from the pandemic is about the effectiveness of the regional policies launched in Portugal. The country is very much unbalanced, since the population and the economic activities are mostly located along the coastline, while the interior is less populated and attracts fewer numbers of businesses. Aware of this unbalanced development, many regional governments have launched policies to make the inland more attractive and less poor. However, it is consensual that the results have far from reached their objectives, as the gap between the littoral and the inland<sup>31</sup> and the objectives of sustainable goals have not been satisfactorily been resolved.<sup>32</sup> There is also a strong need for Portugal to increase the number of evaluations of the regional policies.<sup>33</sup>

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<sup>31</sup> <https://www.ods.pt/objectivos/10-reduzir-as-desigualdades/>

<sup>32</sup> <https://www.plataformaongd.pt/uploads/subcanais2/desigualdades-e-desenvolvimento-ppong2019.pdf>

<sup>33</sup> <https://www.publico.pt/2020/01/24/economia/noticia/portugal-paises-europeus-menos-avaliacao-fazem-politicas-publicas-1901494>

With the outbreak of the pandemic, and with the need to avoid crowds and keep social distancing, the demand for less populated areas increased sharply. The occupancy rates of the tourism establishments located in the inland grew very fast, and a number of restaurants were not able to answer the increased demand for the consumption of food or to answer an emerging demand for take-away and delivery services.<sup>34</sup> In other words, the demand for the Portuguese inland expanded rapidly, and there is evidence that this will not disappear in the future. This means that inland tourism may be seen as an effective way of delivering development and boosting the economy in places characterized by low density and away from crowded urban centres. The attractiveness of the inland areas has also been fuelled by companies offering their employees the possibility of working online. The emergence of what has been labelled as ‘digital nomads’<sup>35</sup> seems to be a trend that is here to stay.

Another complementary tendency emerging from the crisis is concerned with the length of the chain of operations and the logistics associated with the operations of the tourism sector. The demand for sustainable products is increasing. The consumption of nature-based, local, and traditional products has been fuelled by the new circumstances. Tourists are increasingly willing to enjoy the place to where they travel to, instead of moving extensively in the territory. That is, tourists are moving to places and staying there and in the surroundings. Discovering and experiencing places, walking, cycling and wandering around is gaining growing importance in travellers’ agendas. This means that the chain of operations is shrinking, and that destinations will start to densify their economies by strengthening their internal networks and local economic bases. This tendency is also observed in the new urban and regional planning trends. Many cities are trying to recover the concept of ‘neighbourhood’ which comes from classical planning that emerged after the Industrial Revolution.<sup>36</sup> For instance, several planners have argued in favour of creating ‘15-minute cities’, which is the case of Paris.<sup>37</sup> This kind of approach may also be imported to the tourism sector in order to create self-sustained and sustainable villages.

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<sup>34</sup> This information has not yet been subject to a rigorous study in Portugal. However, this is a situation which has been widely commented on and was mentioned by several interviewees.

<sup>35</sup> <https://nomadific.com/portugal-guide-for-digital-nomads/>

<sup>36</sup> Hall, P, 2020, Urban and Regional Planning, Routledge, 6<sup>th</sup> edition

<sup>37</sup> <https://www.smartcitylab.com/blog/governance-finance/paris-15-minute-city/>

## 5. Economic indicators

The previous sections provided an insight into the characteristics of the visitors travelling in and to Portugal. It is important now to analyse some indicators concerning the economic impact of tourism in the country. The information was collected from official sources such as INE, Travel BI, and the Bank of Portugal. The indicators are the following:

- Tourism revenue.
- GDP and balance of payments.
- Employment.
- Electronic payments and cash withdrawals.

### 5.1 Tourism revenue

The impact of tourism on Portugal's revenue has been growing consistently in recent years. Over the period 2010-2019, tourism revenue increased from 7.6 billion euros to 18.4 billion euros. This represents a growth of 2.4 times in just nine years (Figure 35). In 2019, the UK was responsible for receipts of €3.29 billion, followed by France with €2.60 billion, Germany with €1.98 billion, Spain with €1.95 billion and the USA with €1.29 billion (Figure 36).

The full impact of the pandemic throughout 2020 is still unknown. Nevertheless, some of the most consolidated official information dating from the end of July records a fall in income from 18.4 billion euros to 7.8 billion euros, which represents a decrease of 57.6% (Figure 35).

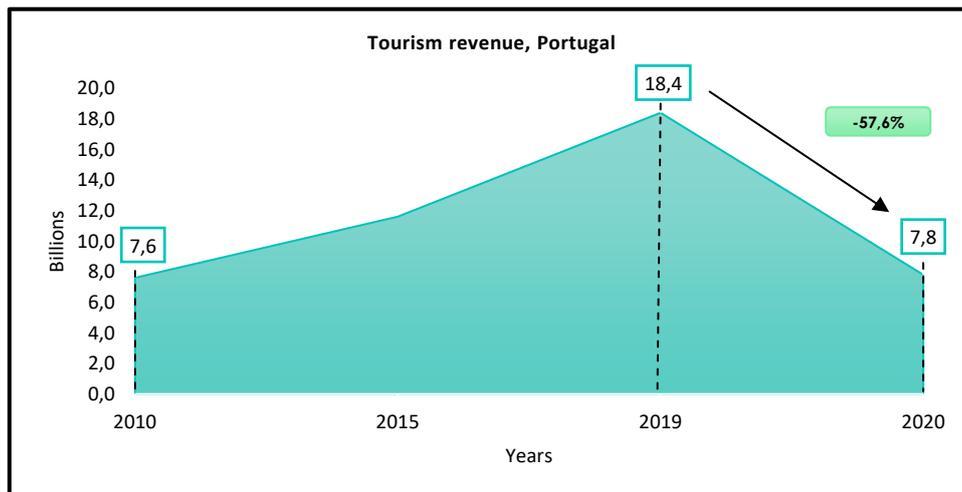


Figure 35 – Tourism revenue in Portugal

Source: Bank of Portugal, with data collected from Travel BI

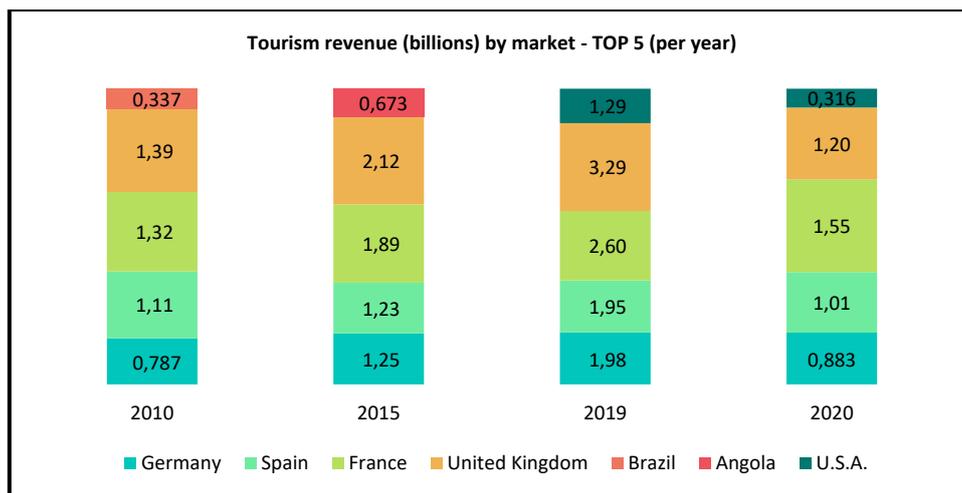


Figure 36 – Tourism revenue (billions) by international market in Portugal (Ranking 5)

Source: Bank of Portugal, with data collected from Travel BI

## 5.2 GDP and balance of payments

Tourism impacts the balance of payments. Many governments pay particular attention to tourism because it allows a surplus to be created on the country's accounts, provided that the difference between inbound tourism (credit) and outbound tourism (debit) is favourable.

Since the number of incoming tourists is higher compared to the number of outgoing tourists, Portugal registers positive results in the balance of payments. For instance, the 'travel – credit' obtained in August 2019 amounted to €2 982.98 M while the 'travel – debit' reached a value of €605.99 M in the same month. Additionally, the balances, both in the balance of services (€2 816.98 M) and in 'travel balance' (€2 376.99 M), were also higher in August for that year (Figure 38) (Bank of Portugal, 2020).

In the context of the pandemic the impact of tourism on the GDP decreased substantially, as a result of the lockdown and the closure of the land and air borders (Figures 37 and 38).

<b>Gross Domestic Product</b>					
Chain linked volume data (reference year=2016)					
	<b>Year-on-Year Quarterly Growth Rate (%)</b>				
	<b>3Q 19</b>	<b>4Q 19</b>	<b>1Q 20</b>	<b>2Q 20</b>	<b>3Q 20</b>
<b>Flash 45 days 3Q 2020</b>	2.0	2.3	-2.4	-16.4	-5.7
<b>Flash 30 days 3Q 2020</b>	2.0	2.3	-2.4	-16.4	-5.8
<b>QNA 2Q 2020 (85 days)</b>	2.0	2.3	-2.3	-16.3	

	<b>Quarter-on-Quarter Growth Rate (%)</b>				
	<b>3Q 19</b>	<b>4Q 19</b>	<b>1Q 20</b>	<b>2Q 20</b>	<b>3Q 20</b>
<b>Flash 45 days 3Q 2020</b>	0.4	0.7	-4.0	-13.9	13.3
<b>Flash 30 days 3Q 2020</b>	0.4	0.7	-4.0	-13.9	13.2
<b>QNA 2Q 2020 (85 days)</b>	0.3	0.7	-3.8	-13.9	

Flash - Flash Estimate; QNA - Quarterly National Accounts

Figure 37 – GDP in Portugal

Source: INE

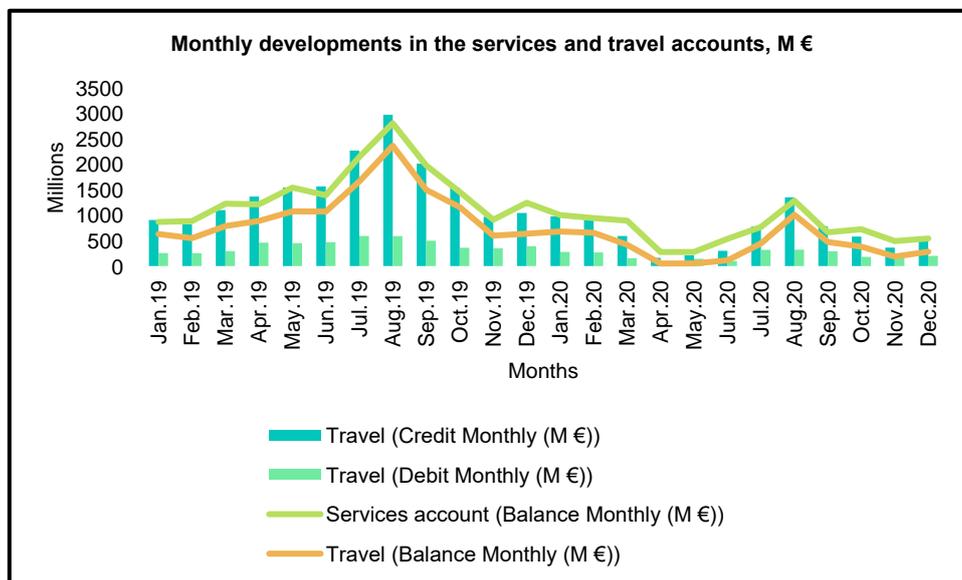
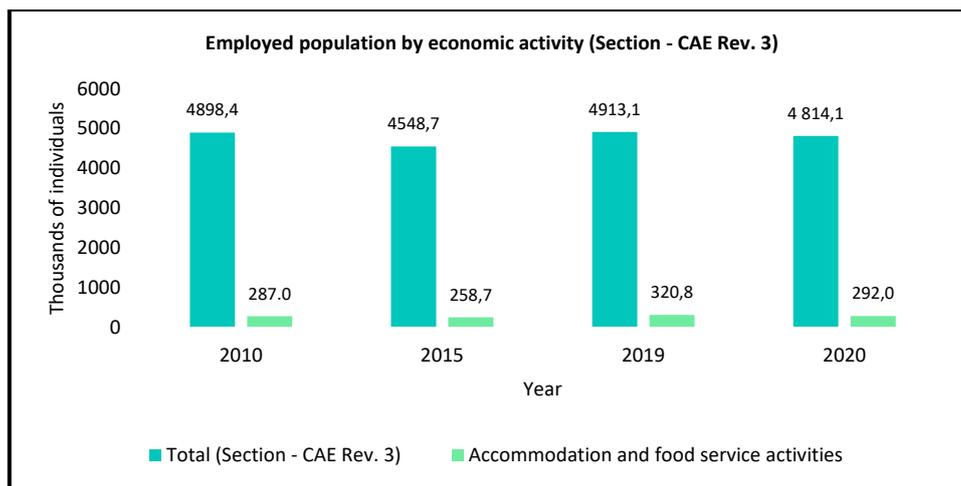


Figure 38 – Monthly developments in the services and travel accounts, M €

Source: Bank of Portugal

### 5.3 Employment

Tourism has become a key employer in Portugal (Figure 39). The tourism working population in 2019 amounted to 320,800, corresponding to 6.5% of the total labour force (4,913,100 jobs), compared with 287,000 in 2010 (Figures 39).



**Figure 39 – Employment by economic activity (Section – CAE Ver. 3)**

Source: INE

With the outbreak of the pandemic, tourism became one of the most impacted economic sectors all over the world and in Portugal in particular. Between 2019 and 2020, tourism lost 28,800 jobs. However, it should be emphasised that the magnitude of the crisis is much deeper because the government has created a special funding called ‘lay-off’<sup>38</sup> preventing many companies from declaring bankruptcy and making their employees redundant.

#### **5.4 Electronic payments and cash withdrawals**

The evaluation of electronic payments and cash withdrawals allows an understanding of how the economy evolved in terms of economic sectors, geographically and over time. ‘SIBS analytics’ is a platform where electronic operations, including payments and cash withdrawals, are registered, allowing useful analysis (<https://www.sibsanalytics.com/>).

For this purpose, information was collected from this database concerning the following areas:

- Catering services, restaurants and similar establishments
- Hotels and accommodation
- Leisure and travel

Figure 40 provides a comparative analysis of the number of all electronic operations that took place during summer 2019 and summer 2020 (the platform considers ‘summer’ the period

<sup>38</sup> The Portuguese government launched a financial support scheme during the lockdown called ‘lay-off’. Companies were responsible for paying 1/3 of the salary, while the government supported another 1/3 of the salary.

ranging from the 1<sup>st</sup> of July to the 15<sup>th</sup> of September) in the sectors of catering services, restaurants and similar establishments; hotels and accommodation; and leisure and travel.

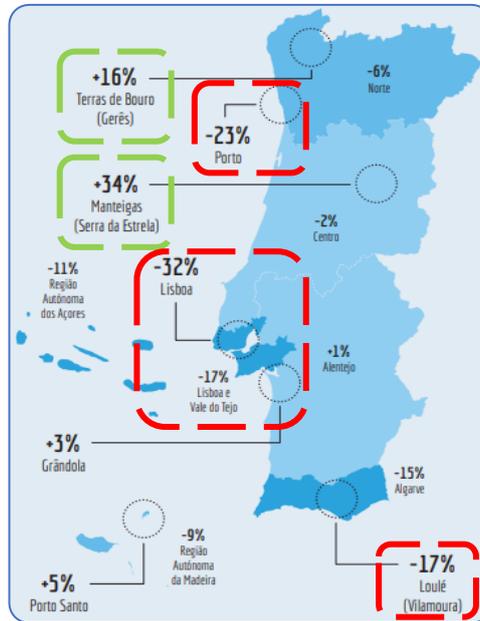
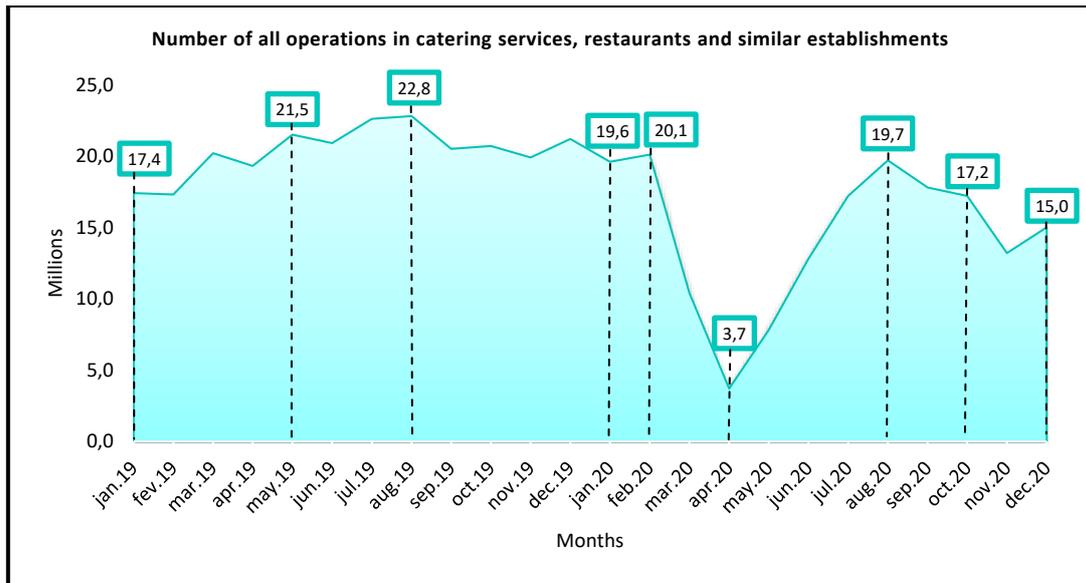


Figure 40 – Tourism by region

Source: SIBS Analytics

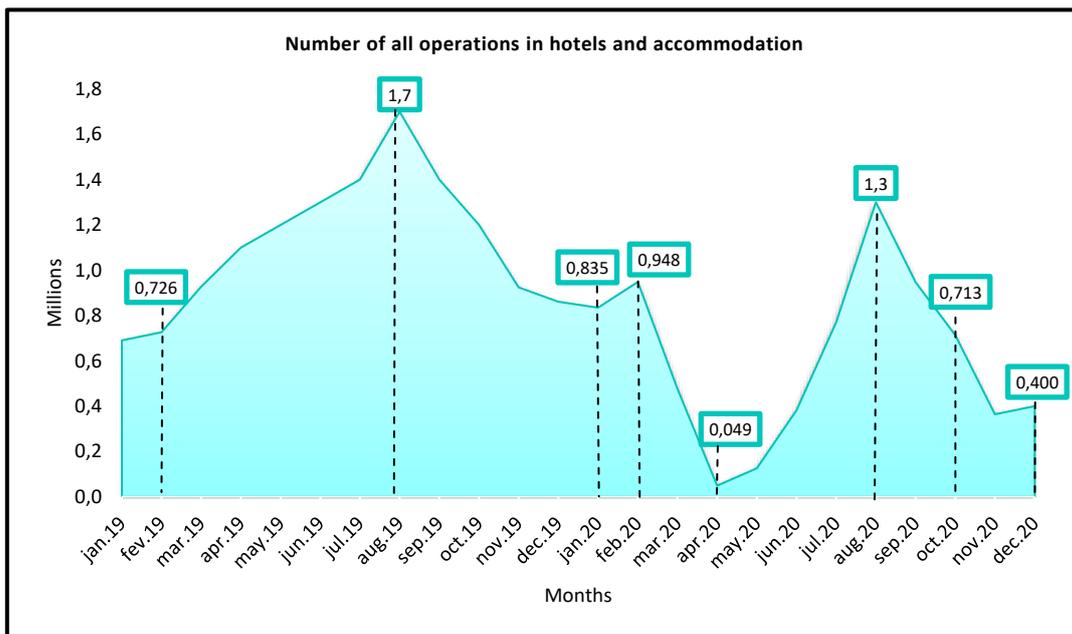
The map illustrates that along the coastline and in the most populated areas, economic operations decreased substantially between summer 2019 and summer 2020. This is the case of Lisbon (-32%), Porto (-23%), and Vilamoura (-17%), one of the most important tourist destinations in the Algarve. On the contrary, areas characterised by forms of low demographic and tourist density, such as Serra da Estrela (+34%) and Terras de Bouro (+16%), in the heart of the Gerês National Park, the number of electronic operations increased.

Figures 41 to 46 demonstrate that the reduction in the number of electronic operations and the amounts associated with those operations have been enormous. However, a comparison between the clusters of hotel and accommodation//‘leisure travel’ and the cluster of ‘catering services, restaurants and similar establishments’ shows that the later was slightly less impacted by the lockdown because, while the government was more strict with hotels and leisure activities, some restaurants were allowed to operate partially with take-away and delivery services.



**Figure 41 – Number of all operations made in all regions (NUTS II) with cards of all countries for the period between January 2019 and December 2020 in catering services, restaurants and similar establishments**

Source: SIBS Analytics



**Figure 42 – Number of all operations made in all regions (NUTS II) with cards of all countries for the period between January 2019 and December 2020 in hotels and accommodation**

Source: SIBS Analytics

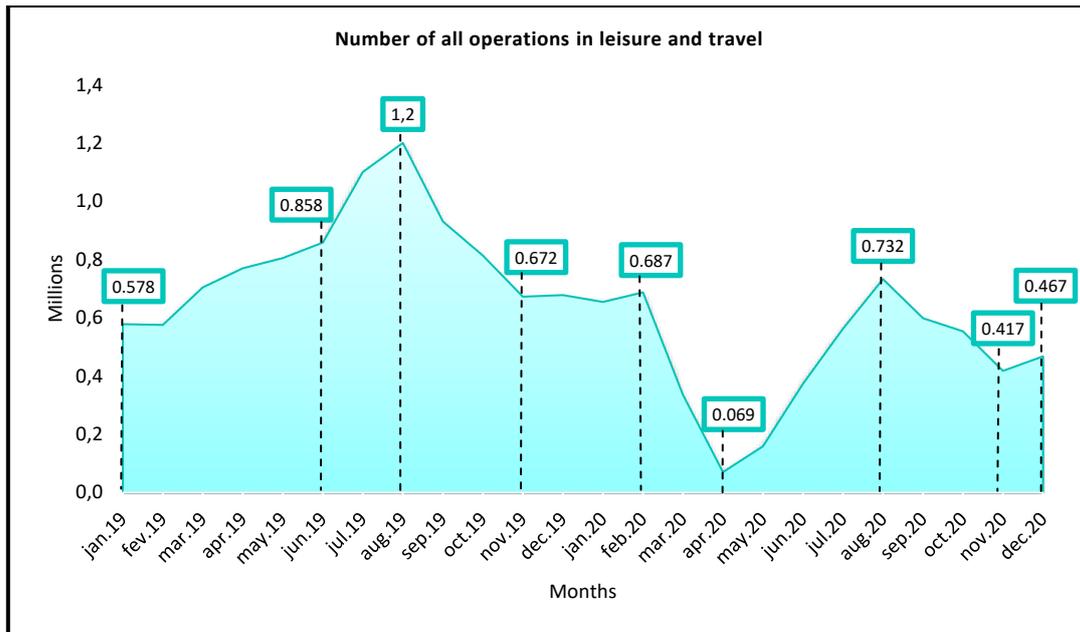


Figure 43 – Number of all operations made in all regions (NUTS II) with cards of all countries for the period between January 2019 and December 2020 in Leisure and travel

Source: SIBS Analytics

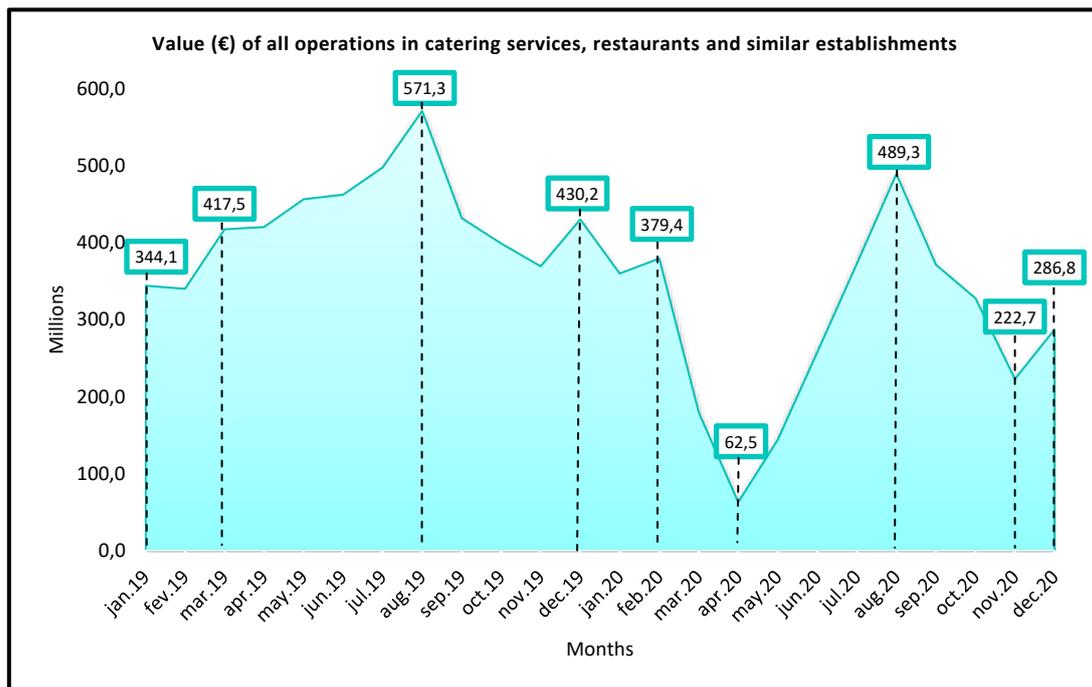


Figure 44 – Value (€) of all operations made in all regions (NUTS II) with cards of all countries for the period between January 2019 and December 2020 in catering services, restaurants and similar establishments

Source: SIBS Analytics

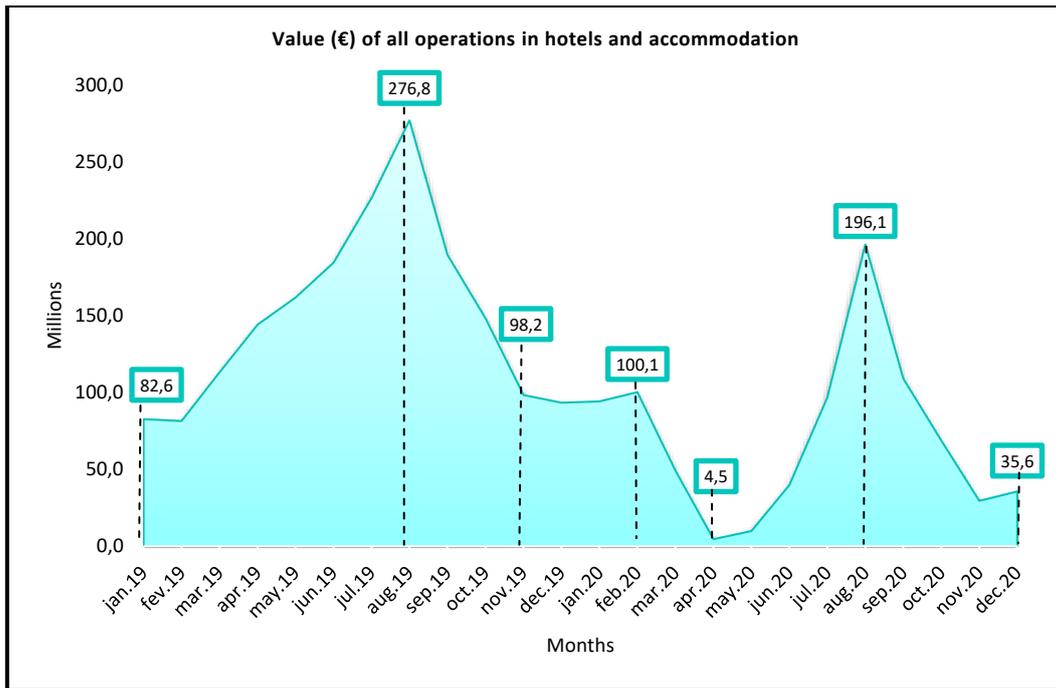


Figure 45 – Value (€) of all operations made in all regions (NUTS II) with cards of all countries for the period between January 2019 and December 2020 in hotels and accommodation

Source: SIBS Analytics

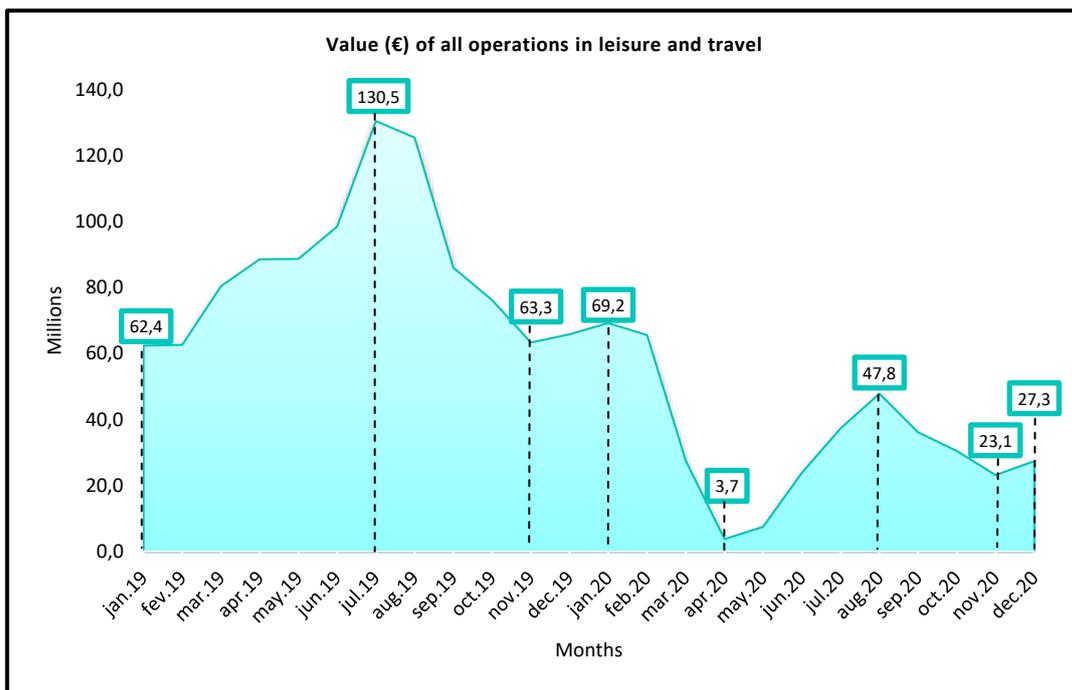
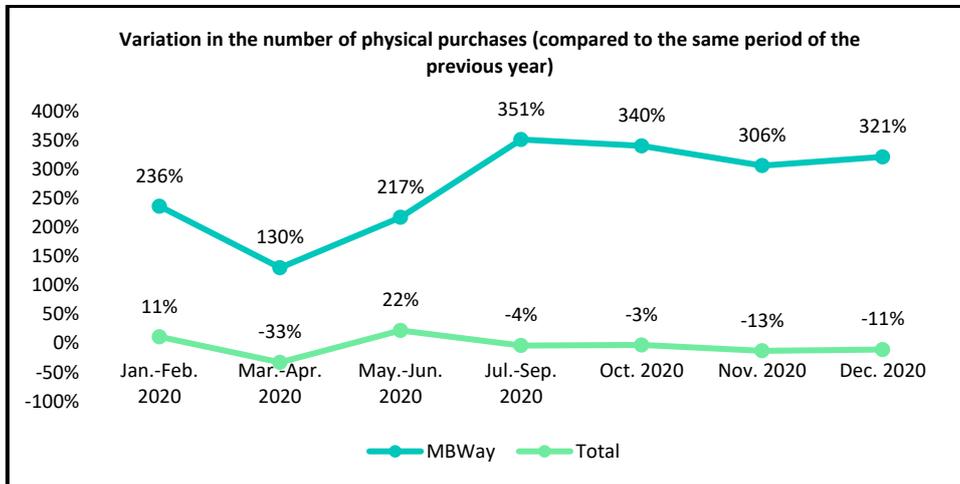


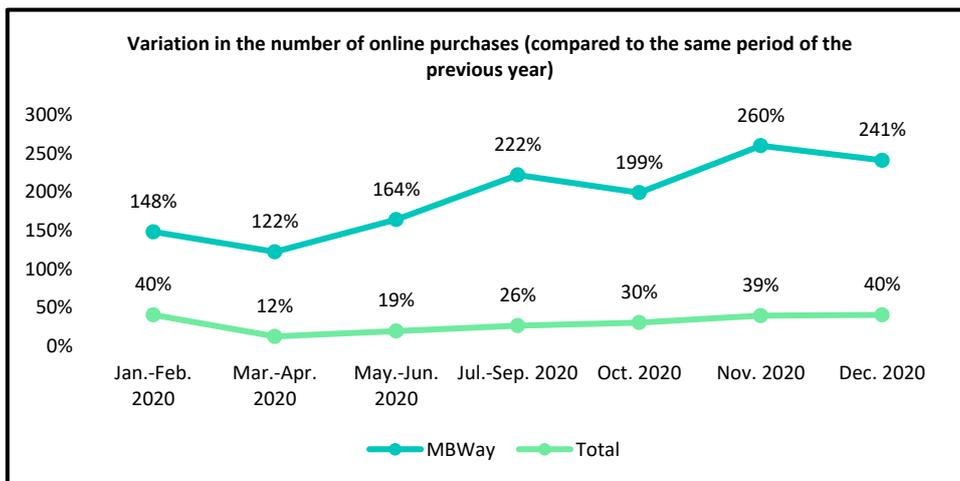
Figure 46 – Value (€) of all operations made in all regions (NUTS II) with cards of all countries for the period between January 2019 and December 2020 in leisure and travel

Source: SIBS Analytics

As for Christmas 2020, there was a change in the consumption habits of the Portuguese. The month of December 2020 registered a higher average expense than the other months of the year, €39.40 per purchase in the MULTIBANCO network in physical purchases and in online purchase, the months of May–June registered €39.50 per purchase in the Multibanco network. There was an increase in the use of MB Way services, both in physical purchases (Jul–Sep. 2020: +351%) and online (Nov. 2020: +260%) (Figures 47 and 48). The top sectors with the greatest variation in the number of purchases in December 2020 compared to the rest of the year (Jan.–Nov. 2020) were: games, toys & childcare (the sector grew x 2.5), perfumery & household (x 2.1) and decoration & household items (x 2.0). The highest values of operations in the MULTIBANCO network at Christmas 2020 took place on December 24, at 11:30 am, with 312 transactions per second.



**Figure 47 – Variation in the number of physical purchases (compared to the same period of the previous year)**  
Source: SIBS Analytics



**Figure 48 – Variation in the number of online purchases (compared to the same period of the previous year)**  
Source: SIBS Analytics

As can be seen in Figure 51, in the second lockdown the Portuguese reduced physical purchases, compared to “before COVID-19”, mainly in Lisbon and Vale do Tejo (-30%) and in the North (20%). The Azores and Madeira islands have lower percentages due to the restrictive measures imposed. However, when compared to the first lockdown, physical purchases are not so different.

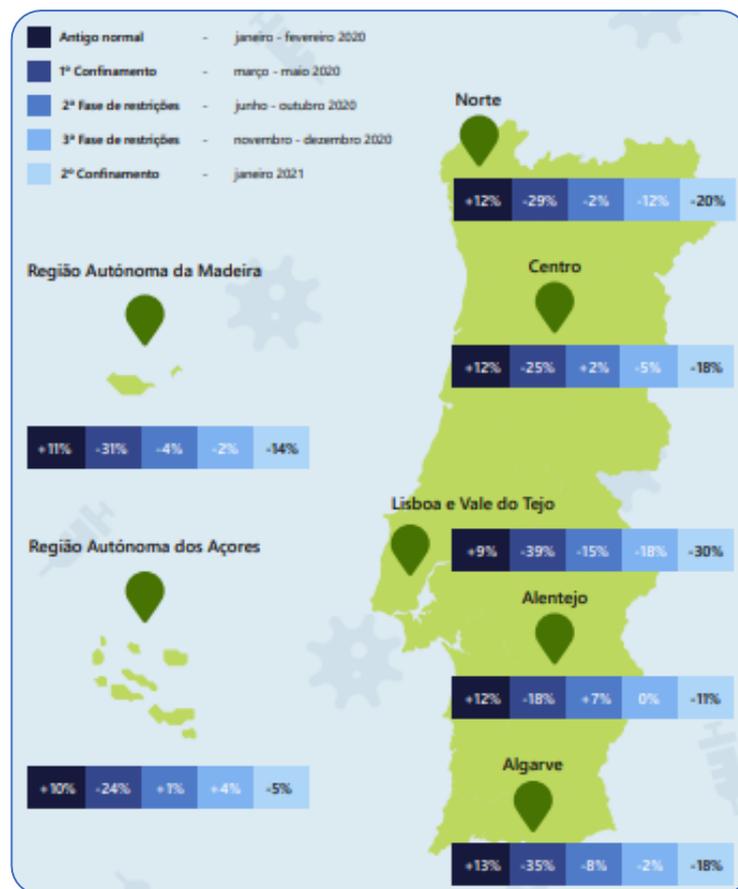


Figure 49 – Geographic analysis: variation in the number of physical purchases (compared to the same period of the previous year)

## 6. Administration, organization, and management of the tourism sector

Tourism administration at the national level in Portugal is under the responsibility of the Ministry of Economy and Digital Transition (Pedro Siza Vieira is the minister in charge of tourism), and a Secretary of State for Tourism (Rita Marques is at present the Secretary of State for Tourism). Turismo de Portugal<sup>39</sup> is the national organisation equivalent to a general directorate for tourism, with broad responsibilities in areas such as promotion, planning, education, coordination, etc. This national tourism organisation (NTO) operates under the umbrella of the Ministry of the Economy and is responsible for designing and implementing tourism policies in Portugal. The functions developed by this NTO have resulted from the merger of a number of national organisations that used to exist in Portugal until the beginning of this millennium (see Figure 50). More recently, Turismo de Portugal was restructured, and its functions and operation were enacted by the Decree-Law 129/2012<sup>40</sup>.



Figure 50 – The organisation of tourism in Portugal between the 1980s and 2000s

Source: Costa, Carlos, 2014, European Planning and Organisation Systems: The EU member States, Channel View

At regional level (NUTS II) there are five tourism boards in mainland Portugal ('Entidades Regionais de Turismo - ERT') and two others for the islands ('Secretaria Regional de Turismo').

<sup>39</sup> <https://www.turismodeportugal.pt/pt/Paginas/homepage.aspx>

<sup>40</sup> [https://dre.pt/web/guest/legislacao-consolidada/-/lc/114448795/202008200721/diploma?p\\_p\\_state=maximized&rp=indice](https://dre.pt/web/guest/legislacao-consolidada/-/lc/114448795/202008200721/diploma?p_p_state=maximized&rp=indice)

The present regional tourism boards (RTBs) were established in 2013,<sup>41</sup> and resulted from the association of 19 RTBs. Until 2013, the Portuguese regional tourism organisation was somewhat fragmented, and thus the government decided to reduce the number of organisations and make them coincide with the NUTS II in order to establish closer links between tourism and mainstream planning, which is under the responsibility of the regional planning commissions (Comissões de Coordenação e Desenvolvimento Regional - CCDRs).<sup>42</sup>

Following the restructuring of the RTBs, the Portuguese government also decided to create seven regional tourism promotion agencies ('Associações Regionais de Promoção Turística – ARPT)<sup>43</sup>, five for mainland Portugal and two others for the islands.

At the local level, tourism falls under the responsibility of the 308 municipalities. The zoning and licensing of the tourism facilities and infrastructures is under the responsibility of the municipalities.<sup>44</sup>

The main structure of the Portuguese tourism organisation is illustrated in Figure 51. This organigram is included in a book that describes the tourism organisations in the 27 EU countries. A comparative analysis of the Portuguese tourism administration with the other EU countries allows the conclusion that Portugal follows a similar structure, though some variations may be found according to the size of the country and the level of regional autonomy. The present tourism organisation in Portugal was reached after a simplification of the previous administration that governed the country between the 1980s and 2000s (Figure 50).



**Figure 51 – The organisation of tourism in Portugal in the 2010s**

Source: Costa, Carlos, 2014, European Planning and Organisation Systems: The EU member States, Channel View

<sup>41</sup> <https://dre.pt/pesquisa/-/search/261090/details/maximized>

<sup>42</sup> [https://pt.wikipedia.org/wiki/Comiss%C3%A3o\\_de\\_Coordena%C3%A7%C3%A3o\\_e\\_Developimento\\_Regional](https://pt.wikipedia.org/wiki/Comiss%C3%A3o_de_Coordena%C3%A7%C3%A3o_e_Developimento_Regional)

<sup>43</sup> [http://business.turismodeportugal.pt/pt/Conhecer/Quem\\_e\\_quem/Paginas/Agencias-Regionais-de-Promocao-Turistica.aspx](http://business.turismodeportugal.pt/pt/Conhecer/Quem_e_quem/Paginas/Agencias-Regionais-de-Promocao-Turistica.aspx)

<sup>44</sup> <https://www.anmp.pt/municipios/>

In addition to the tourism organisations shown in Figure 47, there are other national organisations considered by Turismo de Portugal, with influence on the tourism sector:

- CTP – Tourism Confederation;
- ANA – Airports of Portugal;
- AEP – Business Association of Portugal;
- AICEP – Agency for Investment and Foreign Trade of Portugal;
- AIP – Portuguese Industrial Association;
- ANMP – National Association of Portuguese Municipalities;
- APQ – Portuguese Association for Quality;
- The Bank of Portugal;
- Government Office for Studies and Strategy;
- IAPMEI – Institute of Support for Small and Medium Enterprises and Innovation;
- INE – National Institute of Statistics;
- IPQ – Portuguese Institute for Quality;
- LPN – Nature Protection League.

At the regional level, there are also several private sector associations, but publicly oriented, operating in the tourism sector (Turismo de Portugal, 2020a). They are as follows:

- AERLIS – Lisbon Region Business Association;
- AETP – Portuguese Tourist Companies Association;
- AETUR – Association of Tourist Entrepreneurs of Douro and Trás-os-Montes;
- AHETA – Association of Hotels and Tourist Enterprises of the Algarve;
- AHP – Portuguese Hospitality Association;
- AHRESP – Portuguese Hotel, Restaurant and Similar Association;
- AHRP – Association of Rural Hotels in Portugal;
- AIHSA – Association of Hotel and Similar Industry in the Algarve;
- Historical Villages of Portugal – Tourism Development Association;
- ANCAT – National Association of Touristic Animation Drivers;
- APAVT – Portuguese Association of Travel and Tourism Agencies;
- APECATE – Portuguese Association of Companies of Congresses, Tourist Entertainment and Events;
- APTERN – Portuguese Association of Tourism in Rural and Natural Spaces;
- APHORT – Portuguese Association of Hotels, Restaurants and Tourism;
- ALEP – Association of Local Tourism Accommodation;

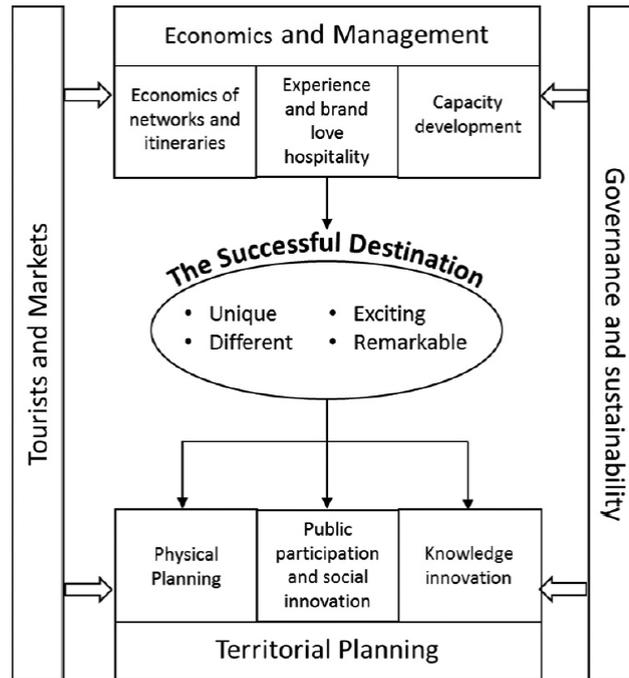
- ARAC – Association of Driverless Car Rental Industries;
- Associação Caminhos do Ribatejo – Activities and Tourism in Rural Areas;
- Association of Spa Tourism;
- Associação Fórum Turismo 2.1;
- National Cruise Association;
- Pinus Verde Association – Schist Villages;
- Portuguese Association of Old Houses;
- Regional Association of Hoteliers from Costa do Estoril, Sintra, Mafra and Oeiras;
- Casas Açorianas – Rural Tourism Association;
- Casas Brancas – Quality Tourism Association of the Alentejo Coast and Costa Vicentina;
- CNIG – National Golf Industry Council;
- Federation of Camping and Mountaineering of Portugal;
- Rural Madeira;
- PRIVETUR – Portuguese Rural Tourism Association;
- TURIHAB – Housing Tourism Association.
- ATURMINHO – Association of the Minho Region.

Critical analysis of the Portuguese tourism administration and organisation allows the conclusion that, overall, the Portuguese situation follows the tendency of other European administrations, as described in literature.<sup>45</sup> However, what it is also claimed by researchers is that most tourism organizations do not operate efficiently and effectively because economic operations do not take into account the territories: physical, social, economic and natural. The following figure (Figure 48) advances a model illustrating how tourism could operate in the future if it really aims to be competitive and bring sustainable development to destinations.

The model suggests that tourism marketing and promotion should be set up alongside tourism planning and strategy. Tourism marketing and promotion should be designed in a single policy by the regional tourism boards (Entidades Regionais de Turismo) and the promotion agencies (Agências Regionais de Promoção Turística). It is observed that some of the promotion agencies have already adopted this approach since the presidents of the RTBs are also presidents of the promotion agencies – this is the case of North, Centre, Alentejo and Algarve. This also gives support to many who claim that the Portuguese government should merge both structures.

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<sup>45</sup> Costa, C, Panyik, E, Buhalis, D, 2014, European Tourism Planning and Organisation Systems, Channel View Publications



**Figure 52 – The successful destination: bridging territorial planning with its economics and management**

Source: Costa (2020). Tourism planning: a perspective paper, *Tourism Review*, 75, pp. 198-202

A second main shortcoming that can be noticed in the Portuguese tourism administration is the poor links established between the public administration and the private sector organisations. While it is undeniable that the government has created links with the private sector, it is also consensual that the operation of the tourism sector will benefit further if both branches of the organisation cooperate more and complement each other in their operations. This question assumes chief importance as it is mentioned by many that very often government funding does not effectively reach small businesses because of the lack of channels of communication. As a result of this, funding and technical support has become a privilege of large and strong businesses which are capable of hiring consultancy services. It is claimed that because private sector organisations are closer to their associates, the government should use them to reach small businesses that fail to get support. It is even said that most small companies do not have either the knowledge or resources to fill in the forms made available by the government to assist them.

The improvement of the efficiency and effectiveness of the operation of the Portuguese tourism organisation is not a matter that relies solely on the creation or extinction of organisations. Improvements must be found by designing new interfaces between tourism administration and businesses. This can be achieved by the creation of new electronic interfaces. In particular, this

may require the creation of 'digital interfaces' ('balcões digitais') and more investment in the digital infrastructure and on the human resources skills.

## 7. Identification and analysis of the strategic documents for tourism at regional level and congruence with the main strategic documents of the regions, including the S3

Portugal has launched a national tourism programme which provides a vision and guidelines for the development of tourism. Quoting Turismo de Portugal, 'Tourism Strategy 2027' is the strategic reference for tourism in Portugal for this decade. The plan was supported on a comprehensive participatory process, by involving the government and the organisations involved in the Portuguese tourism industry. It embodies a long-term vision, combined with short-term action, allowing Portugal to act with a greater strategic sense in the present and to frame the future community support framework 2021-2027. (Turismo de Portugal & República Portuguesa, 2017, p. 9). The objectives of the plan are as follows (Turismo de Portugal & República Portuguesa, 2017, p. 10):

- To provide a 10-year strategic reference framework for national tourism.
- To ensure stability and commitment to strategic options for national tourism.
- To promote an integration of sectorial policies.
- To generate continuous coordination between the various organisations of the tourism industry.
- To act strategically in the present and in the short/medium term.

A public participatory process was implemented, which included the use of technological platforms, seven international focus groups,<sup>46</sup> and STL<sup>47</sup> (strategic tourism laboratories/public sessions). An open public consultation was made available by online platforms (Turismo de Portugal & República Portuguesa, 2017, pp. 13–16). Some of the objectives of the plan are as follows:

- To reduce seasonality.
- To enhance heritage and cultural assets.
- To alleviate tourism pressure at highly demanded locations.
- To qualify human resources.
- To boost innovation and entrepreneurship.

The programmes and initiatives supported by the 'Tourism Strategy 2027' are linked to the areas of nature tourism; nautical tourism; military tourism; industrial tourism; wine tourism;

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<sup>46</sup> Seven focus groups and eleven bilateral meetings with five strategic markets (Spain, France, Germany, the United Kingdom and Brazil, with more than 80 participants).

<sup>47</sup> These laboratories have three important characteristics: to obtain contributions and recommendations; analyse the main tourism indicators in each region; and discuss strategic priorities for regional and national tourism.

accessible tourism; MICE,<sup>48</sup> and religious tourism. Accordingly, Turismo de Portugal has launched the following programmes (Turismo de Portugal, 2020g):

- National Network of UNESCO Geoparks (Nature Tourism)
- Portuguese Trails Programme (Nature Tourism)
- Nautical Stations of Portugal (Nautical Tourism)
- Programme ‘Dynamize Fortresses’ - Frontier Fortresses (Military Tourism)
- Industrial Tourism (Industrial Tourism)
- Action Programme for Wine Tourism (Wine Tourism)
- All for All Programme - Portuguese Tourism (Accessible Tourism)
- Meetings in Portugal - national directory of the meeting industry (MICE)
- Routes of Faith (Religious Tourism)
- Collaborative networks (Tourist activity)

At the regional level, several think tanks under the format of ‘Tourism Laboratories’: 7 STL<sup>49</sup> (Strategic Tourism Laboratories) (Table 4), and three which were more specific were carried out (Table 5): STL-KET (Knowledge, Employment & Training); STL-CIT (Competitiveness & Innovation in Tourism); and STL-TIA (Trends & International Agenda).

**Table 4 – Strategic Tourism Laboratories**

SLT	Date	Location	Characterisation
STL – Algarve	26.07.2016	Faro	Participation of various actors in the region <sup>50</sup>
STL – Madeira	31.08.2016	Funchal	Participation of various actors in the region <sup>51</sup>
STL – North	06.09.2016	Peso da Régua	Participation of various actors in the region <sup>52</sup>

<sup>48</sup> Meetings, incentives, conferencing, exhibitions

<sup>49</sup> According to Turismo de Portugal, LET “are spaces for discussion that promote the sharing of knowledge, the identification of critical areas and the design of solutions, as well as the delimitation of strategic priorities, with a view to obtaining contributions to the Strategy for Tourism 2027”(Turismo de Portugal, 2016i).

<sup>50</sup> Algarve ERT; Algarve Tourism Association; CCDR Algarve; Counties; ANA - Faro Airport; University of Algarve; entrepreneurs (hotels, entertainment, golf, resorts, among others); business associations (AHETA, AHISA, NERA), operators and cultural entities in the region (Turismo de Portugal, 2016i).

<sup>51</sup> Regional Secretariat of Economy, Tourism and Culture of RAM, entrepreneurs from various sectors of activity (hotels, entertainment, among others), business associations, operators and cultural entities in the region (Turismo de Portugal, 2016d).

<sup>52</sup> Oporto and Northern Portugal Tourism, CCDR Norte, municipalities, universities, entrepreneurs from various sectors of activity (hotels, entertainment, among others), business associations (namely, Association of Termas de Portugal, Commercial Association of Porto, and Braga) , operators and cultural entities in the region (Turismo de Portugal, 2016h).

SLT	Date	Location	Characterisation
STL – Centre	08.09.2016	Coimbra	Participation of various actors in the region <sup>53</sup>
STL – Alentejo	13.09.2016	Évora	Participation of various actors in the region <sup>54</sup>
STL – Lisbon	15.09.2016	Lisbon	Participation of various actors in the region <sup>55</sup>
STL – Azores	4.01.2017	Ponta Delgada	Participation of various actors in the region <sup>56</sup>

Source: Turismo de Portugal

**Table 5 – STL-KET (Knowledge, Employment & Training); STL-CIT (Competitiveness & Innovation in Tourism); and STL-TIA (Trends & International Agenda)**

SLT	Date	Location	Characterisation
STL – KET	06.10.2016	Setúbal	Participation of various actors in the region <sup>57</sup>
STL – TIA	13.10.2016	Oporto	Participation of various actors in the region <sup>58</sup>
STL – CIT	19.10.2016	Lisbon	Participation of various actors in the region <sup>59</sup>

Source: Turismo de Portugal

<sup>53</sup> Turismo Centro de Portugal, CCDR Centro, municipalities, universities, entrepreneurs from various sectors of activity (hospitality, entertainment, among others), business associations (namely, AHP, AHRP, ATP), operators and cultural entities in the region (Turismo de Portugal, 2016g).

<sup>54</sup> Turismo do Alentejo, CCDR Alentejo, municipalities, University of Évora, Polytechnic Institute of Portalegre, entrepreneurs from various sectors of activity (hospitality, animation, among others), business associations (namely, ADHP, APECATE, AHA, NERBE / AEBAL), cultural operators and entities in the region (Turismo de Portugal, 2016f).

<sup>55</sup> Regional Tourism Entity of the Lisbon Region, CCDR-LVT, municipalities, businessmen from various sectors of activity (hotels, entertainment, among others), business associations (namely, AHRESP, APECATE), operators in the region (Turismo de Portugal, 2016e).

<sup>56</sup> Regional Secretariat for Energy, Environment and Tourism of the Azores, businessmen from various sectors of activity (hotels, entertainment, among others), business associations (namely, ATA, Casas Açorianas), University of the Azores, Observatory of Tourism of the Azores, among others (Turismo de Portugal, 2017).

<sup>57</sup> Schools, Universities, municipalities, entrepreneurs from various sectors of activity (hospitality, entertainment, among others), business associations (namely, AHP, ATP) (Turismo de Portugal, 2016b).

<sup>58</sup> Schools, Universities, municipalities, entrepreneurs from various sectors of activity (hotels, entertainment, among others) (Turismo de Portugal, 2016c).

<sup>59</sup> Schools, universities, trade unions, hotel groups, entrepreneurs from various sectors of activity (hospitality, animation, among others), business associations (namely, AHP, ANC, ATP) (Turismo de Portugal, 2016a).

**Table 6 – Regional Strategies of the Tourism Strategy 2027**

Tourism Regional Strategies	
<b>Azores</b>	<ul style="list-style-type: none"> <li>▪ Azores Tourism Marketing and Strategic Plan<sup>60</sup></li> <li>▪ Regional Smart Specialization Strategy (RIS3)<sup>27</sup></li> </ul>
<b>Algarve</b>	<ul style="list-style-type: none"> <li>▪ ALGARVE 2030 – Regional Development Strategy<sup>61</sup></li> <li>▪ Strategic Marketing Plan for Algarve Tourism 2015-2018<sup>62</sup></li> <li>▪ Regional Smart Specialization Strategy (RIS3)<sup>28</sup></li> </ul>
<b>Centre of Portugal</b>	<ul style="list-style-type: none"> <li>▪ Tourism Marketing Strategy for Centre Portugal - Part I<sup>63</sup></li> <li>▪ Tourism Marketing Strategy for Centre Portugal - Part II<sup>29</sup></li> <li>▪ Tourism Marketing Strategy for Centre Portugal - Part III<sup>29</sup></li> <li>▪ Tourism Marketing Strategy for Centre Portugal - Part IV<sup>29</sup></li> <li>▪ Tourism Marketing Strategy for Centre Portugal - Part V<sup>29</sup></li> <li>▪ Tourism Marketing Strategy for Centre Portugal I - Part VI<sup>29</sup></li> <li>▪ Regional Strategy of Smart Specialisation (RIS3)<sup>29</sup></li> <li>▪ Regional Tourism Development Plan 2020-2030<sup>64</sup></li> </ul>
<b>Lisbon</b>	<ul style="list-style-type: none"> <li>▪ Tourism Strategic Plan for the Lisbon Region 2015-2019<sup>65</sup></li> <li>▪ Lisbon Regional Action Plan 2014-2020<sup>30</sup></li> <li>▪ Lisbon Tourism Strategic Plan 2020-2024<sup>66</sup></li> <li>▪ Regional Smart Specialization Strategy (RIS3)<sup>30</sup></li> </ul>
<b>Oporto and North of Portugal</b>	<ul style="list-style-type: none"> <li>▪ Regional Smart Specialization Strategy (RIS3)<sup>67</sup></li> <li>▪ Tourism Marketing Strategy for Porto and North of Portugal 2015-2020<sup>31</sup></li> <li>▪ Regional Smart Specialization Strategy (RIS3)<sup>31</sup></li> </ul>
<b>Alentejo</b>	<ul style="list-style-type: none"> <li>▪ Strategic Plan for Tourism in the Alentejo 2014-2020<sup>68</sup></li> <li>▪ Regional Smart Specialization Strategy (RIS3)<sup>32</sup></li> </ul>
<b>Madeira</b>	<ul style="list-style-type: none"> <li>▪ Tourism Strategic Plan for Madeira 2015-2020<sup>69</sup></li> <li>▪ Regional Strategy Smart Specialization in Madeira<sup>33</sup></li> <li>▪ Strategy for Madeira Tourism 2017-2021<sup>70</sup></li> </ul>

The documents underlying the regional strategies of each Portuguese NUT II were analysed and are represented in Table 6. The Regional Strategies of the Tourism Strategy 2027 for each region

<sup>60</sup> [http://www.turismodeportugal.pt/pt/Turismo\\_Portugal/Estrategia/Estrategias\\_Regionais/Paginas/acoresh.aspx](http://www.turismodeportugal.pt/pt/Turismo_Portugal/Estrategia/Estrategias_Regionais/Paginas/acoresh.aspx)

<sup>61</sup> <https://www.ccdr-alg.pt/site/sites/default/files/inline-files/Estrat%C3%A9gia%20ALGARVE%202030%20aprovada%2011%20set%202020.pdf>

<sup>62</sup> [http://www.turismodeportugal.pt/pt/Turismo\\_Portugal/Estrategia/Estrategias\\_Regionais/Paginas/algarve.aspx](http://www.turismodeportugal.pt/pt/Turismo_Portugal/Estrategia/Estrategias_Regionais/Paginas/algarve.aspx)

<sup>63</sup> [http://www.turismodeportugal.pt/pt/Turismo\\_Portugal/Estrategia/Estrategias\\_Regionais/Paginas/centro-portugal.aspx](http://www.turismodeportugal.pt/pt/Turismo_Portugal/Estrategia/Estrategias_Regionais/Paginas/centro-portugal.aspx)

<sup>64</sup> <https://turismodocentro.pt/2020/02/plano-regional-de-desenvolvimento-turistico-2020-2030-e-plano-de-marketing-do-turismo-centro-de-portugal/>

<sup>65</sup> [http://www.turismodeportugal.pt/pt/Turismo\\_Portugal/Estrategia/Estrategias\\_Regionais/Paginas/lisboa.aspx](http://www.turismodeportugal.pt/pt/Turismo_Portugal/Estrategia/Estrategias_Regionais/Paginas/lisboa.aspx)

<sup>66</sup> [https://www.lisboa.pt/fileadmin/actualidade/noticias/user\\_upload/Relatorio\\_Final\\_Plano\\_Estrategico-2020-2024\\_compressed.pdf](https://www.lisboa.pt/fileadmin/actualidade/noticias/user_upload/Relatorio_Final_Plano_Estrategico-2020-2024_compressed.pdf)

<sup>67</sup> [http://www.turismodeportugal.pt/pt/Turismo\\_Portugal/Estrategia/Estrategias\\_Regionais/Paginas/porto-norte-portugal.aspx](http://www.turismodeportugal.pt/pt/Turismo_Portugal/Estrategia/Estrategias_Regionais/Paginas/porto-norte-portugal.aspx)

<sup>68</sup> [http://www.turismodeportugal.pt/pt/Turismo\\_Portugal/Estrategia/Estrategias\\_Regionais/Paginas/alentejo.aspx](http://www.turismodeportugal.pt/pt/Turismo_Portugal/Estrategia/Estrategias_Regionais/Paginas/alentejo.aspx)

<sup>69</sup> [http://www.turismodeportugal.pt/pt/Turismo\\_Portugal/Estrategia/Estrategias\\_Regionais/Paginas/madeira.aspx](http://www.turismodeportugal.pt/pt/Turismo_Portugal/Estrategia/Estrategias_Regionais/Paginas/madeira.aspx)

<sup>70</sup> <http://www.visitmadeira.pt/Admin/Public/Download.aspx?file=Files%2FFiles%2FVisitMadeira%2FEstudos%2Fj-DOCUMENTO-ESTRATEGICO-2017-21.pdf>

in Portugal includes the 7 NUT II regions (Oporto and North of Portugal, Central Portugal, Lisbon, Alentejo, Algarve, Azores, and Madeira).

### *7.1 Porto and North of Portugal*

The tourism strategy of Porto and North of Portugal is defined in the ‘**Tourism Marketing Strategy of Porto and North of Portugal 2015-2020**’. The strategic objectives identified for the implementation of this strategy are:

- To increase the attractiveness of the destination and raise its visibility levels.
- Standardize and transversely consolidate the quality of the tourism supply.
- Improve tourism indicators and reduce asymmetries between sub-destinations.
- Encourage a collaborative spirit among stakeholders to adopt an approach aligned with the development and promotion of the destination (TPNP, 2015, p. 5).

In order to implement the strategy, there is a need to accurately define the portfolio of available tourist products and to identify priority markets most likely to succeed and the intended positioning. The operationalization of this strategy foresees the implementation of three programmes (term six years): P1: Standardization and consolidation of the tourist offer; P2: Destination communication and awareness; P3: Monitoring of destination and markets (TPNP, 2015, p. 5).

The ‘**Regional Strategy for Smart Specialization (RIS3)**’ for this territory includes tourism as an area of specialization, more specifically regarding the “symbolic capital, services and tourism technologies”. The related features and assets are natural parks, hot springs, sea, rivers and reservoirs, wines and gastronomy, world heritage – UNESCO, historic cities and towns, visitor entrance infrastructures, built heritage and contemporary architecture, history and traditions, management, marketing, ICT, tourism & hospitality. In terms of business-based innovation, the following are addressed: agri-food and wines; mobility; tourist entertainment; nautical equipment; creative industries; meetings industry; TICE; accommodation and catering. Advanced users are also identified: DMO (destination management organizations); touristic distribution; and tourists (CCDR-N, n.d., p. 40).

## 7.2 Centre of Portugal

In the Centre region, there are seven important documents addressing tourism strategy, as presented in Table 5. The **'Marketing Plan for Turismo Centro de Portugal – Part I'** includes an internal and external analysis, the main conclusions of which advance different perspectives for the development of tourism products, according to the different sub-regions, namely (IPAM Lab, 2013, p. 131):

- **Region of Ria de Aveiro** – Health tourism (Thermal Spa), religious and cultural tours, nature tourism, nautical tourism, gastronomy and wines, and sun and sea.
- **Coimbra** – health tourism (spa, health and wellness, and medical), nautical tourism, business tourism, sun and sea tourism, religious and cultural tours, nature tourism, gastronomy and wines.
- **Viseu/Dão Lafões** – health tourism (spa and wellness), adventure tourism, sun and sea tourism (river beaches), religious and cultural tours, nature tourism, gastronomy and wine, and golf.
- **Serra da Estrela** – health tourism (spa), religious and cultural tours, nature tourism, sun and sea (river beaches), gastronomy and wines.
- **Castelo Branco** – nature tourism, adventure tourism, religious and cultural tourist circuits, health tourism (spa), sun and sea (river beaches) and gastronomy and wines.
- **Leiria/Fátima/Tomar** – health tourism (spa), recreational nautical tourism, religious and cultural tourist circuits and nature tourism.
- **Oeste** – nature tourism, integrated resorts and residential tourism, religious and cultural tours, sun and sea (ocean and river beaches), nautical tourism, golf, health (thermae and spas) and gastronomy and wines.

The second part of the **'Marketing Plan for Turismo Centro de Portugal'** presents a market study that analyses the profile of Portuguese and Spanish tourists, considered as the main markets for the NUTS II region (IPAM Lab, 2014a). The SWOT analysis included in the third part of the plan identifies the following strengths, weaknesses, opportunities and threats: (IPAM Lab, 2014b, pp. 20–21):

**Table 7 – SWOT analysis for Centre Region Tourism**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Qualified, diverse, and complementary offer, with differentiating potential nationally and internationally.</li> <li>• Road infrastructures that allow the Centre of Portugal to be crossed in about two hours.</li> <li>• Proximity to Francisco Sá Carneiro (Porto) and Portela (Lisbon) airports.</li> <li>• Direct border with Spain and excellent accessibility through the road network.</li> <li>• Brands with tourist attractiveness with very good national and international notoriety.</li> <li>• Tourism represents a strategic priority for many municipalities in the Centre of Portugal.</li> <li>• Contacts and networks with actors external to the Centre of Portugal, with the potential for exploration for the development of sustainable tourism activity.</li> </ul>	<ul style="list-style-type: none"> <li>• Few developed and structured tourism products that can be a source of competitive advantage for the target markets.</li> <li>• Strong regional asymmetries, both regarding the qualification of the offer, and to the professionalization of tourism activity with the public or private entities involved.</li> <li>• Insufficient sustainable collaboration networks for the development of differentiating tourist products and cross-selling activities in the territory and with Porto and the North and Lisbon and the Tagus Valley, in line with the desired image of the Centre of Portugal.</li> <li>• Dispersion of the Centro de Portugal brand image and insufficient knowledge and incorporation of its attributes in the promotion made by other public and private actors that intervene in the promotion of all or part of the territory covered, sometimes leading them to compete in the promotion of their tourism resources.</li> <li>• Weaknesses at the level of the population and private agents that can support the development of tourist activities.</li> <li>• In some actors, there is a tendency not to see the Central region as one, separating the region into coastal and inland areas, with a vision that does not favour collaboration between the coast, seen as more developed, and the interior, seen as disadvantaged and deserted.</li> <li>• Weaknesses in municipalities, both in terms of their orientation to the tourism sector, as to their availability and the qualification of</li> </ul>

	<p>human resources related to tourist activity, as well as in terms of investment capacity in improving tourist resources or in the creation and development of products that cover their municipalities.</p> <ul style="list-style-type: none"> <li>• Process of stabilizing the governance structure of the Centre of Portugal and integrating the new territories included in the reorganization carried out in June 2013, occasionally hampered by the size of the territory.</li> </ul>
<p>Opportunities</p>	<p><b>Threats</b></p>
<ul style="list-style-type: none"> <li>• Qualified infrastructures for scientific and technological tourism.</li> <li>• Increased interest in religious and spiritual tourism.</li> <li>• Increase in the number of emigrants (roots market).</li> <li>• Increased interest in nature tourism and ecotourism.</li> <li>• Low-cost aviation attracts more distant markets.</li> <li>• Increase in tourism linked to sport and sports competitions (surfing and others).</li> <li>• Widespread use of social networks and digital media.</li> <li>• Widespread use of mobile devices to guide and assess tourist attractions on the ground.</li> <li>• Increase in residential tourism and lifestyle migration.</li> <li>• Existence of national investor attraction programmes (Golden Visa; AICEP shares).</li> </ul>	<ul style="list-style-type: none"> <li>• Tour operators oriented towards offering other destinations.</li> <li>• Tourists that organise their own trips oriented to visit other destinations or to act impulsively based on information that does not properly characterise the supply of the Centre of Portugal.</li> <li>• Promotion of Portugal as a destination, which is still insufficient in including elements related to the supply of the Centre, namely in the attractiveness factors of “Destino Portugal”: history, culture, tradition, and diversity.</li> <li>• Limited access to tourist entry points by air.</li> <li>• Reduction of tourists from the Portuguese market due to economic difficulties.</li> <li>• Existence of barriers to tourist entry via Spain that affect the tourist experience.</li> <li>• Existence of direct competition both in Portugal and in the current target markets.</li> <li>• Low interest on the part of investors outside the region in investing in the Centre of Portugal.</li> </ul>

Source: IPAM Lab, 2014

Following the prospective diagnosis, **strategic actions and objectives** were presented, namely:

- Increase the awareness of the Centro de Portugal brand, through a new positioning and digital and traditional communication campaigns.
- Concerted action by the various actors promoting the Centre of Portugal brand.
- Training in the Centre of Portugal region and differentiation through innovation oriented to the tourist experience.
- Exploration of new markets through market research and segmentation actions (IPAM Lab, 2014c, p. 31).

**Critical success factors** were also identified:

- Ability to create and maintain collaborative networks between actors in the territory.
- Ability to effectively create and use communities of tourists and relevant tour operators.
- Ability to sensitize the various internal and external actors of the region to align the communication of the Centre of Portugal brand.
- Ability to communicate the defined marketing strategy to the regional board staff
- Ability to effectively communicate new positioning and structured products (IPAM Lab, 2014c, p. 32).

The marketing plan is based on **10 strategic actions** (IPAM Lab, 2014d):

1. Develop a communication campaign that allows the brand repositioning.
2. Conduct market research in order to segment the market of Portuguese descendants' and identify its potential and the elements which are valued in Portugal.
3. Conduct market research to segment the Jewish market and identify its potential and valued elements.
4. Survey of the central and northern European market, through research on secondary or primary sources in order to segment the central and northern European market and identify their interest in finding a second home or a permanent home in countries with a more favourable climate, and identify which elements are most valued in obtaining this residence.
5. Creation of thematic networks of actors in the territory, established according to their interests, and oriented towards the development of structured products for each of the four vectors identified in the positioning of the Centre of Portugal brand.
6. Involvement of higher education institutions and other organisations governed by public or private law that have scientific and technological infrastructures or that are involved

in the development of narratives of science and technology, which can participate in the structuring of products oriented towards scientific and technological tourism.

7. Creation of operator and tourist panels to engage in co-creation activities for customised structured products and in product testing in the pre-launch phase.
8. Develop a customer relationship management (CRM) relational marketing information system.
9. Create awareness and promote the training of the various actors involved in promoting the destination.
10. Implement actions to attract foreign investors to the Centre of Portugal.

Finally, two types of **monitoring** actions were carried out: for the overall execution of the marketing plan; and under the action programmes included in the marketing plan (IPAM Lab, 2014e).

The '**RIS3 of the Centre of Portugal Research and Innovation Strategy for Smart Specialization**' (Table 5), has tourism as a strategic priority and it is further included in section 3, which approaches the 'differentiating domains'. Tourism in the Centre of Portugal is considered as an important destination for the Portuguese, with distinct and diverse tourism resources and characterised by (CCDR-C, 2014, p. 56):

- Good supply of accommodation and conditions for sustainable tourism growth (occupancy rates of establishments and average stays below national averages).
- Set of diversified resources: networks of relevant heritage spaces (four inscriptions on the UNESCO World Heritage List, a geopark integrated in the European network and nine protected areas), for the networks of 12 historical villages, 27 schist villages and 18 thermal resorts, for the sanctuary of Fátima and for 53 beaches with a blue flag in 2013.

More recently, the Regional Tourism Board (Turismo Centro de Portugal) presented an updated tourism development plan for the period 2020-2030.<sup>71</sup> The plan was designed before the outbreak of COVID-19, and, therefore, does not take into account the challenges brought about by the pandemic. The '**Regional Tourism Development Plan 2020-2030**' (TCP & Delloite, 2020) projects the main guidelines of Turismo Centro de Portugal (Regional Tourism Board) for the next decade. In particular, it synthesizes the specific tourism goals to be achieved and the general strategic objectives for the region, at the same time that it moves forward with strategic lines of action to achieve the proposed objectives. To achieve these goals, the plan has in its

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<sup>71</sup> [https://turismodocentro.pt/wp-content/uploads/2020/02/TCP-Plano-Regional-Desenvolvimento-Tur%C3%ADstico\\_20-30.pdf](https://turismodocentro.pt/wp-content/uploads/2020/02/TCP-Plano-Regional-Desenvolvimento-Tur%C3%ADstico_20-30.pdf)

genesis five guiding drivers: i) qualifying and valuing all the players in the tourism value chain; ii) promoting the integrated, sustained and cohesive development of the territory; iii) structuring, qualifying, consolidating and diversifying across the board the quality of the offer; iv) contributing to the development of the renown of the Centre Region and the consolidation of its brand in the market; and v) boost tourism investment in the region and encourage innovation and entrepreneurship. These drivers are materialised in eight strategic guidelines that will frame the tourism development in the upcoming decade, which are:

- 1. Valorisation and Training of Human Resources:** Investing in the enhancement of professions associated with the tourism value chain and training of professionals in the sector, oriented towards a quality tourist service with high added value.
- 2. Sustainability, Climate Change, Mobility, Cohesion and Territorial Enhancement:** Valuing, preserving, and guaranteeing the authenticity and sustainability of the Centre Region and its communities, as well as promoting and consolidating collaborative networks and institutional dynamics, accessibility, circulation and mobility in the territory (intra- and interregional) of visitors and residents, anticipating its position in the face of the effects of climate change.
- 3. Structuring and Qualifying Products/Positioning:** Structuring and qualifying integrated tourism products that respond to the region's tourist demand, in light of the expectations and ambition of the destination's positioning in terms of the new strategic marketing pillars.
- 4. Offer Development and Qualification/Tour Agents:** Streamline relations with tourist agents, particularly private ones, that intervene directly and indirectly in the value chain of the destination of Centro de Portugal, with the aim of qualifying the main and complementary tourist offer, in addition to investing in a tourist destination which is accessible to all, framed in the national All for All strategy and the AcesTUR initiative.
- 5. Digital Marketing and Relational Marketing:** Qualify, reinforce, and invest in communication and presence in digital media and networks, based on regional authenticity, its integrated tourism products and a territorial vision of traditions, knowledge, and flavours.
- 6. Internationalization and Commercial Promotion with External Markets:** Reinforce the internationalization of the region as a tourist destination to visit, study, live or invest in.
- 7. Prospective analysis, Monitoring and Innovation:** Promote an innovative, differentiated and targeted tourism offer, supported by the analysis and monitoring of historical statistical information, as well as predictive models that allow trends to be anticipated.

**8. Stakeholder Networks and Entrepreneurship:** Mobilize and foster the development of networks and collaborative spirit among stakeholders that contribute to attracting investment and strengthening the competitiveness, dynamization and internationalization of the destination, based on the principles of the circular economy/creative industries binomial.

The design strategy also identifies the priority tourism products for the region, that is, the products on which the strategic pillars are based. These products should guide the efforts towards tourism development, funding, and financing. Based on existing resources and situational conditions, efforts should be put into:



**Figure 53 – Strategic tourism products for the Centre of Portugal**

Source: TCP & Delloite (2020)

The complementary marketing plan goes further to territorialise the product strategy by identifying its positioning in the sub-regions (Figure 49):

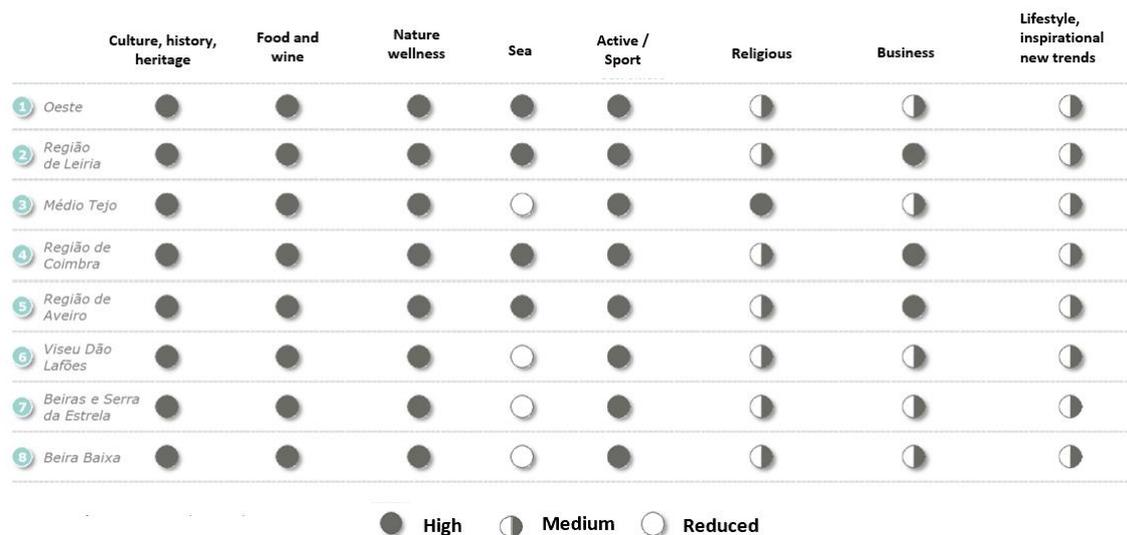


Figure 54 – Strategic positioning of the tourism products for the Centre of Portugal, by sub-region

Source: TCP & Delloite (2020)

### 7.3 Lisbon Metropolitan Area

For the Lisbon Metropolitan Area, three important documents are to be considered as regards the tourism strategy (Table 3). In the ‘**Strategic Plan for Tourism in the Lisbon Region 2015-2019**’, it is mentioned that the region has unmatched conditions for creating a uniquely diverse value proposition. The core products are city breaks and meetings industry; and the diversification factors are golf; ‘food and drinks’; ‘sun and sea’; water-sports tourism; nature tourism; religious tourism; and health and well-being (ERT Lisboa, 2015, p. 20).

The ‘**Lisbon Regional Action Plan 2014-2020**’, states that “Tourism is a fundamental activity due to its own capacity to generate wealth, create jobs, stimulate regional development and for its potential to enhance the natural and cultural, exerting a multiplier effect on the entire economy. Tourism today represents a consolidated and relevant economic sector in the Lisbon Region, with expression in the most modern forms of international tourist demand, such as City Breaks, Business and Cruise Tourism, Golf, Nature Tourism and the classic ‘Sea & Sun’” (CCDR-LVT, 2014, p. 16).

As concerns RIS3, the ‘**Lisbon Specialization 2014 – 2020**’ document includes tourism in the ‘Thematic Group Tourism and Hospitality’, whose vision is seen as “Affirming the Lisbon tourist destination around a brand and a product with solid positions and to improve the service quality of the installed tourist offer, in order to increase the level of attractiveness and predisposition of tourists to stay” (CCDR-LVT, 2015, p. 48). The priorities, lines of action and defined goals were

evidenced in the document as follows: “From the diagnosis made, three areas of intervention are identified that should be considered in the framework of public policies to be designed, especially those with a greater incidence on the tourism value chain, and which include encouraging the establishment of partnerships, with the affirmation of the Lisbon hospitality alliance, its promotion at international level, the existence of scale among the agents, with shared management of the various units of the sector simultaneously with urban rehabilitation, allowing the recognition of Lisbon as a tourist destination for upper- and upper-middle-class segments, thus raising the price of Lisbon, giving greater density and capacity for affirmation to the destination “Lisbon”; for the coherent and pragmatic definition of the image to be promoted in the region and for the development of support conditions (material and immaterial) that can serve as a catalyst for a modern tourist offer, valued by the market.” (CCDR-LVT, 2015, p. 68).

Recently, the Regional Tourism Board has updated its strategy for tourism in the “**Lisbon Tourism Strategic Plan 2020-2024**”. In this document, the priority products, an embryonic product, and the qualifiers are presented, as well as being classified as anchor or complementary tourism supply, per development pole of the overall region (Figure 50).

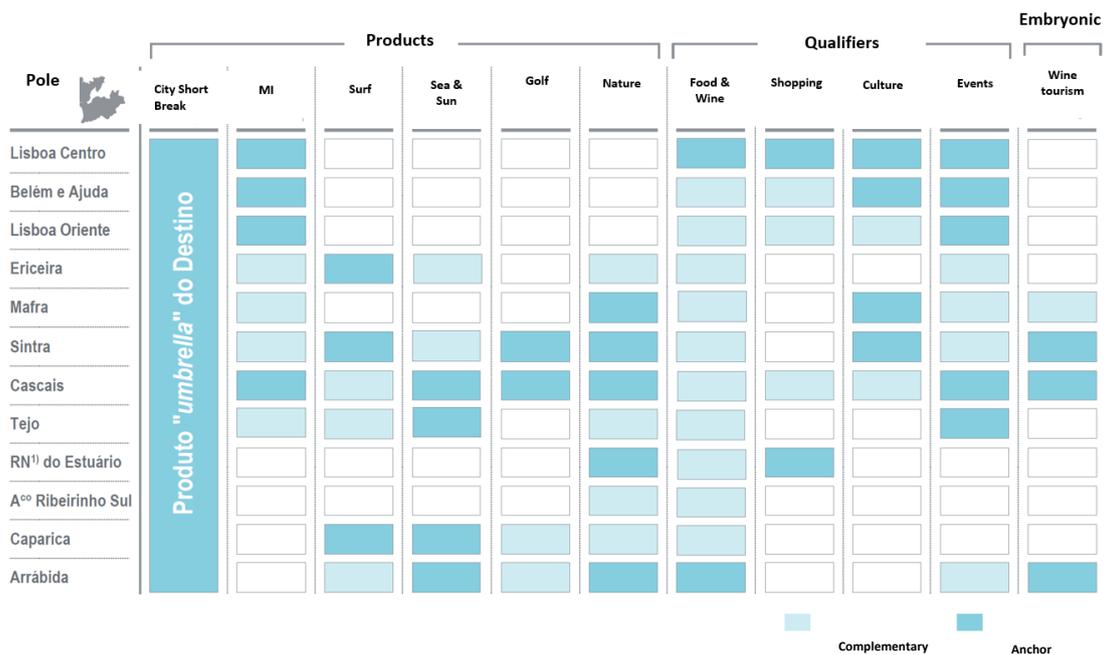


Figure 55– Tourism product-based strategy for the Region of Lisbon

Source: ERT Lisboa, 2020

The underlying strategic objectives are:

1. **Economic contribution:** To sustain the economic contribution to the region, privileging the quality of the supply.

2. **Quality of demand:** Promote the quality of demand, adjusting the mix of market and segments in order to increase average spending.
3. **Quality of experience:** Improve the quality of the experience – increase the average evaluation of the visit to the region and the volume of repeat visits.
4. **Performance of hospitality businesses:** Strengthen the supply, increasing quality to achieve a higher RevPAR.
5. **Evolution of demand:** Maintain tourism growth trajectory in the Lisbon Region, based on a sustainable increase in the number of overnight stays.

#### 7.4 Alentejo

The Alentejo tourism strategy is framed by two important documents as presented in Table 5. The strategic priorities identified in the Strategic Plan for Tourism in the Alentejo 2014-2020 are (Turismo do Alentejo, 2014, p. 6):

1. To affirm the tourism cluster.
2. Work towards a regional intersectoral vision.
3. Manage the destination with enhanced skills.
4. Create and promote tourist territories
5. Institutionalize supply networks in the territory
6. Requalify and create new tourist products.
7. Strengthen digital promotion and marketing (Alentejo 3.0)

The implementation of the main intervention axes requires a differentiated territorial application (Turismo do Alentejo, 2014, p. 21):

- Create an effective tourist economy for Alqueva.
- Invest in the growth and diversification of maritime and coastal tourism for the Alentejo coast.
- Support the development of tourism supply that guarantees international competitive scale.
- Integrate the new tourist area of Lezíria in the strategy of valuing the offer and promoting the destination Alentejo.
- Implementation of tourist corridors, covering the entire Alentejo territory.

The **'Regional Intelligent Specialization Strategy (RIS3)'** for the Alentejo includes tourism as a priority area, especially concerning 'Heritage, Cultural and Creative Industries and Tourism Services'. The following elements are considered: (CCDR-Alentejo, 2014, pp. 62–63).

▪ **Distinctive features**

- Évora and Elvas are UNESCO World Heritage Sites and Santarém the capital of the Gothic.
- Vast and rich historical-cultural heritage (architectural, archaeological) in reasonable condition, with emphasis on about fifty clusters with great heritage importance, eight Roman stations of international interest, about five hundred religious buildings and around fifty castles and forts.
- Considerable heritage inherited by ancestors is present throughout the territory of Alentejo, as are the oldest forms of art and rites patented in cave paintings, the hundreds of megalithic monuments, or the various ruins from the Roman and Arab periods.
- A sustained portfolio of diversified and integrated products based on tourism resources associated with tourism in rural areas and new rurality, encompassing equestrianism, birdwatching, and hunting activities.
- Vast intangible heritage still very present in communities: gastronomy, wine, music, folk tales, religious syncretism (associated with traditions and places of worship) and singing (recently classified by UNESCO as Intangible Cultural Heritage of Humanity).
- Existence of scientific and technological skills in the region, with specificity and international recognition (materials sciences, art, history).

▪ **Competitive advantages:**

- Cultural and patrimonial values endowed with a consolidated identity for centuries and integrated in a region with unique landscape characteristics in the national and international context.
- Unique and innovative processes of valorisation of the cultural and environmental heritage as a support for regional attractiveness, namely in rehabilitation of historic centres and the recovery of heritage elements.
- Dynamic business activity, articulated with the "food and forest" domain but also with heritage, based on the cultural and environmental identity of Alentejo

and the formatting of supply in line with specific segments of demand more sophisticated.

- Attracting market segments with higher added value and with greater demand potential for services with high added value and knowledge-intensive services that lead to an expansion of qualified and differentiated tourist offer
- Reinforcement of the region's visibility at national and international, with an emphasis on heritage (gastronomy, crafts, music, poetry, singing)
- Increase in qualified external demand for the variety of the tourism product portfolio based on endogenous resources (culture, wines and gastronomy, nature, equestrian, identity, heritage ...).

▪ **Opportunities:**

- Increasing demand, nationally and internationally, for sites of heritage interest, related to archaeological, architectural, artistic, and gastronomic sites and circuits.
- Increasing international demand for research centres in the region.
- Recovery, rehabilitation and re-functionalisation of traditional arts and crafts through of cultural and creative industries.
- Valuing innovation in tourism services based on systems that value co-competition and business co-creation.
- Sustained growth in tourism, with emphasis on new consumption patterns and motivations that will favour destinations that offer diverse experiences. high degree of authenticity and environmental quality (heritage, culture, arts, sport, environment, ...).

## 7.5 Algarve

As far as the Algarve region is concerned, the 'Strategic Marketing Plan for Algarve Tourism 2015-2018', was divided into 3 phases:

1. Diagnosis of tourist activity in the region, including:
  - a) Analysis of the national and international tourist panorama, through the study of consumption profiles in the main origin markets, with a particular focus on the evolution of the main national indicators.

- b) Assessment of the tourist performance of the Algarve region, defining the starting point for the new phase, by characterising the tourism supply and the support infrastructures located in the region, as well as the behaviour of the demand vis-à-vis the destination, and the performance of the competition.
- c) Identification of tourism and spatial planning references, highlighting opportunities and constraints on their development.
- d) Identification of the main trends influencing tourism consumption.

2. Definition of objectives and strategic guidelines:

- b) Diagnosis of the tourist activity in the region, identifying strengths, and weaknesses opportunities and threats (SWOT analysis), recognizing the critical success factors and the differentiating and qualifying elements.
- c) Define the positioning of the region as a tourist destination.
- d) Define the strategic vision for tourism in the Algarve.
- e) Present strategic guidelines, in terms of segmentation and product and market development.
- f) Propose strategic objectives for the period 2015-2018.

3. Defining action plans (Turismo de Portugal, 2014, pp. 5–6).

In addition to the traditional sun and sea and golf, it is recommended that the Algarve should invest in seven products to mitigate seasonality and complete the tourism supply, namely: residential tourism; health and wellness tourism; nature tourism; nautical tourism; business tourism; touring; gastronomy and wines (Turismo de Portugal, 2014, p. 23). As concerns the strategic products, the Algarve highlighted the following lines of action (Turismo de Portugal, 2014, p. 24):

- Sun and sea: develop accessibility for the winter and for new markets in summer; enrich the experience; requalify urban areas; rethink distribution.
- Golf: requalify surrounding areas; develop content and make it available on communication and distribution channels; place the product on the market.
- Residential tourism: make systematic and customer-oriented information available on the web; placing the product on the market.
- Health and wellness tourism: perform a global diagnosis of medical tourism; analysis of the national competitive scenario; definition of the business model; develop content

and its availability in communication channels; develop diversity of spa and thalassotherapy experiences.

- Nature tourism: develop content and make it available on channels; create diversity of walking, bike or horseback riding experiences; specialize the service/experience; develop good sustainability practices in the entire value chain of the “bird watching” product.
- Nautical tourism: raise awareness of the Portuguese Immigration and Borders Service and captaincies for the standardization and streamlining of procedures; promote the offer of marinas and recreational ports according to the available moorings; make the municipalities aware of the quality and good conditions of access to beaches, publicizing international events, promoting the surf as a competitive product.
- Business tourism: develop infrastructures for up to 3,000 people, as well as complementary equipment; developing specialized services; prospecting and placing the product on the market.
- Touring: value georeferenced resources; develop contents and information; encourage and diversify experiences.
- Gastronomy and wines: densify activities; develop content and experiences; integrate the supply in promotion and marketing platforms.

Tourism is considered as a smart specialisation domain within the '**Regional Smart Specialization Strategy (RIS3)**' for Algarve (Table 5), namely in what concerns its potential for innovation. Tourism is the dominant area of the regional economy, although it needs reforms that allow it to add value and become more sustainable (in its production cycle and in the maintenance of jobs), while supporting other activities in its growth or revitalization process. This sector, due to its weight in the regional economy and given the immense set of activities that gravitate around it, has a structural role and an increased responsibility in the strategy, both for its own dynamics and for its capacity and social responsibility towards the region to foster the dynamism of other sectors, establishing multivariate relations and incorporating goods and services of local/regional origin in its value chain (CCDR-A, 2020). The need for diversification of the so-called 'regional attraction' is also emphasized, developing complementary and emerging tourism products in addition to 'sun and sea', as in the case of golf; nautical tourism; cruise tourism; nature, environment, and rural tourism; cultural; health; and MICE.

## 7.6 Azores

For the Azores Autonomous Region, two important documents frame the regional tourism strategy (Table 5). The Strategic Tourism Marketing Plan for this region “has as its central objective the definition of a set of strategies, in a dichotomous approach between markets and products that, based on the needs of the territory and the various stakeholders of the destination, allows to achieve the following results: qualification and sustainable development of the tourism sector; preservation of the environment; development of the tourist activity as a tool to boost the regional economy in all the islands” (Turismo dos Açores & IPDT, s/d, p. 7).

There are several proposals and recommendations with the following objectives: leverage the renown of the Azores with final consumers; position the Azores as an exclusive destination of exuberant nature; promote permanent cooperation between public and private actors in its implementation; and improve the competitiveness of the destination and increase tourist flows.

For the report 'Research and Innovation Strategy for Intelligent Specialization (RIS3) of the Autonomous Region of the Azores', the vision for tourism is that “In 2020, the Autonomous Region of the Azores will be recognized as a destination of excellence for key market segments, in which regional actors, acting in a coordinated way and using innovative tools, are able to structure a qualified offer, which promotes the use of the differentiating elements of the Region in a sustainable way.” (SPI Açores, 2014, p. iv).

The strategic RIS3 priorities for the sector were divided into three parts (SPI Açores, 2014, p. iv):

- TUR1: Application of information and communication technologies in tourism.
- TUR2: Identification and attraction of specific tourist segments at international level, from the perspective of developing sustainable tourism.
- TUR3: Fostering collaborative relationships and promoting innovative activities related to tourism.

Finally, the operations for the tourism sector are the following (SPI Açores, 2014, p. vi):

- TUR1: Extend the use of information technologies for the promotion and monitoring of tourist activity in the Azores; use social networks to co-define the tourist offer; promote the development of tourism-oriented mobile applications.
- TUR2: Define and consolidate tourism products specific to the Azorean reality, anchored in differentiating factors of the region, namely natural resources and biodiversity; promote the application of environmental sustainability principles (energy, water, waste, ...) in the different actors in the tourism value chain; expand knowledge about

the tourists who currently visit the Azores and their motivations, as well as about similar destinations, the respective products offered and the affected segments; identify new markets and the most suitable channels.

- TUR3: Foster the adoption of broad collaborative strategies; foster coordination between companies, public administration, and entities in the Scientific and Technological System of the Azores; enhance coordination between tourism and other areas considered to be priorities; encourage entrepreneurship and the creation of new businesses in the field of tourism.

## 7.7 Madeira

The definition of the Autonomous Region of Madeira tourism strategy is set in the **'Strategic Document for Tourism in RAM (2015-2020)'**. The identified mission is to *"provide visitors with an offer of innovative, diversified and authentic tourist solutions that capitalize on the talent of our people, the essence of local values and traditions and that accelerate the economic, environmental and social development of the Madeira Archipelago"* (ACIF & KPMG, 2015, p. 29). The vision is to *"be a destination known for its diverse forms of contact with nature, complemented by moments of relaxation in an authentic, modern and cosmopolitan environment, throughout the year, which provides visitors with always positive experiences"* (ACIF & KPMG, 2015, p. 31). The mission and vision can be fulfilled through a set of strategic objectives, which are to:

1. Increase the level of satisfaction of tourists at all times of the trip.
2. Decrease seasonality by stimulating demand in the winter and shoulder months.
3. Improve the performance of the results of the various economic agents, public and private, encompassing the sub-sectors of accommodation, restaurants, commerce, tourist entertainment and transport, in order to guarantee continuous investment in the sector.
4. Contribute to the development of the region by improving the performance of the tourism sector.
5. Contribute to the preservation and enhancement of the region's natural, historical and cultural heritage (ACIF & KPMG, 2015, p. 32).

This document was recently updated. The new **'Strategy for Madeira Tourism 2017-2021'** considers the following priorities for strategic development:

1. Transversal re-qualification of the tourism sector (supply, economic activity, legislation and inspection, monitoring of tourist activity, and environmental sustainability).
2. Defining and promoting the strategic positioning of the Madeira region, in line with the capacity of the offer and with the consumption trends of the priority and development markets.
3. Investing in "brand awareness" with priority markets, placing Madeira at the "front of the mind" of potential consumer segments.
4. Achieve international recognition as a "must visit" destination in Europe.

In this context, three strategic objectives and several related specific objectives are defined:

**1. Qualify and consolidate the tourism supply:**

- a. Promote innovation and modernization of the tourism offer (associated product and service).
- b. Increase and direct specific training to professionals in the sector.
- c. Increase the level of satisfaction of tourists throughout the Madeira tourism value chain.
- d. Consolidate the quality of service and the Madeiran culture of "welcoming".
- e. Preserve and enhance the natural, historical, and cultural heritage of the region.
- f. Regulate the sector, as necessary.

**2. Reinforce the reputation and attractiveness of the destination:**

- a. Increase the level of recognition of the destination's "brand awareness".
- b. Increase the intention to visit and the level of loyalty to the destination.
- c. Promote the greater attractiveness of the Madeira region, reinforcing and renewing its commitment to markets and segments with a preference for the consumption of the "Madeira product".

**3. Improve destination performance indicators:**

- a. Increase RevPAR.
- b. Increase the occupancy rate.
- c. Decrease seasonality.
- d. Increase visitors' average daily spending.
- e. Increase the flow of visitors.

Additionally, the portfolio of products is defined, according to its strategic interest to the region (Figure 52).



Figure 56 – Portfolio of Tourism products for the Madeira region

Source: RAM & SRECT (2017)

As concerns the ‘**Regional Smart Specialization Strategy for Madeira**’, the tourism sector is present in section 4. ‘Thematic Priorities’, 4.1. ‘Tourism’. The priority areas for S&T intervention (2014-2020) were as follows (Agência Regional para o Desenvolvimento da Investigação, 2014, pp. 53–54):

- Attraction/creation of a critical mass specialized in tourism – with a view to improving scientific research, increasing the knowledge available about tourism phenomena and boosting the local or international training offer through the signing of partnerships, with particular focus on the following areas: transport; destination management – component of price, product, promotion and distribution; hospitality (issues related to the quality of service/attendance in hotels and restaurants); digital marketing.
- Creation, development, maintenance, and permanent monitoring of a destination information system about visitors, in order to know them more rigorously and according to a periodicity appropriate to the dynamics of the tourist phenomenon, not only with a view to monitoring in terms of visitor profiles, but also increased knowledge about their consumption patterns and trends, in the face of the global tourist phenomenon.
- Development and implementation of a set of innovative tools in the promotion and commercialization of the destination.

## 8 Analysis of the EU funds used in the period 2007-2013 and 2014-2020 for the tourism sector (direct investments in tourism, and other investments that might have contributed to the development of tourism)

### 8.1 Operational Programmes (2007-2013) – Nationals

#### 8.1.1. Operational Programme 'Thematic Factors of Competitiveness'<sup>72</sup>

This operational programme falls under the convergence objective, which is co-financed by the ERDF. According to the European Commission, “On 11 October 2007, the European Commission approved a Regional Operational Programme for the regions North, Centre and Alentejo in Portugal for the 2007-2013 period (...) and has a total budget of around €3.1 billion. Community funding through the European Regional Development Fund (ERDF) amounts to some €2.4 billion, which represents approximately 11.2% of the total EU investment for Portugal under the 2007-2013 Cohesion Policy”.<sup>73</sup>

The programme is based on six priority axes, and presents the following values:

**Table 8 – Breakdown of finances by priority axis (OP FC)**

Priority Axis	EU Investment €	National Public Contribution	Total Public Contribution
Priority 1: Knowledge and technological development [approximately 16.1% of total funding]	500 000 000	273 800 000	773 800 000
Priority 2: Innovation and renewal of the enterprise model and the pattern of specialisation [approximately 39.3% of total funding]	1 220 000 000	1 540 000 000	2 760 000 000
Priority 3: Financing and risk sharing of innovation [approximately 11.6% of total funding]	360 000 000	154 285 712	514 285 712
Priority 4: A performing public administration of high	685 000 000	293 571 429	978 571 429

<sup>72</sup>Technical and Financial Information: Type of intervention (Operational programme); CCI No. (2007PT161PO001); Number of decision (C / 2007/5070); Final approval date (11/10/2007).

<sup>73</sup>[https://ec.europa.eu/regional\\_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-thematic-factors-of-competitiveness](https://ec.europa.eu/regional_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-thematic-factors-of-competitiveness)

Priority Axis	EU Investment €	National Public Contribution	Total Public Contribution
quality [approximately 22.1% of total funding]			
Priority 5: Networks and collective actions of enterprise development [approximately 8.4% of total funding]	260 000 000	111 428 550	371 428 550
Priority 6: Technical assistance [approximately 2.5% of total funding]	78 789 011	33 766 719	112 555 730
<b>Total</b>	<b>3 103 789 011</b>	<b>2 406 852 410</b>	<b>5 510 641 421</b>

Source: European Commission<sup>73</sup>

During the period of 2007-2013, 75 projects related to the tourism sector were carried out, mainly on the priority axis “innovation and renewal of the business model and the specialization standard” (63 of 75 projects), linked to the “innovation and renewal of the business model” policy area. The type of operation most used was “incentives to innovation (SI Innovation)” (44 out of 75 projects), followed by “incentives to the qualification and internationalization of SMEs (SI Qualification of SMEs)” (17 out of 75 projects). Has ERDF funding, where the eligible investment in these 75 projects was around €238 785 944, public expenditure €117 224 574 and the Community Fund Executed €116 404 159. There are 11 CAEs associated with these projects that concern tourism (55111; 55116; 55117; 55119; 55121; 55123; 55202; 55204; 56101; 79110; 82300). There are two main ones: 55111 (hotels with restaurant) - 42 out of 75 projects; and 82300 (organization of fairs, congresses and other similar events) – 10 out of 75 projects.

### *8.1.2. Operational Programme 'Territorial Enhancement'<sup>74</sup>*

This operational programme is financed by the ERDF and also by the Cohesion Fund and is under the convergence objective. According to the European Commission, “On 12 October 2007, the European Commission approved a Regional Operational Programme for the 7 NUTS II regions in Portugal for the 2007-13 period (...) and has a total budget of around €6.6 billion. Community funding through the European Regional Development Fund (ERDF) amounts to some €4.7 billion (around €1.6 billion through the ERDF and around €3.1 billion through the Cohesion Fund). This

<sup>74</sup>Technical and Financial Information: Type of intervention (Operational programme); CCI No. (2007PT16UPO001); Number of decision (C / 2007/5110); Final approval date (12/10/2007).

represents approximately 21.7% of the total EU investment for Portugal under the Cohesion Policy for 2007-2013".<sup>75</sup>

This operational programme is organized into ten priority axes, half of which are financed by the Cohesion Fund (50% of the investment will be allocated to the transport sector, the other 50% to the environment and the promotion of the use of sustainable energy), and the other half by the ERDF.<sup>75</sup> It presents the following values:

**Table 9 – Breakdown of finances by priority axis (OP TE)**

<b>Priority Axis</b>	<b>EU Investment €</b>	<b>National Public Contribution €</b>	<b>Total Public Contribution €</b>
Priority 1: National Structural Transport Networks and Equipment (Cohesion Fund) [approximately 33.3% of total funding]	1 552 965 525	665 557 000	2 218 522 525
Priority 2: Structural Water Supply Network (Cohesion Fund) [approximately 17.2% of total funding]	803 000 000	344 142 857	1 147 142 857
Priority 3: Prevention, Management and Monitoring of Natural and Technological Risks (Cohesion Fund) [approximately 11.5% of total funding]	534 000 000	228 857 143	762 857 143
Priority 4: Structural Networks and Equipment in the Autonomous Region of the Azores (Cohesion Fund) [approximately 1.5% of total funding]	70 000 000	30 000 000	100 000 000
Priority 5: Structural Networks and Equipment in the Autonomous Region of Madeira (Cohesion Fund) [approximately 2.1% of total funding]	100 000 000	42 857 143	142 857 143
Priority 6: Structuring Investments for the Multi-Purpose Alqueva Project (ERDF) [approximately 5.9% of total funding]	275 000 000	117 857 143	392 857 143

<sup>75</sup>[https://ec.europa.eu/regional\\_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-territorial-enhancement](https://ec.europa.eu/regional_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-territorial-enhancement)

Priority Axis	EU Investment €	National Public Contribution €	Total Public Contribution €
Priority 7: Infrastructures for the Connection of Territories (ERDF) [approximately 5.8% of total funding]	270 000 000	115 714 286	385 714 286
Priority 8: National Infrastructures for processing Urban Solid Waste (ERDF) [approximately 3.3% of total funding]	155 000 000	66 428 571	221 428 571
Priority 9: Development of the National Urban System (ERDF) [approximately 17.2% of total funding]	799 000 000	342 428 571	1 141 428 571
Priority 10: Technical assistance [approximately 2.1% of total funding]	99 578 698	17 572 711	117 151 409
<b>Total</b>	<b>4 658 544 223</b>	<b>1 971 415 425</b>	<b>6 629 959 648</b>

Source: European Commission<sup>75</sup>

## 8.2. Cross-border, transnational and interregional co-operation

### 8.2.1. Operational Programme 'Madeira - Açores - Canarias'<sup>76</sup>

This is a transnational territorial cooperation programme that is within the scope of the European territorial cooperation objective, which is co-financed by the ERDF. According to the European Commission, it "(...) approved on 18 September 2007 a European territorial cooperation programme for transnational cooperation between the archipelagos of Madeira and Açores (Portugal) and the Canary Island (Spain) for the period 2007-2013, the "Transnational Cooperation Programme Madeira-Açores-Canarias (MAC) 2007-2013"<sup>77</sup>.

The budget<sup>78</sup> for this 'Madeira-Azores-Canaries' programme is around €65 million, and the ERDF is 55 million euros.<sup>77</sup>

<sup>76</sup>Technical and Financial Information: Type of intervention (Operational programme); CCI No. (2007CB163PO007); Number of decision (C / 2007/4243); Final approval date (09/18/2007).

<sup>77</sup>[https://ec.europa.eu/regional\\_policy/pt/atlas/programmes/2007-2013/crossborder/operational-programme-madeira-azores-canarias](https://ec.europa.eu/regional_policy/pt/atlas/programmes/2007-2013/crossborder/operational-programme-madeira-azores-canarias)

<sup>78</sup>Community support for the three Atlantic island regions NUTS II (in the participating countries)

The “Transnational Cooperation Programme Madeira-Açores-Canarias (MAC) 2007-2013” is based on four priority axes, which presents the following breakdown of finances:

**Table 10 – Breakdown of finances by priority axis (Transnational Cooperation Programme Madeira-Açores-Canarias (MAC) 2007-2013)**

<b>Priority Axis</b>	<b>EU Investment €</b>	<b>National Public Contribution €</b>	<b>Total Public Contribution €</b>
Priority 1: Promotion of research, technological development, innovation and the information society	18 129 343	3 199 294	21 328 637
Priority 2: Strengthening of environmental management and risk prevention	9 941 110	1 754 313	11 695 423
Priority 3: Cooperation with third countries and application of the wider neighbourhood principle	24 000 000	4 235 294	28 235 294
Priority 4: Technical assistance	3 323 646	586 525	3 910 171
<b>Total</b>	<b>55 394 099</b>	<b>9 775 426</b>	<b>65 169 525</b>

Source: European Commission<sup>77</sup>

### *8.2.2. Operational Programme 'Atlantic Area'<sup>79</sup>*

This programme corresponds to the ‘European Territorial Cooperation Objective’ which is co-financed by the ERDF, with total budget of 159 million euros (ERDF community investment, around €104 million) for 33 coastal areas of countries that are part of this transnational programme. According to the European Commission, it “(...) approved on 20 September 2007 a European territorial cooperation programme for transnational cooperation between Ireland, Spain, France, Portugal and the United Kingdom for the period 2007-2013”.<sup>80</sup>

Given this, the programme is based on five priority axes and presents the following breakdown of finances:

<sup>79</sup>Technical and Financial Information: Type of intervention (Operational programme); CCI No. (2007CB163PO029); Number of decision (C / 2007/4292); Final approval date (20/09/2007)

<sup>80</sup>[https://ec.europa.eu/regional\\_policy/pt/atlas/programmes/2007-2013/crossborder/operational-programme-atlantic-area](https://ec.europa.eu/regional_policy/pt/atlas/programmes/2007-2013/crossborder/operational-programme-atlantic-area)

**Table 11 – Breakdown of finances by priority axis (Operational Programme 'Atlantic Area')**

<b>Priority Axis</b>	<b>EU Investment €</b>	<b>National Public Contribution €</b>	<b>Total Public Contribution €</b>
Priority 1: Promote transnational entrepreneurial and innovation networks	27 352 061	14 728 033	42 080 094
Priority 2: Protect, secure and enhance the marine and coastal environment sustainably	37 704 800	20 302 585	58 007 385
Priority 3: Improve accessibility and internal links	18 433 632	9 925 802	28 359 434
Priority 4: Promote transnational synergies in sustainable urban and regional development	14 317 666	7 709 512	22 027 178
Priority 5: Technical assistance	6 243 074	2 081 025	8 324 099
<b>Total</b>	<b>104 051 233</b>	<b>54 746 957</b>	<b>158 798 190</b>

Source: European Commission<sup>80</sup>

### *8.2.3. Operational Programme 'South West Europe'<sup>81</sup>*

This operational programme is co-financed by the ERDF (99 million euros) and falls under the 'European Territorial Cooperation Objective', with a total budget of 132 million euros. According to the European Commission, "On 26 September 2007, (...) approved a European Territorial Cooperation Programme for transnational cooperation between Spain, France, Portugal and the United Kingdom for the period 2007-2013".<sup>82</sup>

There is community support for 30 areas (NUTS II) in the participating countries (including the entire territory of Spain, except for the Canary Islands, and Portugal and the regions of southern France and Gibraltar).<sup>82</sup> It is based on five priorities and presents the following breakdown of finances:

<sup>81</sup>Technical and Financial Information: Type of intervention (Operational programme); CCI No. (2007CB163PO008); Number of decision (C / 2007/4347 final); Final approval date (26/09/2007).

<sup>82</sup>[https://ec.europa.eu/regional\\_policy/pt/atlas/programmes/2007-2013/crossborder/operational-programme-south-west-europe](https://ec.europa.eu/regional_policy/pt/atlas/programmes/2007-2013/crossborder/operational-programme-south-west-europe)

**Table 12 – Breakdown of finances by priority axis (OP 'South West Europe')**

<b>Priority Axis</b>	<b>EU Investment €</b>	<b>National Public Contribution €</b>	<b>Total Public Contribution €</b>
Priority axis 1: Promotion of innovation and establishment of sustainable networks in the field of technological cooperation [approximately 33.0% of total funding]	32 707 028	10 902 819	43 609 847
Priority axis 2: Improving sustainability in order to protect and conserve the environment and the natural heritage of the Southwest Europe area [approximately 23.6% of total funding]	23 362 163	7 787 728	31 149 891
Priority axis 3: Harmonious integration of the Southwest Europe area and improving the accessibility to information networks [approximately 23.6% of total funding]	23 362 163	7 787 728	31 149 891
Priority axis 4: Promotion of sustainable urban development based on transnational cooperation [approximately 14.2% of total funding]	14 017 298	4 672 637	18 689 935
Priority axis 5: Technical assistance [approximately 5.6% of total funding]	5 964 807	1 491 267	7 456 074
<b>Total</b>	<b>99 413 459</b>	<b>32 642 179</b>	<b>132 055 638</b>

Source: European Commission<sup>82</sup>

#### *8.2.4. Operational Programme 'Mediterranean Programme'<sup>83</sup>*

This transnational cooperation operational programme is co-financed by the ERDF and is under the 'European Territorial Cooperation Objective'. According to the European Commission, “On 20 December 2007, (...) approved a transnational cooperation Programme between Cyprus, France, the United Kingdom, Greece, Italy, Malta, Portugal, Slovenia, Spain (with participation

<sup>83</sup>Technical and Financial Information: Type of intervention (Operational programme); CCI No. (2007CB163PO045); Number of decision (C / 2007/6578); Final approval date (12/20/2007).

of Croatia, Bosnia and Herzegovina, Montenegro and Albania with IPA funds) for the period 2007-2013. The “Mediterranean” Programme falls within the framework laid out for the European Territorial Cooperation Objective and has a total budget of around €256 million. Community funding through the European Regional Development Fund (ERDF) amounts to some €193 million, which represents approximately 2.2% of the total EU investment earmarked for the European Territorial Cooperation Objective under the Cohesion Policy for 2007-2013”.<sup>84</sup>

The operational programme is organized into five priority axes, with the following breakdown of finances:

**Table 13 – Breakdown of finances by priority axis (OP 'Mediterranean Programme')**

<b>Priority Axis</b>	<b>EU Investment €</b>	<b>National Public Contribution €</b>	<b>Total Public Contribution €</b>
Priority 1: Strengthening innovation capacities [approximately 30.0% of total funding]	57 957 399	19 009 318	76 966 717
Priority 2: Protection of the environment and promotion of a sustainable territorial development [approximately 34.0% of total funding]	65 685 053	21 543 894	87 228 946
Priority 3: Improving mobility and territorial accessibility [approximately 20.0% of total funding]	38 638 266	12 672 879	51 311 145
Priority 4: Promotion of a polycentric and integrated MED space [approximately 10.0% of total funding]	19 319 133	6 336 439	25 655 572
Priority 5: Technical assistance [approximately 6.0% of total funding]	11 591 480	3 863 827	15 455 306
<b>Total</b>	<b>193 191 331</b>	<b>63 426 357</b>	<b>256 617 686</b>

Source: European Commission<sup>84</sup>

<sup>84</sup>[https://ec.europa.eu/regional\\_policy/pt/atlas/programmes/2007-2013/crossborder/operational-programme-mediterranean-programme](https://ec.europa.eu/regional_policy/pt/atlas/programmes/2007-2013/crossborder/operational-programme-mediterranean-programme)

### 8.3. Operational Programmes (2007-2013) – Regional

#### 8.3.1. Operational Programme 'Norte' (2007-2013)<sup>85</sup>

This regional operational programme was co-financed by the ERDF, and is under the 'Convergence Objective'. According to the European Commission, "On 10 October 2007, the European Commission approved a Regional Operational Programme for the region Norte in Portugal for the period 2007-2013 (...) and has a total budget of around €4.3 billion. Community investment through the European Regional Development Fund (ERDF) amounts to some €2.7 billion, which represents approximately 12.3% of the total EU investment for Portugal under the Cohesion Policy for 2007-13".<sup>86</sup>

There are six priority axes that make the OP, which presents the following breakdown of finances:

**Table 14 – Breakdown of finances by priority axis (OP Norte)**

<b>Priority Axis</b>	<b>EU Investment €</b>	<b>National Public Contribution €</b>	<b>Total Public Contribution €</b>
Priority 1: Competitiveness, innovation, and knowledge [approximately 29.0% of total funding]	786 645 133	661 614 905	1 448 260 038
Priority 2: Economic enhancement of specific resources [approximately 10.3% of total funding]	280 000 000	134 814 815	414 814 815
Priority 3: Environmental and territorial enhancement and development [approximately 28.4% of total funding]	770 000 000	330 000 000	1 100 000 000
Priority 4: Urban system development [approximately 23.8% of total funding]	645 000 000	347 307 692	992 307 692
Priority 5: Governance and institutional enablement [approximately 5.2% of total funding]	141 871 534	53 813 340	195 684 874

<sup>85</sup>Technical and Financial Information: Type of intervention (Operational programme); CCI No. (2007PT161PO002); Number of decision (C / 2007/5070); Final approval date (10/10/2007).

<sup>86</sup>[https://ec.europa.eu/regional\\_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-norte](https://ec.europa.eu/regional_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-norte)

Priority 6: Technical assistance [approximately 3.2% of total funding]	88 128 466	15 552 082	103 680 548
<b>Total</b>	<b>2 711 645 133</b>	<b>1 543 102 834</b>	<b>4 254 747 967</b>

Source: European Commission<sup>86</sup>

### Projects related to the tourism sector:

Taking the information provided by the European Union into account, the list of operations was selected according to the project's CAE (for this calculation, the operations whose CAE are included in the tourism sector were considered: CAE 55; CAE 56; CAE 79, and CAE 823). According to the information provided, 186 projects related to the tourism sector were executed for this operational programme during the period 2007-2013, mainly in the priority area “competitiveness, innovation and knowledge” (179 of 186 projects), mostly linked to the policy area “innovation and renewal of the business model”. The most used type of operation was “incentives for the qualification and internationalization of SMEs (SI Qualificação de PME)” (76 of 186 projects); followed by “innovation incentives (SI Innovation)” (81 out of 186 projects); and “local support incentive system for micro enterprises” (21 of 186 projects). The remainder have fewer projects allocated. The eligible investment in these 186 projects was €138 437 533, public expenditure executed €93 807 351 and the Community Fund executed €93 168 286. There are 29 CAEs, with the main CAEs for the projects being: 55202 (tourism in rural areas) – 37 out of 186 projects; 55111 (hotels with restaurant) – 31 out of 186 projects; 82300 (organization of fairs, congresses and other similar events) – 20 of 186 projects; 56101 (traditional type restaurants) – 19 out of 186 projects; 79110 (travel agency activities) – 14 out of 186 projects; 56301 (cafés) – 12 out of 186 projects; 56303 (patisseries and tea houses) - 8 out of 186 projects; and 56107 (restaurants, n.e. (includes mobile restaurant activities)) - 7 out of 186 projects.

Regarding the list of operations selected according to the type of operation (for this purpose, the typology of operation (TO) was considered, which includes projects directly or indirectly related to tourism activity), in total, 1059 projects were identified, distributed in the Portuguese NUTS II:

Table 15 – TO selected

TO – Types of Operation	Operation Code No.	Executed Community Fund (€)
Support to Tourism Development	147	11 619 469
Active Management of Protected and Classified Spaces	76	44 739 696
Incentives for the Promotion of Tourism Excellence in Madeira Autonomous Region (SI TURISMO)	54	18 546 564
Collective Infrastructures and Equipment in the Madeira Autonomous Region – Cultural, Tourism Potential and Leisure	6	8 921 333
Cultural Equipment Network	152	81 194 341
Network of Local Animation Facilities in the Azores Autonomous Region	16	9 728 958
Valuation and Animation of Cultural Heritage	221	100 235 133
Economic Valuation of Specific Resources	387	226 695 749
<b>Total</b>	<b>1 059</b>	<b>501 681 242</b>

Source: European Commission

The projects related to the tourism sector in this specific case for the North Region, four types of operation were identified: active management of protected and classified spaces (43 out of 76 projects), with a total Community Fund of €44 739 696, of which €33 006 779 was carried out for the 43 projects €; cultural Facilities network (54 out of 152 projects), with Community Fund Implemented of €81 194 341, which €21 588 037 was executed for the 54 projects; enhancement and animation of cultural heritage (114 out of 221 projects), with a Community Fund implemented of €100 235 133, and for the 114 projects €51 066 794; and economic valorisation of specific resources (387 projects) covering only the North Region with a Community Fund executed of €226 695 749.

### 8.3.2. Operational Programme 'Centro' (2007-2013)<sup>87</sup>

This operational programme for the Centre Region is co-financed by the ERDF (1,700 million euros, representing around 7.9% of the Community contributions to Portugal under the 2007-2013 cohesion policy), with a total budget of €2.9 billion euros, and is covered by the 'Convergence Objective'.<sup>88</sup>

Given this, the OP has six priority axes, with the following breakdown of finances:

**Table 16 – Breakdown of finances by priority axis (OP Centro)**

Priority Axis	EU Investment €	National Public Contribution €	Total Public Contribution €
Priority 1: Competitiveness, innovation, knowledge [about 37.6% of total investment]	576 892 050	504 967 846	1 081 859 896
Priority 2: Development of towns and urban systems [about 16.9% of total investment]	250 000 000	236 650 793	486 650 793
Priority 3: Strengthening and enhancing local areas [about 23.2% of total investment]	468 000 000	200 571 428	668 571 428
Priority 4: Protecting and enhancing the environment [about 11.9% of total investment]	210 756 820	133 077 877	343 834 697
Priority 5: Governance and institutional capacity [about 8.2% of total investment]	140 681 178	94 454 484	235 135 662
Priority 6: Technical assistance [about 2.3% of total investment]	55 303 076	9 759 366	65 062 442

<sup>87</sup>Technical and Financial Information: Type of intervention (Operational programme); CCI No. (2007PT161PO003); Number of decision (C / 2007/4693); Final approval date (10/9/2007).

<sup>88</sup>[https://ec.europa.eu/regional\\_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-centro](https://ec.europa.eu/regional_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-centro)

<b>Total</b>	<b>1 701 633 124</b>		<b>1 179 481 794</b>	<b>2 881 114 918</b>
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Source: European Commission<sup>88</sup>

### **Projects related to the tourism sector:**

Regarding the list of operations selected according to the project's CAE (for this calculation, the operations whose CAE are included in the tourism sector were considered: CAE 55; CAE 56; CAE 79, and CAE 823), 160 projects related to the tourism sector were carried out during 2007-2013, mainly in the priority area “competitiveness, innovation and knowledge” (155 out of 160 projects), mostly linked to the “innovation and renewal of the business model” policy area. The type of operation most used was “incentives for the qualification and internationalization of SMEs (SI SME Qualification)” (77 of 160 projects), followed by “incentives for innovation (SI Innovation)” (65 of 160 projects), and the “local support incentive system for micro enterprises” (16 out of 160 projects). The eligible investment in these 160 projects was €82 824 824, public expenditure executed €57 462 160 and the Community Fund Executed €57 319 113. There are 28 CAEs and the main CAEs for the projects are: 55111 (hotels with restaurant) – 43 out of 160 projects; 55202 (tourism in rural areas) – 34 out of 160 projects; 56101 (traditional type restaurants) – 21 out of 160 projects; 55121 (hotels without restaurant) – 10 out of 160 projects; 56301 (cafes) – 8 out of 160 projects; and 79110 (travel agency activities) – 8 out of 160 projects.

For the list of operations selected according to the type of operation (for this calculation, the typology of operation (TO) was included, which includes projects directly or indirectly related to tourist activity), a total of 1059 projects were identified, distributed in the Portuguese NUTS II (see Table 15).

The projects related to the tourism sector in this specific case, for the Centre Region, three types of operation were identified: active management of protected and classified spaces (15 out of 76 projects), with a total Community Fund of €44 739 696, where €6 302 338 was executed for the 15 projects; cultural Facilities network (43 out of 152 projects), with a Community Fund Implemented of €81 194 341, for 43 projects (€10 686 663); and valorization and animation of cultural heritage (20 out of 221 projects), with a Community Fund implemented of €100 235 133, with €17 636 109 for the 20 projects.

### 8.3.3. Operational Programme 'Lisbon' (2007-2013)<sup>89</sup>

This operational programme for the Lisbon Region is co-financed by the ERDF and is included under the 'Regional Competitiveness and Employment Objective'. According to the European Commission, "On 12 October 2007 (...) approved an Operational Programme for the Lisbon region in Portugal for 2007-2013. This Operational Programme comes under the Regional Competitiveness and Employment objective and has a total budget of about 681 million euros. The financing provided by the European Union under the European Regional Development Fund (ERDF) amounts to some 307 million euros, representing about 1.4% of Community aid to Portugal as part of the cohesion policy for 2007-2013".<sup>90</sup>

The operational programme 'Lisbon' is based on four priorities, with the following breakdown of finances:

**Table 17 – Breakdown of finances by priority axis (OP Lisbon)**

<b>Priority Axis</b>	<b>EU Investment €</b>	<b>National Public Contribution €</b>	<b>Total Public Contribution €</b>
Priority 1: Competitiveness, innovation and knowledge [about 57.0% of total investment]	155 273 945	232 910 914	388 184 859
Priority 2: Sustained regional growth [about 20.5% of total investment]	70 723 914	68 745 940	139 469 854
Priority 3: Social cohesion [about 20.5% of total investment]	70 723 914	68 745 941	139 469 855
Priority 4: Technical assistance [about 20.1% of total investment]	9 967 398	4 271 742	14 239 140
<b>Total</b>	<b>306 689 171</b>	<b>374 674 537</b>	<b>681 363 708</b>

Source: European Commission<sup>90</sup>

#### **Projects related to the tourism sector:**

Taking the list of operations selected according to the project's CAE into account (for this calculation, the operations whose CAE are included in the tourism sector were considered: CAE

<sup>89</sup>Technical and Financial Information: Type of intervention (Operational programme); CCI No. (2007PT162PO001); Number of decision (C / 2007/5100); Final approval date (12/10/2007).

<sup>90</sup>[https://ec.europa.eu/regional\\_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-lisbon](https://ec.europa.eu/regional_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-lisbon)

55; CAE 56; CAE 79, and CAE 823), 7 projects related to the tourism sector were executed during 2007-2013, in the priority axis “Competitiveness, Innovation and Knowledge” (7 out of 7 projects), the majority linked to the policy area “innovation and renewal of the business model”. The type of operation most used was “incentives for SME qualification and internationalization (SI SME Qualification)” (5 out of 7 projects), with the remainder having less projects allocated. The eligible investment in these 7 projects was €15 641 521, public expenditure executed €1 043 757 and the Community Fund executed €980,042. There are 5 CAEs. The main CAEs for the projects are: 79110 (travel agency activities) – 2 out of 7 projects; and 82300 (organization of fairs, congresses and other similar events) – 2 out of 7 projects.

The list of operations was selected according to the type of operation (for this calculation, the typology of operation (TO) includes projects directly or indirectly related to tourism activity). In total, 1059 projects were identified, distributed in the Portuguese NUTS II (see Table 15).

For Lisbon, two types of operation are associated: active management of protected and classified spaces (2 out of 76 projects), with a Community Fund executed of €44 739 696, where €1 284 847 was executed for the 2 projects; and cultural Facilities network (10 out of 152 projects), with a Community Fund implemented of €81 194 341 (10 projects – €1,029 216).

### 8.3.4. Operational Programme 'Alentejo' (2007-2013)<sup>91</sup>

The operational programme 'Alentejo', is co-financed by the ERDF (869 million euros, representing around 4.0% of the Community contributions to Portugal under the 2007-2013 cohesion policy), with a total budget of €1.46 billion, and is covered by the 'Convergence Objective'. According to the European Commission, “On 9 October 2007 (...) approved an Operational Programme for the Alentejo region in Portugal for 2007-2013”.<sup>92</sup>

This OP has six fundamental priorities, as can be seen from the following breakdown of finances:

**Table 18 – Breakdown of finances by priority axis (OP Alentejo)**

Priority Axis	EU Investment	National Public Contribution	Total Public Contribution
Priority 1: Competitiveness, innovation and knowledge	293 555 861	259 280 035	552 835 896

<sup>91</sup>Technical and Financial Information: Type of intervention (Operational programme); CCI No. (2007PT161PO004); Number of decision (C / 2007/4685); Final approval date (10/9/2007).

<sup>92</sup>[https://ec.europa.eu/regional\\_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-alentejo](https://ec.europa.eu/regional_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-alentejo)

Priority Axis	EU Investment	National Public Contribution	Total Public Contribution
[about 37.9% of total investment]			
Priority 2: Urban development [about 17.0% of total investment]	139 911 758	107 816 986	247 728 744
Priority 3: Improving the region's transport links [about 19.7% of total investment]	200 873 309	86 088 561	286 961 870
Priority 4: Enhancing the environment and rural areas [about 15.1% of total investment]	131 413 521	88 949 985	220 363 506
Priority 5: Governance and institutional capacity [about 8.3% of total investment]	77 179 529	44 363 791	121 543 320
Priority 6: Technical assistance [about 2.1% of total investment]	26 000 000	4 588 235	30 588 235
<b>Total</b>	<b>868 933 978</b>	<b>591 087 593</b>	<b>1 460 021 571</b>

Source: European Commission<sup>92</sup>

#### Projects related to the tourism sector:

The list of operations was selected according to the project's CAE (for this calculation, the operations whose CAE are included in the tourism sector were considered: CAE 55; CAE 56; CAE 79, and CAE 823). 91 projects related to the tourism sector were carried out during this period, mainly in the priority area “competitiveness, innovation and knowledge” (82 out of 91 projects), mostly linked to the “innovation and renewal of the business model” policy area. The type of operation most used was “incentives for the qualification and internationalization of SMEs (SI PME Qualification)” (43 of 91 projects), followed by “incentives for innovation (SI Innovation)” (27 of 91 projects) and “system of local Support incentives for micro enterprises” (13 of 91 projects). The remainder have fewer projects allocated. The eligible investment in these 91 projects was €90 893 212, public expenditure executed €47 609 547 and the Community Fund executed €46 369 427. There are 21 CAEs. The main CAEs for the projects are: 55202 (tourism in rural areas) – 25 out of 91 projects; 55111 (hotels with restaurant) – 15 out of 91 projects; 56101 (traditional type restaurants) – 8 out of 91 projects; 56303 (patisseries and tea houses) – 7 out of 91 projects and 82300 (organization of fairs, congresses and other similar events) - 7 out of 91 projects.

The list of operations selected according to the type of operation (for this purpose, the typology of operation (TO) that includes projects, directly or indirectly related to the tourism activity) was considered, and a total of 1059 projects were identified, distributed in the Portuguese NUTS II (see Table 15).

In this specific case for the Alentejo, three types of operation were identified: active management of protected and classified spaces (11 out of 76 projects), with a total Community Fund of €44 739 696, and for the 11 projects, €2 445 139; cultural equipment network (14 out of 152 projects), with a Community Fund implemented of €81 194 341, and for 14 projects €5 799 323; and valorization and animation of cultural heritage (83 out of 221 projects), with a Community Fund implemented of €100 235 133, with €29 449 304 for the 83 projects.

### 8.3.5. Operational Programme 'Algarve' (2007-2013)<sup>93</sup>

The operational programme 'Algarve' is co-financed by the ERDF, and is covered by the 'Convergence Objective'. According to the European Commission, "On 10 October 2007, (...) approved a Regional Operational Programme for Algarve, Portugal, for the 2007-2013 period. The Operational Programme sets out the Community support for Portugal within the Convergence Objective framework. Community funding for this programme through the European Regional Development Fund (ERDF) amounts to some €175 million, which represents approximately 0.8% of the total EU investment in Portugal under the 2007-13 Cohesion Policy".<sup>94</sup> It presents the following priority axes:

Table 19 – Breakdown of finances by priority axis (OP Algarve)

Priority Axis	EU Investment €	National Public Contribution €	Total Public Contribution €
Priority 1: Competitiveness, innovation and knowledge [approximately 51 % of total funding]	89 958 171	97 111 120	187 069 291
Priority 2: Environmental protection and development [approximately 10 % of total funding]	18 322 055	16 912 667	35 234 722
Priority 3: Territorial enhancement and urban development [approximately 35% of total funding]	60 985 850	60 985 850	121 971 700

<sup>93</sup>Technical and Financial Information: Type of intervention (Operational programme); CCI No. (2007PT161PO005); Number of decision (C / 2007/5067 final); Final approval date (10/10/2007).

<sup>94</sup>[https://ec.europa.eu/regional\\_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-algarve](https://ec.europa.eu/regional_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-algarve)

Priority 4: Technical assistance [approximately 4.34 % of total funding]	5 685 940	2 436 831	8 122 771
<b>Total</b>	<b>174 952 016</b>	<b>177 446 468</b>	<b>352 398 484</b>

Source: European Commission<sup>94</sup>

### **Projects related to the tourism sector:**

The list of operations was selected according to the project's CAE (for this calculation, the operations whose CAE are included in the tourism sector were considered: CAE 55; CAE 56; CAE 79, and CAE 823). 77 projects related to the tourism sector were carried out during this period, mainly in the priority area “competitiveness, innovation and knowledge” (72 out of 77 projects), mostly linked to the policy area “innovation and renewal of the business model”. The type of operation most used was “incentives for the qualification and internationalization of SMEs (SI SME Qualification)” (51 out of 77 projects), followed by “incentives for innovation (SI Innovation)” (19 out of 77 projects). The remainder have fewer projects allocated. The eligible investment in these 77 projects was €70 292 725, public expenditure implemented €16 869 303 and the Community Fund implemented €16 599 021. There are 21 CAEs. The main CAEs of the projects are: 55111 (hotels with restaurant) – 9 out of 77 projects and 79110 (travel agency activities) – 8 out of 77 projects.

Taking the list of operations selected according to the type of operation into account (for this purpose, the operation typology (TO) was considered, including projects directly or indirectly related to tourism activity), a total of 1059 projects were identified, distributed among the Portuguese NUTS II (see Table 15).

In the Algarve, three types of operation were identified: active management of protected and classified spaces (4 out of 76 projects), with a Community Fund executed of €44 739 696, and the 4 projects with €754 651; cultural equipment network (5 out of 152 projects), with a Community Fund Implemented of €81 194 341, where €920 829 was executed for the 5 projects; and valorization and animation of cultural heritage (2 out of 221 projects), with a total Community Fund implemented of €100 235 133, and for the 2 projects (€1 055 095).

### 8.3.6. Operational Programme 'Azores' (2007-2013)<sup>95</sup>

This programme is also co-financed by the ERDF and is covered by the 'Convergence Objective'. According to the European Commission, "On 5 October 2007, (...) approved an operational programme for the Azores in Portugal covering the period 2007-2013. (...) and accounts for a total budget of approximately €1.2 billion. The aid provided by the European Union (EU) under the European Regional Development Fund (ERDF) amounts to some €966 million, which represents around 4.5% of Community contributions to Portugal in the framework of the cohesion policy 2007-2013".<sup>96</sup> It is based on six priority axes, as can be seen in the following breakdown of finances:

**Table 20 – Breakdown of finances by priority axis (OP Azores)**

<b>Priority Axis</b>	<b>EU Investment €</b>	<b>National Public Contribution €</b>	<b>Total Public Contribution €</b>
Priority 1: encourage the creation of wealth and jobs in the Azores [around 34.0% of total investment]	344 444 353	60 784 298	405 228 651
Priority 2: strengthen the society of the Azores and improve integration [around 23.1% of total investment]	233 781 483	41 255 556	275 037 039
Priority 3: improve regional infrastructure networks linked to accessibility [around 16.9% of total investment]	170 989 709	30 174 655	201 164 364
Priority 4: upgrade and enhance the environmental system [around 14.6% of total investment]	147 532 671	26 035 177	173 567 848
Priority 5: compensation for the additional costs linked to the remoteness of the Azores (allocation for the outermost regions) [around 11.0% of total investment]	65 600 833	65 600 833	131 201 666
Priority 6: technical assistance [around 0.4% of total investment]	4 000 000	705 882	4 705 882

<sup>95</sup>Technical and Financial Information: Type of intervention (Operational programme); CCI No. (2007PT161PO006); Number of decision (C / 2007/4625); Final approval date (10/05/2007).

<sup>96</sup>[https://ec.europa.eu/regional\\_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-azores](https://ec.europa.eu/regional_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-azores)

<b>Total</b>	<b>966 349 049</b>	<b>224 556 401</b>	<b>1 190 905 450</b>
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Source: European Commission<sup>96</sup>

### **Projects related to the tourism sector:**

Taking the list of operations selected according to the project's CAE into account (for this calculation, the operations whose CAE are included in the tourism sector were considered: CAE 55; CAE 56; CAE 79, and CAE 823), 238 projects related to the tourism sector were carried out during this period, mainly in the priority axis “streamlining the creation of wealth and employment in the Azores” (237 out of 238 projects), mostly linked to the policy area “innovation and renewal of the business model”. The type of operation most used was “support for tourism development” (101 of 238 projects), followed by “incentives for entrepreneurship RAA – Empreende Jovem” (67 of 238 projects) and “support for local development” (35 of 238 projects), with the remainder having less projects allocated. The eligible investment in these 238 projects was €100 146 303, public expenditure executed €46 385 646 and the Community Fund executed €40 758 495. There are 28 CAEs, with the main CAEs of the projects being: 55202 (tourism in rural areas) – 38 out of 238 projects; 55201 (furnished accommodation for tourists) – 26 out of 238 projects; 82300 (organization of fairs, congresses and other similar events) – 26 out of 238 projects; 56101 (traditional type restaurants) – 23 out of 238 projects; 56102 (restaurants with seats at the counter) – 19 out of 238 projects; 56302 (bars) – 13 of 238 projects; 55111 (hotels with restaurant) – 11 out of 238 projects; 56107 (restaurants, n.e. (includes restaurants activities in mobile environments)) – 11 out of 238 projects; 56104 (typical restaurants) – 9 out of 238 projects; 56303 (patisseries and tea houses) – 9 out of 238 projects; 55123 (tourist apartments without restaurant) – 8 out of 238 projects; and 56301 (cafes) – 7 out of 238 projects.

The list of operations was selected according to the type of operation (for this purpose, the typology of operation (TO) that includes projects, directly or indirectly related to the tourism activity was considered). A total of 1059 projects were identified, distributed in the Portuguese NUTS II (see Table 15).

In this specific case of the Azores, five types of operation were identified: support for the development of tourism with 147 projects for the Azores, with a total Community Fund of €11,619,469; active management of protected and classified spaces (1 out of 76 projects), with a Community Fund executed of €44 739 696, of which €945 941 was executed for 1 project; cultural equipment network (26 out of 152 projects), with a Community Fund implemented of €81 194 341, with €41 170 273 running for the 26 projects; local animation equipment network

in the Autonomous Region of the Azores with 16 projects for the Azores, with a Community Fund implemented of €9 728 958; and valorization and animation of cultural heritage (2 out of 221 projects), with a Community Fund implemented of €100 235,133, of which €1 027 831 was executed for the 2 projects.

### 8.3.7. Operational Programme 'Madeira' (2007-2013)<sup>97</sup>

This programme is co-financed by the ERDF and is covered by the 'Regional Competitiveness and Employment Objective'. According to the European Commission, "On 5 October 2007 the (...) approved an Operational Programme for the Autonomous Region of Madeira (Portugal) for 2007-2013 (...) and has a total budget of about 450 million euros. The financing provided by the European Union under the European Regional Development Fund (ERDF) amounts to some 321 million euros, representing about 1.5% of Community aid to Portugal as part of the cohesion policy for 2007-2013".<sup>98</sup> The operational programme is structured in six priorities:

**Table 21 – Breakdown of finances by priority axis (OP Madeira)**

<b>Priority Axis</b>	<b>EU Investment €</b>	<b>National Public Contribution €</b>	<b>Total Public Contribution €</b>
Priority 1: Innovation, technological development and the information society [about 9.7% of total investment]	34 992 667	8 748 167	43 740 834
Priority 2: Competitiveness of the regional economic basis [about 13.7% of total investment]	49 472 186	12 368 047	61 840 233
Priority 3: Sustainable development [about 19.8% of total investment]	71 342 601	17 835 650	89 178 251
Priority 4: Regional cohesion and governance [about 25.5% of total investment]	91 916 874	22 980 000	114 896 874
Priority 5: Compensation for the outermost regions' additional costs [about 29.5% of total investment]	66 324 676	66 324 676	132 649 352

<sup>97</sup>Technical and Financial Information: Type of intervention (Operational programme); CCI No. (2007PT162PO002); Number of decision (C / 2007/4622); Final approval date (10/05/2007).

<sup>98</sup>[https://ec.europa.eu/regional\\_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-madeira](https://ec.europa.eu/regional_policy/pt/atlas/programmes/2007-2013/portugal/operational-programme-madeira)

Priority 6: Technical assistance [about 1.7% of total investment]	6 500 000	1 147 059	7 647 059
<b>Total</b>	<b>320 549 004</b>	<b>129 403 599</b>	<b>449 952 603</b>

Source: European Commission<sup>98</sup>

### Projects related to the tourism sector:

Taking the list of operations selected according to the project's CAE into account (for this calculation, the operations whose CAE are included in the tourism sector were considered: CAE 55; CAE 56; CAE 79, and CAE 823) 656 projects related to the tourism sector were carried out during this period, mainly in the priority axis “compensation of the outermost cost overruns” (544 of 656 projects), with the vast majority linked to the policy area “ultra-periphery override”. The most used type of operation was “incentives to functioning” (544 of 656 projects), followed by “incentives for the promotion of tourist excellence in the Autonomous Region of Madeira (SI TURISMO)” (53 of 656 projects), and “incentives for revitalization of micro and small enterprises in the Autonomous Region of Madeira (SIRE – Special Projects) (43 out of 656 projects). The remainder have fewer projects allocated. The eligible investment in these 656 projects was around €196 316 937, public expenditure executed €41 340 319 and the Community Fund Executed €35 269 441. There are 31 CAEs, with the main CAEs of the projects being: 56101 (traditional type restaurants) – 168 of 656 projects; 55111 (hotels with restaurant) – 93 of 656 projects; 79110 (travel agency activities) – 63 of 656 projects; 56102 (restaurants with seats at the counter) – 49 of 656 projects; 56302 (Bars) - 38 of 656 projects; 56107 (restaurants, n.e. (includes restaurants activities in mobile environments)) – 30 out of 656 projects; 56303 (patisseries and tea houses) – 29 of 656 projects; 55113 (Inns with restaurant) – 26 out of 656 projects; 55116 (apartment hotels with restaurant) – 24 out of 656 projects; 56301 (cafes) – 22 of 656 projects; 55112 (pensions with restaurant) – 18 out of 656 projects; 55124 (other hotel establishments without a restaurant) – 11 of 656 projects; 55202 (tourism in rural areas) – 11 of 656 projects; 56105 (restaurants with dance space) – 10 out of 656 projects; 56304 (other drinks establishments without show) – 10 out of 656 projects; 55119 (other hotel establishments with restaurant) – 8 out of 656 projects; 56104 (typical restaurants) – 8 out of 656 projects; and 82300 (organization of fairs, congresses and other similar events) – 8 out of 656 projects.

The list of operations was selected according to the type of operation (for this purpose, the typology of operation (TO) was considered, which includes projects directly or indirectly related to tourist activity) A total of 1059 projects were identified, distributed in the Portuguese NUTS II (see Table 15).

In this specific case of Madeira, two types of operation were identified: incentives for the promotion of tourism excellence in the Autonomous Region of Madeira (SI TURISMO) with 54 projects for Madeira, with a Community Fund implemented of €18 546 564; and collective infrastructures and equipment in the Autonomous Region of Madeira – cultural, tourism potential and leisure with 6 projects for Madeira, with a Community Fund of €8 921 333.

## **8.4. Operational Programmes (2014-2020) – Nationals**

### *8.4.1 Portugal 2020*

According to ‘Portugal 2020’, “this is the PARTNERSHIP AGREEMENT adopted between Portugal and the Commission, which brings together the performance of the five European Structural and Investment Funds - European Regional Development Fund, Cohesion Fund, European Social Fund, European Agricultural Fund for Rural Development and European Fund for Maritime Affairs and Fisheries - which define the programming principles that establish the economic, social and territorial development policy to promote, in Portugal, between 2014 and 2020”.<sup>99</sup>

There are 16 OP (operational programmes), which, together with other Member States, also include the ‘European Territorial Cooperation Programmes’ (4 thematic operational programmes on the continent;<sup>100</sup> 7 regional operational programmes;<sup>101</sup> 3 regional development programmes;<sup>102</sup> 1 programme for the European Maritime Affairs and Fisheries Fund (EMFF);<sup>103</sup> 1 operational programme ‘technical assistance’;<sup>104</sup> and 10 operational programmes for European territorial cooperation<sup>105</sup>).<sup>99</sup> As regards the eligibility criteria for investment through the European Structural and Investment Funds (ERDF, Cohesion Fund, ESF, FEADER and FEAMP), the Portuguese regions fell in the following categories:<sup>99</sup>

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<sup>99</sup><https://www.portugal2020.pt/content/o-que-e-o-portugal-2020>

<sup>100</sup>Competitiveness and Internationalization; Social Inclusion and Employment; Human capital; Sustainability and Resource Use Efficiency

<sup>101</sup>North; Centre; Lisbon; Alentejo; Algarve; Azores; Madeira

<sup>102</sup>PDR 2020; PRORURAL +; PRODERAM 2020

<sup>103</sup>Operational Programme MAR 2020

<sup>104</sup>OP TA

<sup>105</sup>Spain-Portugal; Madeira-Azores-Canarias Islands; ENI CBC Mediterranean Basin; Atlantic Area; Southwest Europe; Mediterranean; ESPON; URBACT; INTERACT; INTERREG EUROPE

**Table 22 – Eligibility criteria for European investment funds**

<b>Region Categories</b>	
<b>Less developed regions</b> GDP per capita < 75% EU average	North, Centre, Alentejo and Azores Autonomous Region
<b>Regions in transition</b> GDP per capita between 75% and 90%	Algarve
<b>More developed regions</b> GDP per capita > 90%	Lisbon and Madeira Funds co-financing rate: 50% (Lisbon) and 85% (Madeira A.R.)*

\* The co-financing rate applicable to Madeira Autonomous Region results from the application of the most favourable co-financing rate to the ORs, in the light of European regulations

According to information provided by Turismo de Portugal for tourism projects supported by the ERDF until 31-12-2019:

**Table 23 – Tourism projects \* supported in PT 2020 until 31-12-2019**

<b>Fund</b>	<b>Approved Incentive (€)</b>
<b>ERDF</b>	<b>572 398 881</b>
North	154 234 735
Centre	110 694 318
Lisbon M.A.	59 856 479
Alentejo	52 314 382
Algarve	55 160 486
Azores	105 014 436
Madeira	34 945 512
N/D	178 533

\* includes CAE 55, 56, 77110, 79110, 79120, 79900, 82300, 93192, 93210, 93293, 93294

Source: Turismo de Portugal / Agência de Desenvolvimento e Coesão

#### 8.4.2. Competitiveness and Internationalisation OP / COMPETE 2020

The thematic operational programme ‘Competitiveness and Internationalization’ (...) promotes private involvement that will allow a greater leverage of Structural Funds allocations for the benefit of the Portuguese economy”, with these following priorities: strengthening research, technological development and innovation; enhancing access to, and use and quality of, ICT; enhancing the competitiveness of SMEs; promoting sustainable transport and removing bottlenecks in key network infrastructures; promoting sustainable and quality employment and supporting labour mobility; and enhancing institutional capacity of public authorities and stakeholders and efficient public administration.

The expected impacts were as follows:

- Number of companies supported for research and development (R&D) and innovation: 700;
- R&D projects: 2000; reinforcement of R&D and innovation: EUR 2.1 billion;
- SMEs expected to benefit: 4000;
- SME competitiveness (including reduction of public framework costs): EUR 2.5 billion;
- Projects with access online public services: 90<sup>106</sup>.

COMPETE 2020 “aimed to improve the competitiveness and internationalization of the Portuguese economy. Being mainly oriented towards the less developed regions of the Continent – North, Centre and Alentejo (national in the Cohesion Fund projects), forms with the Regional Operational Programmes of the Continent a diversified network of public policy instruments with common rules and objectives covering the entire national territory”.<sup>107</sup> This programme had 6 priority axes, whose funds go through the ERDF, ESF and CF, as shown in the table below:

**Table 24 – Breakdown of finances by priority axis (OP CI)**

<b>Priority axis</b>	<b>Budget (Funds) €</b>
Axis I - Strengthening Research, Technological Development and Innovation	1 481 565 440.00 (ERDF)
Axis II - Strengthening the Competitiveness of SMEs and Reduction of Public Context Costs	1 748 264 517.00 (ERDF)
Axis IIA - Strengthening the Competitiveness of SMEs and Reducing Public Context Costs - APOIAR	
Axis III - Promotion of Sustainability and Quality in Employment	207 822 776.00 (ESF)

<sup>106</sup>[https://ec.europa.eu/regional\\_policy/pt/atlas/programmes/2014-2020/portugal/2014pt16m3op001](https://ec.europa.eu/regional_policy/pt/atlas/programmes/2014-2020/portugal/2014pt16m3op001)

<sup>107</sup>[https://www.portugal2020.pt/sites/default/files/4\\_brochuracompete2020.pdf](https://www.portugal2020.pt/sites/default/files/4_brochuracompete2020.pdf) (p. 3)

Axis IV - Promotion of Sustainable Transport and Elimination of Bottlenecks in the Main	90 877 224.00 (ERDF)   578 308 060.00 (CF)
Axis V - Strengthening the Institutional Capacity of Public Authorities and Stakeholders and the Efficiency of Public Administration	161 900 452.00 (ERDF)
Axis VI - Technical Assistance	114 500 000.00 (ERDF)
<b>Total ERDF</b>	<b>3 435 207 181.00</b>
<b>Total ESF</b>	<b>369 723 228.00</b>
<b>Total CF</b>	<b>578 308 060.00</b>
<b>Total</b>	<b>4 383 238 469.00</b>

Source: Compete 2020 / European Commission<sup>108</sup>

#### 8.4.3. Sustainability and Resource Use Efficiency OP

This operational programme is structured on 3 priority axes, and already presents the updated values for the new COVID-19 reprogramming 'Decisions and versions of the OP SRUE - Summary on October 31, 2020 - COVID-19 reprogramming':<sup>109</sup>

"in Article 4, paragraph 2 is replaced by the following: '2. The total financial appropriation for the operational programme is set at EUR 2 202 742 164, to be financed from the budget line 13 04 60 (Cohesion Fund) in accordance with the nomenclature of the General Budget of the European Union for 2014.'"<sup>110</sup>

<sup>108</sup>[https://www.compete2020.gov.pt/admin/fileman/Uploads/PS/20210111\\_PSitCOMPETE2020-Rel-202012.pdf](https://www.compete2020.gov.pt/admin/fileman/Uploads/PS/20210111_PSitCOMPETE2020-Rel-202012.pdf) / [https://www.portugal2020.pt/sites/default/files/a1\\_en\\_act\\_part1\\_v4.pdf](https://www.portugal2020.pt/sites/default/files/a1_en_act_part1_v4.pdf)

<sup>109</sup>CCI (2014PT16M2OP006) / Designation (Regional Operational Programme for Madeira 2014-2020) / Ref. Decision (C (2020) 6428) / Decision Date (17-09-20) / Text version (7.0)

<sup>110</sup>[https://www.portugal2020.pt/sites/default/files/a1\\_en\\_act\\_part1\\_v3.pdf](https://www.portugal2020.pt/sites/default/files/a1_en_act_part1_v3.pdf)

## 8.5. Cross-border, transnational and interregional co-operation

### 8.5.1. Atlantic Area Interreg

This transnational programme, “(...) is a financing instrument of the European Territorial Cooperation that supports transnational cooperation projects between actors of the Atlantic Area, through the European Regional Development Fund (ERDF). The programme provides a framework for the implementation of joint actions and delivery of better solutions by: i) contributing to achieve significant progress towards a cohesive, sustainable and balanced territorial development of the Atlantic regions and their maritime heritage, and ii) promoting solutions to respond to common challenges of the actors involved, thus reducing the existing regional disparities”.<sup>111</sup> ‘Atlantic Area’ promotes cooperation between five countries that belong to the European Union (Ireland, France, Portugal, Spain, and the UK).<sup>112</sup> The United Kingdom, nowadays, is facing Brexit.

### 8.5.2. ESPON Interreg

ESPON 2020 is a cooperation programme, the objective of which “(...) is to support the reinforcement of the effectiveness of EU Cohesion Policy and other sectoral policies and programmes under European Structural Investment (ESI) funds as well as national and regional territorial development policies, through the production, dissemination and promotion of territorial evidence covering the entire territory of the 28 EU Members States, as well as 4 Partner States of Iceland, Liechtenstein, Norway and Switzerland”.<sup>113</sup>

**Table 25 – Priority axes and financial information/funds (ESPON 2020)**

<b>Thematic priorities</b>
TA – Technical Assistance
TO11 – Better public administration
<b>Financial information</b>
Total OP budget: €48,678,851
Total EU contribution: €41,377,019
<b>Funds</b>

<sup>111</sup><https://light.ccdr-n.pt/index.php?data=99b6ac6df4183e11277a342f487c130654027d7e1b5316dab8ef29967fd95ca21c7c01b93f322f89e6225328ffa80e66>

<sup>112</sup>[https://ec.europa.eu/regional\\_policy/en/atlas/programmes/2014-2020/portugal/2014tc16rftn002](https://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/portugal/2014tc16rftn002)

<sup>113</sup>[https://ec.europa.eu/regional\\_policy/en/atlas/programmes/2014-2020/portugal/2014tc16fir004](https://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/portugal/2014tc16fir004)

Regional Development Fund (ERDF): €41,377,019

Source: European Commission<sup>113</sup>

### 8.5.3. INTERACT Interreg

The INTERACT III 2014-2020 Programme, “(...) aims at reinforcing the effectiveness of cohesion policy by promoting exchange of experiences, transfer of good practices and dissemination of innovative approaches among the territorial cooperation programmes and partners”.<sup>114</sup> It is financed by the ERDFund and the national contributions from Member States.<sup>115</sup>

Table 26 – Priority axes and financial information/funds (INTERACT III 2014-2020)

Thematic priorities
TA – Technical Assistance
TO11 – Better public administration
Financial information
Total OP budget: €46,344,229
Total EU contribution: €39,392,594
Funds
Regional Development Fund (ERDF): €39,392,594

Source: European Commission<sup>115</sup>

### 8.5.4. INTERREG EUROPE Interreg

The INTERREG EUROPE Programme “(...) aims at improving cohesion policy through exchange of experience, transfer of good practices and joint initiatives among EU 28 regions (+ Norway and Switzerland) on thematic objectives, such as innovation, SMES, low carbon economy and environmental protection”.<sup>116</sup>

Table 27 – Priority axes and financial information/funds (INTERREG EUROPE)

Thematic priorities
TA – Technical Assistance
TO1 – Research and innovation
TO3 – SMEs competitiveness
TO4 – Low-carbon economy
TO6 – Environment and resource efficiency

<sup>114</sup>[https://ec.europa.eu/regional\\_policy/en/atlas/programmes/2014-2020/portugal/2014tc16fir002](https://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/portugal/2014tc16fir002)

<sup>115</sup><https://www.interact-eu.net/download/file/1980>

<sup>116</sup>[https://ec.europa.eu/regional\\_policy/en/atlas/programmes/2014-2020/portugal/2014tc16fir001](https://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/portugal/2014tc16fir001)

<b>Financial information</b>
Total OP budget: 426,309,618
Total EU contribution: €359,326,320
<b>Funds</b>
Regional Development Fund (ERDF): €359,326,320

Source: European Commission<sup>116</sup>

Four priorities are selected:<sup>117</sup>

- Research & innovation;
- SME competitiveness;
- Low-carbon economy;
- Environment & resource efficiency.

Interreg Europe is already preparing the new programme 2021-2027.

#### 8.5.5. URBACT Interreg

“URBACT III (...) is a European Territorial Cooperation programme (2014-2020) jointly financed by the European Union (through the European Regional Development Fund, nearly 75 million euro) (...) will act as a European exchange and learning programme promoting sustainable urban development. It will enable European cities to work together to develop solutions to urban challenges and share good practices, lessons and solutions with all stakeholders involved in urban policy throughout Europe. The programme will cover all of the 28 Member States of the European Union as well as the two partner countries of Norway and Switzerland”.<sup>118</sup>

**Table 28 – Priority axes and financial information/funds (URBACT III)**

<b>Thematic priorities</b>
TA – Technical Assistance
TO11 – Better public administration
<b>Financial information</b>
Total OP budget: €96,324,550
Total EU contribution: €74,301,909
<b>Funds</b>
Regional Development Fund (ERDF): €74,301,909

Source: European Commission<sup>118</sup>

<sup>117</sup>[https://www.portugal2020.pt/sites/default/files/interregeurope\\_3\\_brochura\\_interreg\\_europe.pdf](https://www.portugal2020.pt/sites/default/files/interregeurope_3_brochura_interreg_europe.pdf)

<sup>118</sup>[https://ec.europa.eu/regional\\_policy/en/atlas/programmes/2014-2020/portugal/2014tc16fir003](https://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/portugal/2014tc16fir003)

## 8.6. Operational Programmes (2014-2020) – Regional

In March 2020, the European Commission launched the CRII, an initiative aiming at using all the instruments at its disposal to mitigate the consequences of the pandemic and helping the Member States to deal with the effects of the COVID-19 pandemic.<sup>119</sup>

In April 2020, the European Union proposed a next step of measures to mobilise support against COVID-19. The CRII+ brought more flexibility in the use of funds and simplification of the implementation of procedures of the cohesion programmes.<sup>120</sup>

In this context of the COVID-19 crisis, Portugal carried out a reprogramming exercise of all national and regional operations within the CRI initiatives.

### 8.6.1. Operational Programme 'Norte' (2014-2020)

The North of Portugal is considered as 'less developed region' or in convergence (see Table 22), as its GDP per capita is < 75% of the EU average. The programme "(...) absorbs structural funds from other PORTUGAL 2020 programmes, namely from the four thematic programmes on the continent – 'Competitiveness and Innovation' (COMPETE 2020), 'Social Inclusion and Employment', "Human Capital" and 'Sustainability and Resource Use Efficiency"'. In addition it includes the funds from the Rural Development Programme 2020, European territorial cooperation programmes – Spain-Portugal, Atlantic Area, Southwest Europe and ESPON, URBACT, INTERACT and INTERREG C – and the Operational Programme Mar 2020".

This operational programme has ten allocated priority axes that provide the budget for the structural fund, ERDF (European Regional Development Fund) and/or ESF (European Social Fund) for the co-financing of applications<sup>121</sup> for this programme.

It should also be noted that with the COVID-19 pandemic, there was a need to adjust the last reprogramming exercise of this operational programme in October 2020. The values of the funds were based on the most recent documents related to this reprogramming 'Norte 2020 – Programme Overview [revised after reprogramming]';<sup>122</sup> 'Operational Programme under the

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<sup>119</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_459](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_459)

<sup>120</sup> [https://ec.europa.eu/regional\\_policy/en/newsroom/news/2020/04/04-02-2020-coronavirus-response-investment-initiative-plus-new-actions-to-mobilise-essential-investments-and-resources](https://ec.europa.eu/regional_policy/en/newsroom/news/2020/04/04-02-2020-coronavirus-response-investment-initiative-plus-new-actions-to-mobilise-essential-investments-and-resources)

<sup>121</sup> [https://www.norte2020.pt/sites/default/files/public/uploads/documentos/brochura\\_reprogramacao.pdf](https://www.norte2020.pt/sites/default/files/public/uploads/documentos/brochura_reprogramacao.pdf) (p. 9)

<sup>122</sup> [https://www.norte2020.pt/sites/default/files/public/uploads/documentos/brochura\\_reprogramacao.pdf](https://www.norte2020.pt/sites/default/files/public/uploads/documentos/brochura_reprogramacao.pdf)

Investment Objective for Growth and Jobs<sup>123</sup> and ‘Decisions and versions of the Norte OP – Summary on October 31, 2020 – Reprogramming COVID-19<sup>124</sup>’, as can be seen in the table below:

**Table 29 – Breakdown of finances by priority axis (Operational Programme 'Norte' - 2014-2020)**

<b>Priority axis</b>	<b>Community Support (€)</b>
1. Research, Technological Development and Innovation;	356 782 601 (ERDF)
2. Competitiveness of Small and Medium Enterprises	1 020 88 .136 (ERDF)
3. Low Carbon Economy	119 822 593 (ERDF)
4. Environmental Quality	218 621 901 (ERDF)
5. Urban Development	423 826 831 (ERDF)
6. Employment and Mobility of Workers	157 593 706 (ERDF)   69.026 785 (ESF)
7. Social Inclusion and Poverty	149 677 232 (ERDF)   179 648 442 (ESF)
8. Education and Lifelong Learning	246 579 668 (ERDF)   300 317 798 (ESF)
9. Institutional Training and ICT	33 374 813 (ERDF)   18 141 957 (ESF)
10. Technical Assistance	84 469 268 (ERDF)
<b>Total ERDF</b>	<b>2 811 635 749</b>
<b>Total ESF</b>	<b>567 134 982</b>
<b>Total</b>	<b>3 378 770 731</b>

Source: European Commission<sup>125</sup>

Readjusted values due to the reprogramming made because of COVID-19 ‘Decisions and versions of Norte OP - Synthesis on October 31, 2020 - Reprogramming COVID-19’:

“in Article 4, paragraph 2 is replaced by the following: ‘2. The total financial appropriation for the operational programme is set at EUR 3,378,770,731, to be financed from the following specific budget lines in accordance with the nomenclature of the General Budget of the European Union for 2014: 13 03 60: EUR 2,811,635,749

<sup>123</sup>[https://norte2020.pt/sites/default/files/public/uploads/documentos/Programme\\_2014PT16M2OP001\\_6\\_1\\_pt.pdf](https://norte2020.pt/sites/default/files/public/uploads/documentos/Programme_2014PT16M2OP001_6_1_pt.pdf)

<sup>124</sup>CCI (2014PT16M2OP001) / Designation (Northern Regional Operational Programme 2014-2020) / Decision Ref (C (2020) 6909) / Decision Date (02-10-20) / Text version (6.1)

(ERDF – Less developed regions); 04 02 60: EUR 567,134,982 (ESF – Less developed regions)”.<sup>125</sup>

The interviews carried out specifically for the tourism sector highlighted that the support of the Norte OP to Tourism in the Region is being transmitted through two channels, directly through the private sector, whose funds are mobilized by Turismo de Portugal, but also through public investment. On 12/31/2020 it was possible to determine the following data:

**Table 30 – Private Investment mobilized by Turismo de Portugal**

PI   Instrument	Nº Proj.	Eligible €	Incentive €
PI 3.1	36	16 851 353	12 374 928
Incentive System for Business Innovation	36	16 851 353	12 374 928
PI 3.3	259	56 929 767	32 636 208
Incentive System for Business Innovation	47	50 989 550	29 734 070
Incentive System for the Qualification and Internationalization of SMEs	212	5 940 216	2 902 138
<b>Total</b>	<b>295</b>	<b>73 781 120</b>	<b>45 011 136</b>

Source: CCDR-N

**Table 31 – Public Investment mobilized by public entities whose main impact is on the tourism sector**

PI   Instrument	Nº Proj.	Eligible €	Incentive €
Cultural heritage	86	69 900 881	59 068 966
Natural patrimony	76	20 416 551	17 354 068
PROVERE	124	54 733 922	42 368 925
SAAC - Internationalization	40	21 249 721	17 955 713
SAAC - Qualification	16	5 490 986	4 667 338
<b>Total</b>	<b>342</b>	<b>171 792 061</b>	<b>141 415 010</b>

Source: CCDR-N

<sup>125</sup>[https://www.portugal2020.pt/sites/default/files/a1\\_en\\_act\\_part1\\_v4\\_0.pdf](https://www.portugal2020.pt/sites/default/files/a1_en_act_part1_v4_0.pdf)

### *8.6.1.1. InterReg / POCTEP Programme*

It was also highlighted by the CCDR-Norte that 22 projects were approved at the level of the InterReg/POCTEP Programme, 'Investment Priority 6C – conservation, protection, promotion and development of the natural and cultural heritage', with an eligible investment of €32,946,114.75 (€24,709,586.06 ERDF).

### *8.6.2. Operational Programme 'Centro' (2014-2020)*

This is a regional operational programme, which is part of 'Portugal 2020'. Centro 2020 is an "Operational Programme of the Centro Region, for the period 2014-2020 (CENTRO 2020), [and] is based on a regional development strategy shared and built through a strong mobilization of all regional partners".<sup>126</sup> As can be seen in Table 22, the Centre of Portugal is located in 'less developed regions' or in convergence, as its GDP per capita < 75% of the EU average.

This programme, during this period, will have 2,155 million euros, of which 1,751 million euros is from the ERDF and 404 million euros from the ESF. It is also noticed that with the COVID-19 pandemic, there was a need to adjust the last reprogramming exercise of this operational programme in October 2020. The values of the funds were based on the most recent documents related to this reprogramming. Readjusted values due to the reprogramming made because of COVID-19 'Decisions and versions of Centro OP – Synthesis on October 31, 2020 – Reprogramming COVID-19':<sup>127</sup>

"in Article 4, paragraph 2 is replaced by the following: '2. The total financial appropriation for the operational programme is set at EUR 2 155 031 031, to be financed from the following specific budget lines in accordance with the nomenclature of the General Budget of the European Union for 2014: 13 03 60: EUR 1 814 311 682 (ERDF – Less developed regions); 04 02 60: EUR 340 719 349 (ESF – Less developed regions)'"<sup>128</sup>

This OP is organized into 9 priority axes (with one more dedicated to technical assistance), as can be seen in the table below:

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<sup>126</sup>[https://ec.europa.eu/regional\\_policy/pt/atlas/programmes/2014-2020/portugal/2014pt16m2op002](https://ec.europa.eu/regional_policy/pt/atlas/programmes/2014-2020/portugal/2014pt16m2op002)

<sup>127</sup> CCI (2014PT16M2OP002) / Designation (Regional Operational Programme of the Center 2014-2020) / Ref. Decision (C (2020) 6427) / Decision Date (17-09-20) / Text version (8.0)

<sup>128</sup>[https://www.portugal2020.pt/sites/default/files/a1\\_en\\_act\\_part1\\_v3\\_0.pdf](https://www.portugal2020.pt/sites/default/files/a1_en_act_part1_v3_0.pdf)

**Table 32 – Breakdown of finances by priority axis (Operational Programme 'Centro' - 2014-2020)**

Priority axis	Community Support (€)
Axis 1: Research, Development and Innovation	185 880 693 (ERDF)
Axis 2: Competitiveness and Internationalization of the Regional Economy	649 051 848 (ERDF)
Axis 3: Developing Human Potential	173 269 721 (ERDF)   198 171 790 (ESF)
Axis 4: Promote and Dynamize Employability	117 038 017 (ERDF)   51 168 957 (ESF)
Axis 5: Strengthen Social and Territorial Cohesion	105 130 960 (ERDF)   69 883 440 (ESF)
Axis 6: Affirming the Sustainability of Resources	81 637 616 (ERDF)
Axis 7: Affirming the Sustainability of Territories	191 006 017 (ERDF)
Axis 8: Strengthen the institutional capacity of regional entities	25 537 391 (ERDF)   21 495 162 (ESF)
Axis 9: Strengthening the urban network	231 519 419 (ERDF)
Axis 10: Technical Assistance	54 240 000 (ERDF)
<b>Total ERDF</b>	<b>1 814 311 682</b>
<b>Total ESF</b>	<b>340 719 349</b>
<b>Total</b>	<b>2 155 031 031</b>

Source: European Commission<sup>128</sup>

The interviews carried out specifically for the tourism sector provided the indication that support from OP Centro 2020 has allocated 266 projects, with a total approved investment of 80 008 164.72 euros; an approved eligible investment of EUR 70 019 502.67; approved incentive of EUR 41 196 862.53. On 12/31/2020 it was possible to find the following data:

**Table 33 – Centro 2020 – Impact on the Tourism sector | State of play 31.12.2020**

Financial Instrument	No. of Projects	Total Approved Investment €	Approved Eligible Investment €	Approved Incentive €	Observations
Incentive System					
Centro 2020	266	80 008 164.72	70 019 502.67	41 196 862.53	
Compete 2020	37	96 782 269.17	88 686 711.06	43 939 808.22	
<b>Sub-Total</b>	<b>303</b>	<b>176 790 433.89</b>	<b>158 706 13.73</b>	<b>85 136 670.75</b>	

Incentive System for Entrepreneurship and Employment (SI 2E)	848	78 621 654.14	65 424 463.00	36 951 086.56	Includes F&B projects; Accommodation and Tourist Entertainment Activities
Natural and cultural heritage	90	76 846 687.40	69 401 375.82	57 419 603.92	Includes material and immaterial projects
Valuing endogenous resources in specific territories	24	37 685 475.37	34 208 643.43	29 077 346.88	Includes PROVERE projects
<b>Total</b>	<b>1,265</b>	<b>369 944 250.80</b>	<b>327 740 668.98</b>	<b>208 584 708.11</b>	

Note: with the exception of Compete 2020 Incentive Systems, all others are supported by the Centro 2020

Source: Centro 2020

### 8.6.2.1. POCTEP Projects 2014-2020

Documents related to 'POCTEP Projects 2014-2020' were also sent by CCDR-Centro. Regarding the 'POCTEP Projects 2014-2020 approved 1st call with a focus on tourism' - Centro e Castilla y León cooperation area:

**Table 34 - POCTEP 2014-2020 projects approved 1st call with a focus on tourism - Centro and Castilla y León cooperation area**

Project code	OT	PI	Primary Beneficiary - PB	Centre Region	ERDF approved€
0277_CRECEER_6_E	3	3 B	Agencia de Innovación, Financiación e Internacionalización Empresarial. Junta de Castilla y León.	InovCluster	62 645.25
				TCP	89 040.74
0002_FORTIFIC_ARTE_3_E	5	6 C	Consortio Transfronterizo de Ciudades Amuralladas	CM Almeida	30 000.00
0075_MOVELETUR_6_E	6	6 C	Fundación Patrimonio Natural de Castilla y León.	IP CB	106 364.72
				Agência Oestesustentável	73 837.50

Project code	OT	PI	Primary Beneficiary - PB	Centre Region	ERDF approved€
0260_RENERPATH_2_6_E	6	6 C	Fundación CARTIF	CTCV	77 250.00
				Agência ENERAREA	36 000.00

Source: Centro 2020

The 'POCTEP Projects 2014-2020 approved 2nd call with a focus on tourism' - Centro and Castilla y León cooperation area:

**Table 35 - The 'POCTEP Projects 2014-2020 approved 2nd call with a focus on tourism' - Centro and Castilla y León cooperation area**

Project code	OT	PI	Primary Beneficiary - PB	Centre Region	ERDF approved€
0596_IBERIC_GLOBAL_6_E	3	3 B	AYUNTAMIENTO DE A CORUÑA	CIEBI / BIC	20 000.00
0700_NAPOCTEP_3_P	6	6 C	Comunidade Intermunicipal da Região de Coimbra (BP)	CIM Coimbra (BP)	40 000.00
				CIM BSE	27 500.00
				ERTC	27 500.00
				UC	27 500.00
				Rota Histórica das Linhas de Torres	27 500.00
0485_CIUDADES_VERDES_CENCTL_3_E	6	6 E	AYUNTAMIENTO DE SALAMANCA	CM Aveiro	40 000.00
				CM Figueira da Foz	40 000.00
				CM Guarda	40 000.00
				CM Viseu	40 000.00
0560_JARCULTUR_6_E	6	6 C	DIRECCIÓN GENERAL DE PATRIMONIO CULTURAL. JUNTA DE CASTILLA Y LEÓN	Fundação Mata do Bussaco	200 000.00

Source: Centro 2020

The 'POCTEP Projects 2014-2020 approved 1st call with a focus on tourism' - Alentejo, Centre and Extremadura cooperation area - ACE:

**Table 36 – POCTEP Projects 2014-2020 approved 1st call with a focus on tourism' - Alentejo, Centre and Extremadura cooperation area - ACE**

Project code	OT	PI	Primary Beneficiary - PB	Centre Region	ERDF approved€
0433_EUROACE_SPORT_4_E	3	3 B	Extremadura Avante Servicios Avanzados a PYMES, S.L.U	CM Idanha a Nova	93 750.00
				NATURTEJO	56 074.58
0068_REDTI_4_E	6	6 C	Diputación de Cáceres	CM Idanha-a-Nova	337 500.00
				CM Castelo Branco	236 250.00
				CM Penamacor	270 000.00
				CM Vila Velha de Ródão	247 500.00
				Naturtejo	137 250.00
0058_DESTINO_FRONTERA_6_E	6	6 C	Eixo Atlántico del Noroeste Peninsular (ES)	CEC	90 000.00

Source: Centro 2020

The 'POCTEP Projects 2014-2020 approved 2nd call with a focus on tourism' - Alentejo, Centro and Extremadura cooperation area - ACE:

**Table 37 – POCTEP Projects 2014-2020 approved 2nd call with a focus on tourism' – Alentejo, Centr and Extremadura cooperation area - ACE**

Project code	OT	PI	Primary Beneficiary - PB	Centre Region	ERDF approved€
0581_EUROBIRD_4_E	6	6 C	Dirección General de Turismo, Conserjería de Economía e Infraestructuras, Junta de Extremadura	CM Castelo Branco	25 000.00

Project code	OT	PI	Primary Beneficiary - PB	Centre Region	ERDF approved€
0476_GLOBALTUR_EUROACE_4_E	6	6 C	Diputación provincial de Badajoz	ADXTUR	50 000.00
0497_FIRST_ART_4_E	6	6 C	JUNTA DE EXTREMADURA. CONSEJERÍA DE CULTURA E IGUALDAD. DIRECCIÓN GENERAL DE BIBLIOTECAS, MUSEOS Y PATRIMONIO CULTURAL	CM Mação	25 000.00
0477_CAMINOS_6_E	6	6 C	Diputación provincial de Badajoz	Turismo do Centro de Portugal (TCP)	75 000.00
0559_TERPAT_6_E	6	6 C	DIRECCIÓN GENERAL DE PATRIMONIO CULTURAL. JUNTA DE CASTILLA Y LEÓN	'Aldeias Históricas de Portugal'	60 000.00
				DRCC	40 000.00

Source: Centro 2020

### 8.6.3. Operational Programme 'Lisbon' (2014-2020)

This is a regional operational programme, which is part of 'Portugal 2020'. The 'Lisbon 2020' programme for the 2014-2020 period aims to "(...) continue the development trajectory that has been followed since 1986, overcoming the current social and economic 'bottlenecks' and taking advantage of a more intelligent, inclusive way the potential generated by the territory and its human, cultural and environmental capital and sustainable".<sup>129</sup>

As shown in Table 22, the Lisbon Region is located in 'more developed regions', as its GDP per capita > 90% (funds co-financing rate: 50% (Lisbon)).

It should also be noted that with the COVID-19 Pandemic, there was a need to adjust the last reprogramming exercise of this operational programme in October 2020. The values of the funds

<sup>129</sup>[https://www.portugal2020.pt/sites/default/files/lisboa\\_2\\_programme\\_2014pt16m2op005\\_4\\_1\\_pt.pdf](https://www.portugal2020.pt/sites/default/files/lisboa_2_programme_2014pt16m2op005_4_1_pt.pdf) (p. 13)

were based on the most recent documents related to this reprogramming. Readjusted values due to the reprogramming made because of COVID-19 'Decisions and versions of Lisbon OP – Synthesis on October 31, 2020 – Reprogramming COVID-19'.<sup>130</sup> The new update has a total value of 817,080,783.00 euros, the ERDF (€622,627,637.00) and the ESF (€194,453,146.00).<sup>131</sup>

This operational programme is structured on 9 priority axes, as can be seen in the table below:

**Table 38 – Breakdown of finances by priority axis (Operational Programme 'Lisbon' - 2014-2020)**

<b>Priority axis</b>	<b>Community Support (€)</b>
Priority Axis 1 - Strengthening Research, Technological Development and Innovation	158 710 983.00 (ERDF)
Priority Axis 2 - Strengthening the Competitiveness of SMEs	176 713 177.00 2 (ERDF)
Priority Axis 3 - Support the transition to a low carbon economy in all sectors	9 930 014.00 (ERDF)
Priority Axis 4 - Preserve and protect the environment and promote the efficient use of resources	21 000 000.00 (ERDF)
Priority Axis 5 - Promote sustainability and quality of employment and support worker mobility	66 733 816.00 6 (ESF)
Priority Axis 6 - Promote social inclusion and combat poverty and discrimination	81 677 786.00 (ERDF)   71 287 499.00 (ESF)
Priority Axis 7 - Invest in education, training and vocational training for skills acquisition and lifelong learning	49 033 477.00 (ERDF)   56 431 831.00 (ESF)
Priority Axis 8 - Sustainable urban development	101 292 200.00 (ERDF)
Priority Axis 9 - Technical Assistance	24 270 000.00 (ERDF)
<b>Total ERDF</b>	<b>622 627 637.00</b>
<b>Total ESF</b>	<b>194 453 146.00</b>
<b>Total</b>	<b>817 080 783.00</b>

Source: European Commission<sup>131</sup>

<sup>130</sup>CCI (2014PT16M2OP005) / Designation (Lisbon Regional Operational Programme 2014-2020) / Ref. Decision (C (2020) 6257) / Decision Date (09-09-20) / Text version (6.0)

<sup>131</sup>[https://www.portugal2020.pt/sites/default/files/a1\\_en\\_act\\_part1\\_v3\\_1.pdf](https://www.portugal2020.pt/sites/default/files/a1_en_act_part1_v3_1.pdf)

According to the interviews, the conclusions of CCDR-Lisbon regarding “How can the ERDF and Cohesion Fund financing be better used in the future? How should these funds be designed?” in what can be considered major axes and the instruments available, our path is defined in the 2030 Strategy approved by the government (RCM 97\_2020 – Principles and operational structure of the 2021-2027 programming cycle; RCM 98\_2020 – Approves PT 2030 Strategy); in what we can introduce as lines of intervention in the Regional Operational Programme of Lisbon, RIS3 Lisbon 2021 2027 establishes a path. This document, built from the actors in the territory in the global package of 8 domains, presents the domain of intelligent specialization of tourism and hospitality (reinforcing and updating the strategy defined for 2014-2020); this domain, consists of “Positioning the Lisbon region as an attractive, modern, sustainable tourist destination, which knows how to receive and promotes interculturality open to the world, for all and which preserves its values and traditions, unique experiences”; and 4 structuring axes:

1. New services, products and destinations (diversification of tourism supply and demand; spatial integration of tourism supply; qualification of tourism supply; and training and skills)
2. Digital transition (Improving the tourist experience; and digital training and entrepreneurship);
3. Development of partnerships (coordination and cooperation; and networks and platforms);
4. Innovation for resilience (health security and systemic resilience; and consumption for sustainability).

For this OP, 24 projects were identified with micro, small and medium companies (micro – 14, small – 5 and medium – 4, not applicable – 1). A total investment of €51 480 132.26 was granted; total eligible €36,269,283.72; total incentive of €14,543,537.49; and €3 776 510.64 non-refundable incentive. It presents six measures, the one with the most associated projects being “innovation – productive” (9 out of 24 projects), followed by “IQ SME – individuals” (6 out of 24 projects), with the remaining four measures having lower values. It has 11 CAEs associated with tourism and 1 blank value, namely: 55111; 55121; 55201; 56101; 56301; 77110; 79110; 82300; 93110; 93294, with the CAE with the largest number of projects being 93293 (organization of tourist entertainment activities) – 8 out of 24 projects. The other CAEs mentioned have lower values.

#### 8.6.4. Operational Programme 'Alentejo' (2014-2020)

This is a regional operational programme which is part of 'Portugal 2020'. 'Alentejo 2020' is composed of four agendas and 10 strategic axes, linked to each other.<sup>132</sup> As shown in Table 22, like the North, Centre and Azores Autonomous Region, is a territory which is included in the 'least developed regions' or in convergence, as its GDP per capita < 75% of the EU average. According to the operational programme, 'Alentejo' 2014-2020 was already updated with the new values (reprogramming COVID-19). The global value of the OP is maintained, €1,082,944,371, the ERDF allocation increased to €903,118,506 (increase of €39,879,133), and the ESF allocation is €179,825,865 (reduction of €39,879,133).<sup>133</sup>

This operational programme is structured with 10 priority axes. Readjusted values due to the reprogramming made because of COVID-19 'Decisions and versions of Alentejo OP - Synthesis on October 31, 2020 - Reprogramming COVID-19'<sup>134</sup>:

"in Article 4, paragraph 2 is replaced by the following: '2. The total financial appropriation for the operational programme is set at EUR 1 082 944 371, to be financed from the following specific budget lines in accordance with the nomenclature of the General Budget of the European Union for 2014: 13 03 60: EUR 903 118 506 (ERDF – Less developed regions); 04 02 60: EUR 179 825 865 (ESF – Less developed regions)'"<sup>135</sup>

These values are represented as shown in the table below:

**Table 39 – Breakdown of finances by priority axis (Operational Programme 'Alentejo' - 2014-2020)**

Priority axis	Community Support (€)
Axis 1. Competitiveness and Internationalization of SMEs	272 858 075 (ERDF)
Axis 2. Human Capital	72 144 433 (ERDF)   49 902 109 (ESF)
Axis 3. Research, Technological Development and Innovation	69 338 701 (ERDF)
Axis 4. Sustainable Urban Development	121 288 551 (ERDF)
Axis 5. Employment and Economic Valorization of Endogenous Resources	24 764 756 (ERDF)   54 148 040 (ESF)

<sup>132</sup><http://www.alentejo.portugal2020.pt/index.php/alentejo-2020/25-o-programaZA>

<sup>133</sup>[http://www.alentejo.portugal2020.pt/phocadownload/Documentacao/Programa/Programme\\_2014PT16M2OP003\\_6\\_0\\_pt.pdf](http://www.alentejo.portugal2020.pt/phocadownload/Documentacao/Programa/Programme_2014PT16M2OP003_6_0_pt.pdf) (p. 27)

<sup>134</sup> CCI (2014PT16M2OP003) / Designação (Programa Operacional Regional do Alentejo 2014- 2020) / Ref.ª Decisão (C(2020)7398) / Data Decisão (22-10-20) / Versão do texto (6.0)

<sup>135</sup>[http://www.alentejo.portugal2020.pt/phocadownload/Documentacao/Programa/decisao\\_C2020\\_7398.pdf](http://www.alentejo.portugal2020.pt/phocadownload/Documentacao/Programa/decisao_C2020_7398.pdf)

Priority axis	Community Support (€)
Axis 6. Social Cohesion and Inclusion	151 023 395 (ERDF)   61 480 447 (ESF)
Axis 7. Energy Efficiency and Mobility	43 233 512 (ERDF)
Axis 8. Environment and Sustainability	117 760 385 (ERDF)
Axis 9. Institutional Capacity Building and Administrative Modernization	8 141 252 (ERDF)   14 295 269 (ESF)
Axis 10. Technical Assistance	22 565 446 (ERDF)
<b>Total ERDF</b>	<b>903 118 506</b>
<b>Total ESF</b>	<b>179 825 865</b>
<b>Total</b>	<b>1 082 944 371</b>

Source: European Commission<sup>135</sup>

For the tourism sector, 745 projects were indicated [ERDF (460) + ESF (285)]. Considering only the 460 projects that are associated with the ERDF Fund, 4 priority axes were accounted for, two of which represent 50.6% and 33.9% of the projects associated with the FEDER (Social Cohesion and Inclusion Axis - 233 of 460 projects and the Competitiveness Axis and Internationalization - 155 out of 460 projects, respectively). Regarding the State of Operation, 338 out of 460 projects are “In Execution”; 67 of 460 projects were “Accepted by the Entities / Contractor”; 17 of 460 projects were “Approved”; and 8 out of 460 projects are “Closed / Completed”. They present a Total Approved Investment – In Force of €147 644 685.97; Total Eligible Cost Approved – In Force of €124 704 037.01; Eligible Executed €48 672 781,46; Public Expenditure of €31 705 443.02 and support of €30 596 076.07. These 460 projects include 34 PPAs, the main ones being: 55201 (furnished accommodation for tourists) – 109 out of 460 projects; 55202 (tourism in rural areas) - 90 out of 460 projects; 93293 (organization of tourist entertainment activities) – 56 of 460 projects; 56101 (traditional type restaurants) – 38 of 460 projects; 55111 (hotels with restaurant) – 34 out of 460 projects; 56107 (restaurants, n.e. (includes restaurants activities in mobile environments)) - 13 out of 460 projects; 56301 (cafes) – 9 out of 460 projects; 55124 (other hotel establishments without a restaurant) – 8 out of 460 projects; 79120 (activities of tour operators) – 8 out of 460 projects; 82300 (organization of fairs, congresses and other similar events) – 8 out of 460 projects; 55204 (other short-term accommodation) – 7 out of 460 projects; 55300 (camping and caravan sites) – 7 out of 460 projects; and 56303 (patisseries and tea houses) – 7 out of 460 projects.

#### 8.6.4.1. POCTEP

There are 25 tourism projects under the POTCEP scope with an approved ERDF of €2,090,372.29, on Axis 3, OT 6 and PI 6C. Additionally, and in execution for cross-border programmes, information was provided by CCDR-Alentejo regarding the ‘Spain-Portugal Cross-Border Cooperation Programme 2014-2020’, the projects approved in PI 6C – Protection, promotion and development of cultural and natural heritage were:

**Table 40 – Spain-Portugal Cross-Border Cooperation Programme 2014-2020**

OT/PI	6C
<b>Nr. Projects</b>	10
<b>Total Approved Investment</b>	2 787 163.05 €
<b>Total Eligible Cost Approved</b>	2 787 163.05 €
<b>Approved Public Expenditure</b>	696 790.76 €
<b>Total Support Approved</b>	2 090 372.29 €
<b>Execution Fee (expense validated)</b>	465 306.37 €

Source: CCDR-Alentejo / COOPERA2020, data from 13/01/2021

#### 8.6.5. Operational Programme 'Algarve' (2014-2020)

This operational programme ran between 2014 and 2020. “CRESC Algarve 2020 aims to mobilize the Region for balanced development, affirming the Algarve as a more Competitive, More Resilient, Entrepreneurial and Sustainable Region reinforced based on the valorisation of Knowledge”.<sup>136</sup> The managing authority is CCDR-Algarve, and it is an important financial instrument for the current cycle of EU structural funds.<sup>137</sup>

As shown in Table 22, the Algarve is the only Portuguese region to be found in ‘Regions in transition’, as it has a GDP per capita between 75% and 90%.

Readjusted values due to the reprogramming done because of COVID-19 ‘Decisions and versions of Algarve OP – Synthesis on October 31, 2020 – Reprogramming COVID-19’:<sup>138</sup>

<sup>136</sup><https://algarve2020.eu/info/apresentacao>

<sup>137</sup>[https://algarve2020.eu/info/sites/algarve2020.eu/files/algarve2020/flyer\\_cresc\\_paginasa5.pdf](https://algarve2020.eu/info/sites/algarve2020.eu/files/algarve2020/flyer_cresc_paginasa5.pdf)

<sup>138</sup>CCI (2014PT16M2OP007) / Designation (Regional Operational Programme for the Algarve 2014-2020) / Ref. Decision (C (2020) 6484) / Decision Date (18-09-20) / Text version (6.1)

“in Article 4, paragraph 2 is replaced by the following: ‘2. The total financial appropriation for the operational programme is set at EUR 318 676 488, to be financed from the following specific budget lines in accordance with the nomenclature of the General Budget of the European Union for 2014: 13 03 61: EUR 231 619 248 (ERDF – Transition regions); 04 02 61: EUR 87 057 240 (FSE – Transition regions).’”<sup>139</sup>

These values are represented as shown in the table below:

**Table 41 – Breakdown of finances by priority axis (Operational Programme 'Algarve' - 2014-2020)**

<b>Priority axis</b>	<b>Community Support (€)</b>
1. Promote innovation and regional research	38 852 738 (ERDF)
2. Support internationalization, business competitiveness and qualified entrepreneurship	85 693 716 (ERDF)
3. Promote sustainability and efficiency in the use of resources	11 779,000 (ERDF)
4. Strengthen the competitiveness of the territory	30 000 000 (ERDF)
5. Investing in employment	13 100 000 (ERDF)   30 922 000 (ESF)
6. Affirming social and territorial cohesion	13 216 900 (ERDF)   33 305 811 (ESF)
7. Strengthen skills	17 686 894 (ERDF)   20 081 429 (ESF)
8. Modernize and empower Management	9 290 000 (ERDF)   2 748 000 (ESF)
9. Technical Assistance	12 000 000 (ERDF)
<b>Total ERDF</b>	<b>231 619 248</b>
<b>Total ESF</b>	<b>87 057 240</b>
<b>Total</b>	<b>318 676 488</b>

Source: European Commission<sup>139</sup>

According to the interviews, the conclusions of CCDR-Algarve regarding the question “How can the ERDF and Cohesion Fund financing be better used in the future? How should these funds be designed?” were: maximize the consultation of the ESIF, based on interaction processes, without bureaucracy, in a simplified and user friendly way; establish a more demanding level of priorities,

<sup>139</sup>[https://www.portugal2020.pt/sites/default/files/a1\\_en\\_act\\_part1\\_v4\\_1.pdf](https://www.portugal2020.pt/sites/default/files/a1_en_act_part1_v4_1.pdf)

objectives that derive from the guidelines of the Cohesion Policy, responding to problem dimensions and intervention needs that already assume relevance, such as spatial planning and urban qualification and climate action, mobility and energy transition, in line with the objective of strengthening the economic fabric and its diversification, mitigating dependence and exposure to external factors, such as the pandemic. Regarding information on projects aligned with RIS3 Algarve (Axis 1 and 2) within the scope of CRESC Algarve 2020, with the final decision date (10-08-2015 / 31-12-2020), the values provided by CCDR-Algarve are as follows: for this OP, 172 projects were accounted for under ERDF, with a value of €129 790 786.13 for “approved eligible” and €63 748 810.70 for “approved fund”. Four axes are identified: Axis 2 – 128 of 172 projects; Axis 1 – 23 of 172 projects; Axis 6 – 20 of 172 projects; and Axis 5 – 1 of 172 projects. It presents 7 investment priorities, where 03.02 and 03.03 present the largest number of projects (65 and 55 projects respectively).

It should be noted that CRESC ALGARVE 2020 also supports interventions by public beneficiaries who directly or indirectly contribute to the valorisation and qualification of the territory, being assumed as important assets for the sector. In the file sent by the CCDR-Algarve, for PI 6.3 and PADRE (Action Plan for the Development of Endogenous Resources), there were 57 more projects associated with tourism with ERDF funding, with the vast majority of thematic objective 6 and investment priority 6.3. It has an eligible investment of €35 392 477.41 and an approved total fund of €21 744 766.63.

At the level of its operational programme, the axis of diversification and qualification of the economic base of the Algarve are based on tourism that involves ‘entrepreneurial discovery’ processes; related variety; strengthening of value chains; circular economy; and qualification and training, in which the ‘Agenda de Mudança (RIS3 Algarve)’ is present (Figure 57).

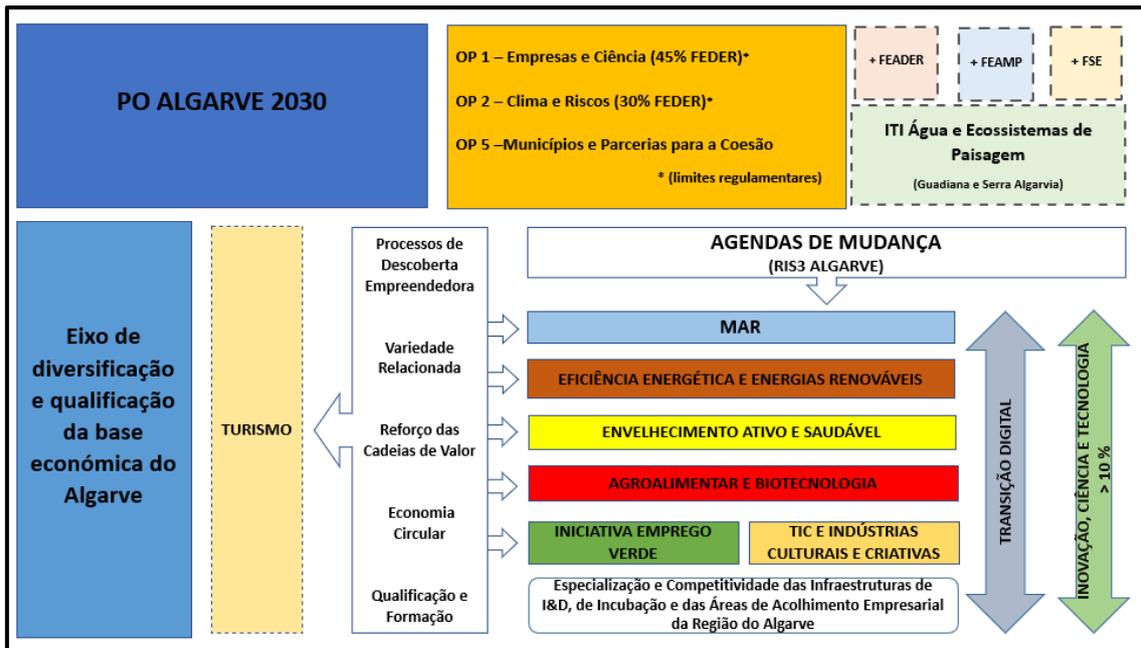


Figure 57 – OP Algarve

Source: CCDR-Algarve

The Algarve 2030 strategic framework, according to Figure 58, involves the objectives ‘+ smart, + social, + connected, + green and -carbon dioxide; and + close to citizens. It also involves PT 2030, with territorial priorities (external and internal competitiveness/sustainable cohesion and resource enhancement) and horizontal (people first/innovation and qualification). PNPO and PROT are also inserted here. At the level of ‘societal challenges’, the circular economy is integrated; active aging; food security; Mediterranean diet; digitization/economy 4.0; and climate change. RIS 3 (Figure 59) involves several sectors and components, where the tourism sector stands out. The Algarve 2030 is also in line with the SDG 2030.

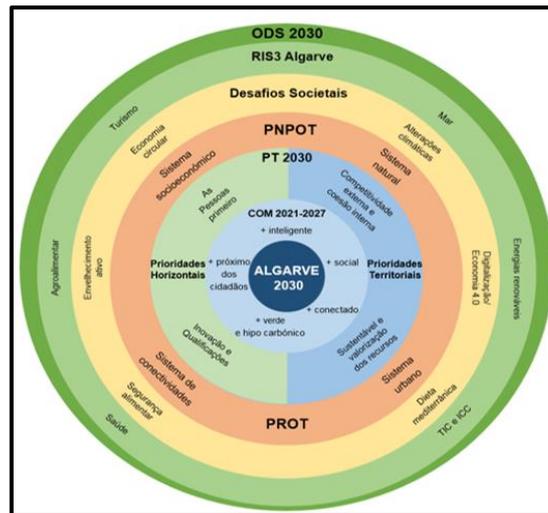


Figure 58 – Algarve 2030 – strategic framework

Source: CCDR-Algarve

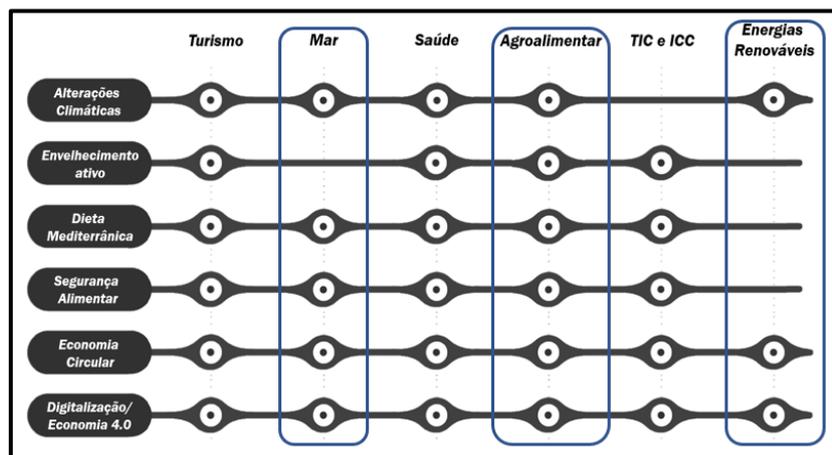


Figure 59 – RIS 3 Algarve 2030 – Articulation with societal challenges

Fonte: CCDR-Algarve

### 8.6.5.1. Other programmes (national + cross border) that are connected to the Algarve

According to information provided by CCDR-Algarve, with regard to POCTEP there are 7 projects associated with tourism:

- 0056\_ODYSSEA\_BLUE\_HERITAGE\_202: ERDF approved (€592 876.88); ERDF approved Algarve (€214 126.88)

- 0058\_DESTINO\_FRONTERA\_6\_E: ERDF approved (€1 136 580.26); ERDF approved Algarve (€55 931.14)
- 0131\_FORTours\_5\_E: : ERDF approved (€1 583 260.00); ERDF approved Algarve (€285 960.00)
- 0193\_UADITURS\_II\_5\_E: ERDF approved (€2 214 077.54); ERDF approved Algarve (€544 105.93)
- 0530\_VALUETUR\_AAA\_5\_E - ESTRATEGIA COMÚN PARA LA VALORIZACIÓN TURÍSTICA DE ESPACIOS SINGULARES DEL ÁREA DE COOPERACIÓN ANDALUCÍA - ALGARVE – ALENTEJO: ERDF approved (€1 293 750.00); ERDF approved Algarve (€74 137.50)
- 0462\_FORTOURS\_II\_5\_E - FORTours II: FORTIFICACIONES DE FRONTERA: FOMENTO DEL TURISMO CULTURAL TRANSFRONTERIZO: ERDF approved (€1 445 594.45); ERDF approved Algarve (€271 507.50)
- 0751\_ECRESHOT\_5\_P - Economía Circular e Resíduos de Sabonetes de Hotelaria): ERDF approved (€99 547.28); ERDF approved Algarve (€82 859.78)

#### *8.6.6. Operational Programme 'Azores' (2014-2020)*

“‘PO Açores 2020’ (...) is a programme co-funded by the ERDF and ESF funds, for the 2014-2020 programming period, to be implemented in the Azores Autonomous Region. The Programme was prepared by the Regional Government of the Azores, synthesizing a very wide range of consultations and contributions from a wide variety of regional agents, expressing the main proposals on regional development policy for the near future, in compliance with the main guidelines of the European Strategy 2020 and the National Partnership Agreement ”.<sup>140</sup> As shown in Table 22, this territory, like the North, Centre, and Alentejo Region, is one of the 'least developed regions' or in convergence, as its GDP per capita < 75% of the EU average.

This programme is structured on 12 priority axes. Readjusted values due to the reprogramming made because of COVID-19 ‘Decisions and versions of Azores OP - Synthesis on October 31, 2020 - Reprogramming COVID-19’:<sup>141</sup>

“in Article 4, paragraph 2 is replaced by the following: "2. The total financial appropriation for the operational programme is set at EUR 1 137 480 882, to be financed from the following specific budget lines in accordance with the nomenclature of the

<sup>140</sup>[https://www.portugal2020.pt/sites/default/files/acoes\\_3\\_brochura.pdf](https://www.portugal2020.pt/sites/default/files/acoes_3_brochura.pdf) (p.3)

<sup>141</sup>CCI (2014PT16M2OP004) / Designation (Regional Operational Programme for the Azores 2014-2020) / Ref. Decision (C (2020) 6254) / Decision Date (09-09-20) / Text version (8.0)

General Budget of the European Union for 2014: 13 03 60: EUR 736 224 866 (ERDF – Less developed regions); 13 03 63: EUR 57 500 000 (ERDF – Additional allocation for outermost and sparsely populated regions)<sup>142</sup>

These values are represented as shown in the table below:

**Table 42 – Breakdown of finances by priority axis (Operational Programme 'Azores' - 2014-2020)**

<b>Priority axis</b>	<b>Community Support (€)</b>
Axis 1 - Research, technological development and innovation	31 600 000.00 (ERDF)
Axis 2 - Improve access to information and communication technologies as well as their use and quality	18 200 000.00 (ERDF)
Axis 3 - Competitiveness of regional companies	287 188 500.00 (ERDF)
Axis 4 - Low carbon economy	42 155 564.00 (ERDF)
Axis 5 - Climate change and risk prevention, and management	42 200 000.00 (ERDF)
Axis 6 - Environment and resource efficiency	79 813 500.00 (ERDF)
Axis 7 - Sustainable transport and main infrastructure networks	28 000 000.00 (ERDF)
Axis 8 - Employment and labour mobility	113 355 853.00 (ESF)
Axis 9 - Social inclusion and combating poverty	96 300 000.00 (ERDF)   96 782 388.00 (ESF)
Axis 10 - Teaching and learning through life	103 267 302.00 (ERDF)   133 550 575.00 (ESF)
Axis 11 - Institutional capacity and efficient public administration	67 200.00 (ESF)
Axis 12 - Specific allocation for the outermost regions	57 500 000.00 (ERDF)
Axis 13 - Technical assistance	7 500 000.00 (ERDF)
<b>Total ERDF</b>	<b>736 224 866.00 (less developed) + 57 500 000.00 (outermost or northern sparsely populated)</b>
<b>Total ESF</b>	<b>343 756 016.00</b>
<b>Total</b>	<b>1 137 480 882.00</b>

Source: European Commission<sup>142</sup>

<sup>142</sup>[https://www.portugal2020.pt/sites/default/files/a1\\_en\\_act\\_part1\\_v4\\_2.pdf](https://www.portugal2020.pt/sites/default/files/a1_en_act_part1_v4_2.pdf)

For the tourism sector in this OP there are 553 projects under the ERDF, where they have four states of operation: “in execution” – 255 out of 553 projects; “closed/completed” – 131 of 553 projects; “accept entity/contractor parts” – 105 out of 553 projects; and “approved” – 62 of 553 projects. According to the interviewees, the conclusions of the OP Azores manager regarding the funds available to the tourism sector until January 2021 are:

- Total Eligible Cost Approved - In Force: €265 238 804.97;
- ERDF contribution approved: €143 048 857,25;
- Total ERDF support: €775 151 244.00.

There are 27 CAEs associated with this OP, with the most frequent being: 55201 (furnished accommodation for tourists) – 146 out of 553 projects; 55202 (tourism in rural areas) – 94 of 553 projects; 56101 (traditional type restaurants) – 77 of 553 projects; 55111 (hotels with restaurant) – 36 of 553 projects; 55123 (tourist apartments without restaurant) – 30 of 553 projects; 56107 (restaurants, n.e. (includes catering activities in mobile environments)) – 23 out of 553 projects; 55121 (hotels without restaurant) – 20 of 553 projects; 56102 (restaurants with seats at the counter) – 17 of 553 projects; 56301 (cafés) - 14 out of 553 projects; 55204 (other short-term accommodation) – 13 out of 553 projects; 56302 (bars) - 13 of 553 projects; 56104 (typical restaurants) – 12 out of 553 projects; and 56303 (patisseries and tea houses) – 9 out of 553 projects.

### *8.6.7. Operational Programme 'Madeira' (2014-2020)*

The operational programme for Madeira 2014-2020 (Madeira 14-20) is “(...) a support programme for the European Regional Development Fund and the European Social Fund within the scope of the Investment in Growth and Development employment for the Madeira Autonomous Region”.<sup>143</sup>

As shown in Table 15, the Madeira Autonomous Region is one of the 'more developed regions', as its GDP per capita > 90% (funds co-financing rate: 85% (Madeira Autonomous Region) - the co-financing rate applicable to Madeira Autonomous Region results from the application of the most favourable co-financing rate to the ORs, in the light of European regulations).

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<sup>143</sup><http://www.idr.gov-madeira.pt/m1420/Conteudo.aspx?IDc=m1420-PO--madeira--14-20&IDsm=m1420-programa>

The programme is structured on 12 priority axes. Readjusted values due to the reprogramming done because of COVID-19 'Decisions and versions of Madeira OP - Synthesis on October 31, 2020 - Reprogramming COVID-19':<sup>144</sup>

"in Article 1, the introductory sentence is replaced by the following: "The following elements of the operational programme "Madeira 2014-2020" for joint support from the ERDF and the ESF under the Investment for growth and jobs goal for the region of Madeira in Portugal for the period from 1 January 2014 to 31 December 2020, submitted in its final version on 18 December 2014, as last amended by the revised operational programme submitted in its final version on 27 August 2020, are hereby approved"<sup>145</sup>

According to this same document (already with the COVID-19 new values), the global value for this OP is €401,226,070, the ERDF (€213,438,722 + €58,181,815), and the ESF (€129,605,533) as can be seen in the table below:

**Table 43 – Breakdown of finances by priority axis (Operational Programme 'Madeira' - 2014-2020)**

Priority axis	Community Support (€)
Axis 1 - Reinforce research, technological development and innovation	25 805 504 (ERDF)
Axis 2 - Improve access to information and communication technologies, as well as their use and quality	5 130 000 (ERDF)
Axis 3 - Strengthening the competitiveness of small and medium-sized enterprises (SMEs)	63 995 908 (ERDF)
Axis 4 - Support the transition to a low carbon economy in all sectors	14 405 369 (ERDF)
Axis 5 - Protect the environment and promote resource efficiency	22 800 758 (ERDF)
Axis 6 - Promote sustainable transport and eliminate bottlenecks in infrastructure networks	40 855 099 (ERDF)
Axis 7 - Promote employment and support labour mobility	35 960 000 (ESF)
Axis 8 - Promote social inclusion and fight poverty	15 684 632 (ERDF)   20 415 155 (ESF)
Axis 9 - Investing in skills, education and lifelong learning	16 095 052 (ERDF)   71 204 678 (ESF)

<sup>144</sup> CCI (2014PT16M2OP006) / Designation (Regional Operational Programme for Madeira 2014-2020) / Ref. Decision (C (2020) 6428) / Decision Date (17-09-20) / Text version (7.0)

<sup>145</sup>[https://www.portugal2020.pt/sites/default/files/quadromadeira\\_2020.pdf](https://www.portugal2020.pt/sites/default/files/quadromadeira_2020.pdf)

Axis 10 - Strengthen the institutional capacity and efficiency of Public Administration	2 025 700 (ESF)
Axis 11 - Costs of ultra-peripherality	58 181 815 (ERDF)
Axis 12 - Technical assistance	8,666,400 (ERDF)
<b>Total ERDF</b>	<b>213,438,722 (More developed) + 58,181,815 (Outermost or northern sparsely populated)</b>
<b>Total ESF</b>	<b>129,605,533</b>
<b>Total</b>	<b>401,226,07</b>

Source: European Commission<sup>145</sup>

According to the interviews, taking the List of Operations M1420 - ERDF - Approved into account, which was provided, based on 12/31/2020, the total approved amount was: €1,107,403,149.05 and the approved ERDF of €108,388,054.46, for the tourism sector in the region it was €179,287,044.40 and €58,839,513.05 respectively with 1127 projects associated with tourism.

Regarding the question “How can ERDF and Cohesion Fund financing be better used in the future? How should these funds be designed?”, the weight of tourism and its unquestionable impact on the region's economy, specific support should be created for the resumption of tourism activity across its entire range/scope. In addition to the direct support measures for companies and families, similar to other economic activities, there is an urgent need to implement measures to encourage and increase the competitiveness of ‘Destino Madeira’, aiming at recovering the negative, economic and social impacts, with a view to reactivating and revitalizing companies and all regional tourist activity. Vulnerable spaces such as Madeira and Porto Santo island and the outermost regions to which accessibility is strongly dependent on air transport should have connectivity ensured, and the attractiveness and tourist competitiveness of the region demand even more by the creation of measures that can attract and encourage the return of the largest number of airlines to ‘Destino Madeira’.

## 9. Scenarios for the future of tourism in Portugal

The scenarios presented in this section are based on the analysis of primary information, collected through interviews, and secondary information, on an extensive literature review. Much has been written about the evolution and impact of COVID-19, but a considerable number of publications are not solid enough to be used because they lack scientific and technical rigour.

Some selected and reliable publications on forecasts and scenarios for the future are presented in Annex II – Tourism forecasts from several sources

The most reliable information is published by the European Commission (EC), United Nations World Tourism Organisation (UNWTO), International Air Transport Association (IATA), and World Travel and Tourism Council (WTTC).

Table 44 – Scenarios for the evolution of tourism in Portugal

Durations	Scenarios	The impacts and implications related to tourism
<b>Short term</b>  <b>(February 2021–December 2021)</b>	<p><b>The optimistic scenario</b></p> <ul style="list-style-type: none"> <li>- Successful vaccination of the population</li> <li>- No problem with the supply of vaccines</li> <li>- Variants of the virus do not reduce the effectiveness of vaccines</li> <li>- As targeted by the government, 75 per cent of the population is vaccinated by the end of the summer of 2021</li> <li>- The entire population is vaccinated by the end of 2021</li> <li>- No more lockdowns</li> <li>- The frontiers are open but health controls are imposed on tourist arrivals – e.g. a vaccine passport and fast virus test</li> </ul>	<ul style="list-style-type: none"> <li>- Domestic travels start to rise from May (with health precautions) and increase gradually</li> <li>- International travel starts to rise from June (with health restrictions) and gradually expands</li> <li>- Travellers still show a preference for low-density areas and less crowded places</li> <li>- The recovery of tourism gradually starts to take place</li> <li>- The revenue of the tourism businesses starts to increase</li> <li>- Total tourism revenue rises but is still far from the level of 2019</li> <li>- With progress in the situation, employment starts to grow</li> <li>- Tourism businesses at risk of bankruptcy have started to cover their losses and are no longer at risk</li> <li>- Tourists' sense of health and security continues</li> <li>- New forms of leisure and tourism start to emerge, principally for inbound tourism</li> <li>- Forms of tourism linked to nature, rural, and heritage start to expand</li> </ul>
	<p><b>The moderate scenario</b></p> <ul style="list-style-type: none"> <li>- Vaccination problems start to occur due to the emergence of new variants and ineffectiveness of the vaccines</li> <li>- The vaccination of the entire population fails to be completed by the end of 2021</li> <li>- The number of infected people sometimes increases to dangerous levels and temporary lockdowns are enforced</li> <li>- Travel restrictions are occasionally introduced</li> </ul>	<ul style="list-style-type: none"> <li>- Domestic travel returns in the summertime (with strict health precautions) but with low numbers</li> <li>- International travel starts from June (with health restrictions) with low numbers</li> <li>- Travellers still show a preference for low-density areas and less crowded places</li> <li>- The recovery of tourism is slow, but it has some periods of good international arrivals and good periods of domestic tourism</li> <li>- Tourism businesses improve but do not yet reach satisfactory levels</li> <li>- Some tourism industry employees have lost their jobs</li> </ul>

	<ul style="list-style-type: none"> <li>- Frontiers are open but operate with tighter health controls - e.g. a vaccine passport, fast virus test and quarantines</li> </ul>	<ul style="list-style-type: none"> <li>- Tourism businesses at risk of bankruptcy have managed to survive but are still in trouble</li> <li>- Tourists' sense of health and security continues to be at the top of the agenda</li> <li>- Safety and health continue to be critical in choosing the destination</li> </ul>
	<p><b>The pessimistic scenario</b></p> <ul style="list-style-type: none"> <li>- Vaccination not successful because new mutations start to develop</li> <li>- The number of infected people is high, and the health system has trouble coping with the growing number of cases</li> <li>- Uncertainty and uncontrolled situations tend to occur</li> <li>- Long-term lockdowns continue</li> <li>- Borders are closed</li> </ul>	<ul style="list-style-type: none"> <li>- Domestic travel is residual</li> <li>- International travel is restricted</li> <li>- Low-density areas and less crowded places are the top priorities of travellers</li> <li>- The industry does not recover</li> <li>- Contribution of tourism to the GDP is low</li> <li>- Large numbers of employees lose their jobs</li> <li>- Many tourism businesses are bankrupted</li> <li>- Tourists' sense of health and security continues low</li> <li>- Safety and health issues prevent travel from rise</li> <li>- The government continues to support the industry and prevent it from bankrupting with emergency funding</li> <li>- In particular, SMEs are protected in this period</li> </ul>
<p><b>Medium term</b>  <b>(January 2022–December 2023)</b></p>	<p><b>The optimistic scenario</b></p> <ul style="list-style-type: none"> <li>- With the help of successful vaccination, communities achieve herd immunity by the end of 2022</li> <li>- The pandemic alert is ended</li> <li>- There are still some focus of infections but the situation is under control</li> <li>- The frontiers are fully open but minor health controls are imposed upon tourist arrivals - e.g. a vaccine passport</li> </ul>	<ul style="list-style-type: none"> <li>- Domestic travel reaches levels close to 2019</li> <li>- International travel expands to a significant level but not as it was in 2019</li> <li>- Travellers still demand low-density and less crowded places but less than the previous years</li> <li>- The recovery of tourism is continues successfully</li> <li>- The revenue of the tourism industry has reached a good level</li> <li>- Total tourism revenue is contributing to GDP almost at the level of 2019</li> <li>- Tourism employment has become secure</li> <li>- Tourism businesses have returned to their previous good condition</li> <li>- Tourists' sense of health and security continues to improve</li> <li>- Sustainable and rural tourism types are in high demand</li> </ul>

	<p><b>The pessimistic scenario</b></p> <ul style="list-style-type: none"> <li>- Vaccination continues because of virus mutations</li> <li>- Herd immunity has not yet been achieved</li> <li>- Pandemic concerns continue</li> <li>- The frontiers are fully open but tight health controls are imposed upon tourist arrivals - e.g. a vaccine passport, fast virus test and quarantine</li> </ul>	<ul style="list-style-type: none"> <li>- Domestic travel has increased but failed to reach 2019 levels</li> <li>- International travel is gradually rising</li> <li>- Travellers continue to show a preference for low-density areas and less crowded places</li> <li>- The recovery of tourism continues</li> <li>- The revenue of the tourism industry increases</li> <li>- The contribution of tourism to GDP has improved but is not yet at 2019 levels</li> <li>- Many tourism jobs are still at risk</li> <li>- Tourism businesses are still trying to recover</li> <li>- Tourists' sense of health and security continues low</li> <li>- Forms of tourism linked to nature, rural, and heritage continue at the top of consumers' agendas</li> </ul>
<p><b>Long term</b> <b>(January 2024 onwards)</b></p>	<p><b>The optimistic scenario</b></p> <ul style="list-style-type: none"> <li>- COVID-19 is no longer an issue</li> <li>- The frontiers are fully open, and tourists travel easily from one country to another</li> </ul>	<ul style="list-style-type: none"> <li>- The number of domestic travellers is at a good level.</li> <li>- The number of international travellers has increased to a significant level (even better than in 2019)</li> <li>- The demand for low-density areas and less crowded places is stagnant</li> <li>- The tourism industry has recovered</li> <li>- The revenue of the tourism industry is even better than 2019 and continues to expand</li> <li>- Total tourism revenue makes a significant contribution to GDP (better than 2019) and is gradually improving</li> <li>- Tourism employment is at good levels</li> <li>- Tourism businesses are flourishing</li> <li>- Health and security issues are no longer a critical issue</li> <li>- People are aware of sustainability issues and new rural destination and locality are among the trends</li> </ul>

**The pessimistic scenario**

- There are still some COVID-19 cases, but the numbers are becoming residual
- The frontiers fully open but minor health controls are imposed upon tourist arrivals - e.g. a vaccine passport

- Domestic travel continues to expand
- International travel continues to expand but not doing as well as domestic tourism
- The demand for low-density areas and less crowded places continues significant
- The recovery of the tourism industry is almost complete
- Tourism industry revenue is increasing
- Total tourism revenue is increasingly contributing to GDP
- No significant risk of losing jobs for tourism employees in 2024, decreasing to a risk-free level
- Tourism businesses have managed to survive and have begun to improve their conditions
- Health and security continues among the travellers' concerns

## 10 Conclusions and Recommendations

### 10.1 The European context

The EU comprises a very large territory with countries and regions at different levels of development. The objectives of the ERDF are established in Article 176 TFEU, where it is stated that ‘The European Regional Development Fund is intended to help to redress the main regional imbalances in the Union through participation in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions’.

The Regulation of the ERDF and CF funding for the next horizon 2021-27 were the subject of discussion and regulation by the European Parliament and by the Council.<sup>146</sup> The ERDF and CF envelope for the period 2021-2027 amounts to €241.9 billion, as is shown in the following table. Portugal will receive a total of €15.9 billion, split into €11.49 billion of ERDF and €4.4 billion of CF funding.

Careful attention should be paid to the fact that the section ‘investment for jobs and growth’ will absorb the majority of the funding. Therefore, tourism projects should be designed to apply to this rubric to maximise investment in the tourism sector.

Table 45 – ERDF and CF envelop for 2021-27 in million €

	EUROPE	PORTUGAL
<b>TOTAL ERDF AND COHESION FUND</b>	<b>241 978</b>	<b>15 944</b>
<b>EUROPEAN REGIONAL DEVELOPMENT FUND (ERDF)</b>	<b>200 629</b>	<b>11 497</b>
Investment for jobs and growth	190 752	n.a.
European territorial cooperation	8 430	n.a.
Outermost regions and sparsely populated areas	1 447	n.a.
<b>COHESION FUND (CF)</b>	<b>41 349</b>	<b>4 447</b>
of which contribution to CEF Transport	10 000	n.a.

<sup>146</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2018%3A372%3AFIN>

The allocation of the ERDF and the CF funding follow the policy orientations set out by the European Parliament. While in the previous period, the Commission set up 11 policy objectives (POs), for the next phase the POs have been clustered into 5 main investment priorities:

**(PO 1) A smarter Europe** by promoting innovative and smart economic transformations. This objective is organised in 4 specific areas covering the following areas:

- (i) research, innovation and technologies;
- (ii) digitalisation;
- (iii) SMEs;
- (iv) smart industrialisation, industrial transition and entrepreneurship.

**(PO 2) A greener, low-carbon Europe**, by promoting clean and fair energy transition and blue investment, the circular economy, climate adaptation and risk prevention and management. This objective is organised in seven sub-areas:

- (i) energy efficiency use;
- (ii) renewable energy;
- (iii) smarter energy systems;
- (iv) climate change, risk adaptation and disaster resilience;
- (v) water management;
- (vi) circular economy;
- (vii) biodiversity, green infrastructure and pollution reduction.

**(PO 3) A more connected Europe** by enhancing mobility and regional ICT connectivity. This PO objective is organised in the following domains:

- (i) digitalisation;
- (ii) intermodal Trans-European Transport Network (TENT-T);
- (iii) intermodal national, regional and local mobility and links to the TENT-T;
- (iv) multimodal urban mobility.

**(PO 4) A more social Europe** implementing the European Pillar of Social Rights. This policy objective has been operated by the following fields:

- (i) social innovation and infrastructure;
- (ii) access to inclusive and quality services in education and training;
- (iii) integration of marginalised communities;
- (iv) equal access to health care.

**(PO 5) A Europe closer to citizens** by fostering the sustainable and integrated development of urban, rural and coastal areas and local initiatives. This orientation is to be implemented in the areas that follow:

- (i) integrated social, economic and environmental development in urban areas;
- (ii) integrated social, economic and environmental development for rural and coastal areas.

While these objectives are seen horizontally among the policies set out to Europe, the Commission is established a **Specific Objective 4.5, specifically oriented to tourism within policy objective 4: *Enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation***. It is argued that tourism and culture should be used as a tool to stimulate a more cohesive and social Europe, and it is also believed that by strengthening tourism and culture, the whole economic, social and environmental fabric of Europe may be strengthened.

The crises brought about by the pandemic offer great opportunity for tourism and culture to progress towards new and innovative solutions. Areas relying heavily on tourism and culture should design and implement new policies in order to stimulate a broader access to culture and more horizontally diversified tourism economies and services, capable of boosting and enhancing local economies. The creation of new jobs should also pursue the objective of making communities more resilient and sustainable, which calls for the need to bring in new frameworks or even new tourism and culture paradigms.

Since tourism has grown fast in many places and has assumed centre stage in a number of economies due to its impact on the income, employment and local investment and development, it is highlighted that tourism may play an ‘energising’ role, capable of inducing social and economic transformations at the community level. In other words, tourism should not be seen just as another economic sector but above all, as a driver with capacity to create horizontal spillovers and gear development in other sectors. The literature on tourism shows, that the sector is horizontal and eclectic, and have the capacity to create negative impacts such as segregation, gender inequalities, discrimination and unequal rights.

Examples of what can be supported in the areas of tourism and culture:

- (i) **Tourism:**
  - Supporting tourism SMEs in their green and digital transition helps them build new and innovative business models, adapting to new consumer trends and new situations, therefore improving their resilience and competitiveness;
  - Support social enterprises and social innovation in tourism;

- Support capacity building both for public and private tourism bodies at national, regional and local level (e.g. destination management organisations, national tourism organisations and boards, etc.), in particular in the area of sustainability and digitalisation.

(ii) **Culture:**

- Support for cultural sites and facilities;
- Restoration of cultural or industrial heritage;
- SME support, including social enterprises and social innovation.

Examples of what cannot be supported:

- Investments that do not aim at long-term economic resilience of tourism enterprises, built on the green and digital transformation and innovative solutions;
- Investments that do not aim at improved sustainability in terms of respect and protection of the environment and biodiversity;
- Measures on cultural heritage that do not ensure the financial sustainability of cultural sites funded by the ERDF through diversification of and increased reliance on their own revenue sources.

## *10.2 The Portuguese context*

Portugal's policy orientation for the period 2020-2030 is included in a report called 'Portugal Strategy 2030' (Estratégia Portugal 2030).<sup>147</sup> This document creates four thematic agendas for the country:

1. People first;
2. Digitalisation, innovation and qualification of human resources;
3. Climate transition and sustainability;
4. Competitiveness and cohesion.

It is affirmed in the report above that the actions to overcome some of the constraints Portugal has been faced with, should be oriented in order to: (i) assume that businesses should take centre stage in the economic recovery; (ii) the economy should be more diversified in order to become more resilient; and

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<sup>147</sup> <https://www.portugal.gov.pt/pt/gc22/comunicacao/documento?i=resolucao-do-conselho-de-ministros-que-aprova-a-estrategia-portugal-2030>

(iii) there should be greater investment in science, knowledge and innovation, to make Portugal progress faster and more sustainably.

Portugal Strategy 2030 is strongly rooted in a document named ‘Strategic Vision for Portugal’s Economic Recovery Plan 2030’, or as it is often labelled, the ‘Costa e Silva Plan’.<sup>148</sup> The plan calls for several structural changes, and defends that tourism should be seen as a driving force to boost new economic dynamics in the country, and also that the chain of operations and operations management should be shrunk in order to strengthen the local economic basis. In other words, when businesses are made more locally, internal networks may be strengthened and diversified, which makes the local economy grow and develop in a more sustained and sustainable way.

In the Costa e Silva Plan it is argued that Portugal should create 10 strategic development axes. The cluster ‘culture, services, commerce and tourism’ is among them, which means that both the Commission and Portugal’s strategies point in the same direction.

It should also be mentioned that the association between tourism and culture is not new in Portugal. Under the Second Framework of Support (1994-1999),<sup>149</sup> tourism was included in a sub-programme called ‘Tourism and Cultural Heritage’, which amounted to €1.16 M.<sup>150</sup> Six programmes were then created: (i) modernization and diversification of the accommodation; (ii) accommodation in historic buildings; (iii) training; (iv) cultural heritage; (v) museums; and (vi) youth tourism.

At the end of the programme, an ex-post evaluation<sup>151</sup> was conducted and it was found that the practical results arising from the association between tourism and culture were fewer than was initially expected, because both areas were managed separately from each other.

The ‘Recovery and Resilience Plan 2021–2026’ (Plano de Recuperação e Resiliência – Recuperar Portugal 2021-2026)<sup>152</sup> is another document that is to be taken into account in the future. The plan includes three main dimensions for the recovery of the economy:

- (i) **Resilience** – it calls for the need to stabilise Portugal’s economy and society;
- (ii) **Climate transition** – it provides guidance about how to implement the ‘European Green Deal’<sup>153</sup>, and make Portugal carbon neutral by 2050;

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<sup>148</sup> <https://www.portugal.gov.pt/download-ficheiros/ficheiro.aspx?v=%3d%3dBQAAAB%2bLCAAAAAAABAAzNDAYtAQAZiD%2fFAUAAAA%3d>

<sup>149</sup> <https://www.adcoesao.pt/content/1986-1988-qca-i-ii-iii-e-qren>

<sup>150</sup> 255.2 billion Escudos, approximately 1,16 M€

<sup>151</sup> Costa, C, Costa, R, 2020, *Avaliação do II Quadro Comunitário de Apoio*, Ministério da Economia and University of Aveiro Lisboa

<sup>152</sup> <https://www.portugal.gov.pt/pt/gc22/comunicacao/documento?i=plano-de-recuperacao-e-resiliencia-recuperar-portugal-2021-2026-plano-preliminar->

<sup>153</sup> [https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/actions-being-taken-eu\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/actions-being-taken-eu_en)

- (iii) **Digital transition** – it emphasizes the need to make businesses, organisations and administrations more connected with each other, and make online work and communications available whenever possible. There is growing evidence that remote work is boosting productivity,<sup>154</sup> and growing numbers of companies are keen to continue with the option of online jobs.

It is within the context of these frameworks that the recommendations of this report are here reported in the following sections.

### **10.3 Conclusions and Recommendations**

The objective of this section is to provide a list of recommendations and conclusions to support the European authorities in optimizing the utilization of ERDF and CF funds. The first section (10.3.1) offers a group of considerations and recommendations that ought to be implemented in the short-run, following the scenarios presented before. The next section (10.3.2) offers a group of recommendations for the medium and long term, which have been clustered into five main groups, according to the five policy objectives set up by the European Commission for the next decade. The third section (10.3.3) elaborates on the RIS3 and regional level (NUTS II) recommendations.

#### **10.3.1 Short term recommendations (the ‘emergency phase’)**

##### **Considerations**

With the outbreak of COVID-19, Portugal implemented the first lockdown in March 2020, closing hotels, restaurants, transports, entertainments, events, etc. in the tourism sector. These restrictions were then occasionally eased at some periods of time but, overall, they stayed in total or partially in place throughout 2020 and beginning of 2021.

In order to tackle the problems caused by a stagnant economy, the government launched several initiatives to protect workers and families and mitigate the economic impacts of COVID-19.<sup>155</sup> It placed particular emphasis on the travel and tourism sectors to bolster the national capacity to respond to the challenges resulting from COVID-19. Business support measures have included extraordinary support for the maintenance of employment contracts in a company in the amount of 2/3 of the remuneration, and ensuring 70% of social security, the remainder being borne by the employer (the government

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<sup>154</sup> <https://expresso.pt/economia/2021-02-04-Teletrabalho-faz-disparar-productividade-dos-trabalhadores>

<sup>155</sup> <https://www.e-unwto.org/doi/epdf/10.18111/9789284421893>

labelled this scheme as 'lay off programme'); offering training scholarships in the Institute for Employment and Vocational Training (IEFP) in Portugal; the extension of deadlines for the payment of taxes and other declarative obligations; exceptional financial support for employees and the self-employed who have to stay at home to accompany their children up to 12 years old; guaranteeing social protection for trainees and trainers in the course of training actions; and more.

To implement these policies, the government established two main support programmes: the 'Valorizar' Programme and the 'Linha da Qualificação da Oferta':

**Table 46 – Lines of Support from Turismo de Portugal – 'Valorizar' Programme and 'Linha da Qualificação da Oferta'**

<b>Support Approved Applications</b>	<b>Measure Total (M €)</b>	<b>NUTS II</b>	<b>Approved Applications</b>	<b>Total Investment (M €)</b>	<b>Incentive (M€)</b>
<b>Valorizar Programme</b>		North	184	43 957 561	27 935 160
		Centre	290	72 199 133	44 781 139
		Lisbon M.A.	58	10 046 817	7 315 717
		Alentejo	163	34 850 917	24 601 436
		Algarve	47	12 918 213	6 073 794
		Azores	5	340 256	284 898
		Madeira	4	726 645	550 754
		Other (N/D)	4	598 303	538 472
		<b>Total</b>	<b>755</b>	<b>175 637 845</b>	<b>112 081 370</b>
<b>Linha Qualificação Oferta (2016-2020)</b>		North	148	171 825 086	74 030 270
		Centre	91	94 516 009	42 782 624
		Lisbon M.A.	115	208 247 605	91 247 568

Support Approved Applications Investment (M €)	Measure Total (M €)	NUTS II	Approved Applications	Total Investment (M €)	Incentive (M€)
		Alentejo	67	128 652 352	39 853 805
		Algarve	103	128 495 097	72 613 204
		Azores	12	20 855 828	4 025 326
			18	35 492 591	14 340 011
			2	1 322 830	899 803
			<b>556</b>	<b>789 407 398</b>	<b>339 792 611</b>

Source: Turismo de Portugal (updated 03-02-2021)

These programmes have been critical in preventing a number of businesses from closing for good. The scale of the problem is so high that on 10<sup>th</sup> March 2021 the Portuguese Association of Restaurants and Accommodation warned that 52% of the restaurants claimed that they could no longer support their human resources, energy and suppliers bills, and 35% were even stating that they could even be bankrupt soon.<sup>156</sup>

The emergency programmes put forward in Portugal have been supported by the Portuguese government only. However, it would be wise to consider their continuation in the future because in the short run the priority should be to protect the tourism economy and prevent jobs from disappearing. Therefore, EC support should be channelled to tackle the actual state of calamity, and to avoid tourism businesses from bankrupting.

<sup>156</sup> <https://ahresp.com/2021/03/boletim-diario-ahresp-bda-237/>

## **Recommendations**

### **Fiscal policies**

- Cash flow assistance;
- Exemption, deferral (up to six months) and reduction (up to 50%) of tourism related taxes for businesses in the travel, hospitality and other tourism-related activities such as tourism licenses, tourism marketing taxes, visa fees, capital gain taxes;
- Economic assistance for SMEs in tourism;
- Discount on utilities expenses for businesses;
- Simplification and reduction of bureaucracy to access funding.

### **Monetary policies**

- Financial funds for SMEs in tourism such as new loan schemes and preferential conditions for loans;
- Incentive programme granted to airlines.

### **Jobs and skills**

- Wage subsidies to aid businesses in retaining jobs in tourism, hospitality and aviation, such as the *lay-off scheme*;
- Financial support for trainees;
- Support businesses with training to develop digital skills;
- Retraining and reskilling tourism workers, including unemployed workers;
- Travel and tourism designated as a special sector for employment support;
- Capacity building programmes.

### **Market intelligence**

- Internal crisis mechanisms such as committees/task forces/special units;

- Communication channels such as digital platforms and others to inform stakeholders in the tourism industry;
- Monitoring data in real time to understand tourism demand and prepare surveys, studies and forecasts;
- Guidelines on the new situation to be made available to businesses and professionals working in the tourism industry;
- Measurement of the impact in the short, medium and long term;
- Campaigns promoting virtual tourism.

### **Restarting tourism**

- Vouchers (preferred to reimbursement) for trips and travel packages cancelled due to COVID-19;
- Amendments in contract laws to protect both customers and tour-operators;
- Guidelines and recommendations on concluded tourist package contracts whose implementation is impossible due to COVID-19;
- Health and safety protocols, certifications and labels in tourism establishments (accommodation sector, restaurants, spa and wellness centres, etc.);
- Creation of safety corridors between countries to restart international tourism.

#### *10.3.2 Medium- and long-term recommendations*

The medium- and long-term recommendations that are presented at this section ought to prepare tourism for these two periods, following the scenarios set up in the report. The recommendations have been grouped in clusters, following the five policy objectives set up by the European Commission:

**(PO 1) A smarter Europe** - promoting innovative and smart economic transformations.

##### *10.3.2.1 Chain of operations*

#### **Considerations:**

The tourism industry is very often viewed from a narrow economic perspective, because it is viewed by many governments, academics and researchers only as ‘the travel and hospitality sector’, comprising transportation, hotels and food and beverage (F&B). This ‘classical’ approach emerged in the 1960s,

when the tourism industry comprised mostly transportation and tour operations in generating countries, and accommodation and F&B at the destinations.

The approaches implemented in the area in the last 20 years, under the umbrella of tourism satellite accounts (TSAs),<sup>157</sup> have complemented the demand view with the perspective from the supply side. The forms of tourism that have emerged over recent decades are rather more complex and diversified. Tourism is responsible for inducing strong impacts at destinations, because its economy percolates throughout local communities and thus administrations should manage it to boost the development and enhance the quality of life of the local communities and protect them from negative impacts.

Following this point of view tourism, tourism ought to be seen as an economic activity comprehending the following core businesses activities of the TSA:

- i. Accommodation;
- ii. Restaurants (food and beverages - F&B);
- iii. Transportation;
- iv. Rent-a-car;
- v. Travel agencies and tour guides;
- vi. Cultural services;
- vii. Recreational services.

***Recommendations:***

- The funding of the tourism sector should preferentially be oriented to its core business activities, which are listed in the TSA;
- Projects that contribute to densifying the network of tourism projects, and therefore establishing links to other tourism sub-sectors, should be valorised;
- Projects should demonstrate that they are rooted in the local economy, and make the best use of local products and services;
- Digitization should also be linked to the creation of new products, allowing tourists to create safer experiences that are more adjusted to their profile.

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<sup>157</sup> WTO Tourism Satellite Account: <https://www.e-unwto.org/doi/book/10.18111/9789284404377>

OECD Tourism Satellite Account: <https://www.oecd.org/cfe/tourism/tourismsatelliteaccountrecommendedmethodologicalframework.htm>

### *10.3.2.2 SMEs and Networks*

#### **Considerations**

While manufacturing is often rooted in ‘anchor projects’, that is, big projects that stimulate the creation of an aggregation of smaller projects around them, the travel and tourism sector comprises a nebulous collection of businesses that interact laterally with each other. Most of these businesses are SMEs, but in the case of tourism, they can also be labelled as ‘nano-businesses’, because they include those with up to 6 people, very often associated with each other by family ties.

Because of their structure and organisation, tourism businesses demand different economic approaches. Their economic links and cohesion emerge from connections that are established among them. Therefore, they should be supported on new economic concepts such as ‘ties’, ‘exchange’, ‘engagement’ and ‘horizontal coordination’.

#### **Recommendations**

- Projects must provide evidence of the way they interact laterally with each other and with the local economic base;
- Projects must provide evidence about the diversity of their suppliers of goods and services;
- Projects should reveal how they contribute to the local multiplier effect.

### *10.3.2.3 Local and traditional products*

#### **Considerations**

Tourists travel in search of different cultures, landscapes, ecosystems and sensations. They want to experience new tastes, authentic products and local experiences. To succeed, tourism requires planning and incorporation of local products and experiences. While looking for local and authentic products, tourism stimulates the production of food, wine, handicrafts, and events. When tourism follows this course of action, it requires the participation of local communities and flourishes in a sustainable way, with benefits for the residents. By doing this, the multiplier effect of tourism increases, contributing to the maximisation of its economic benefits, because not only do the direct impacts increase, but so do the indirect and induced impacts.

### **Recommendations**

- Projects should promote the consumption of local agricultural products;
- Projects should incorporate local and national wines;
- Projects should promote the utilization and consumption of traditional productions and handicrafts.

#### *10.3.2.4 Demand side*

### **Considerations**

While travel and tourism markets have grown and spread across the world, most destinations depend heavily on a few markets. This is responsible for bringing instability and crisis to the local economies, to human resources and to society, whenever a crisis emerges. Thus, destinations ought to diversify demand in order to make them less dependent on a few countries and regions, and be more economically and socially stable.

### **Recommendations**

- Projects must include feasibility studies showing their main sources of demand;
- Projects have to offer sensitive analysis illustrating what may happen to them if markets change;
- Projects must provide analysis of social and economic implications they have on the local communities.

#### *10.3.2.5 Digitalisation*

### **Considerations**

In today's society, access to information is vital for market functioning and for the advance of human resources. Transparency allows markets to perform better and provide citizens with equal opportunities. Broader access to information improves the awareness of economic and social opportunities, which makes people more resilient to crisis and communities better organised and cohesive. In addition to remote work boosting productivity, it may improve the quality of life.

In situations of crisis markets and society have to respond quicker and with greater efficiency. Digitalisation is a great way of making society better adjusted to opportunities and crises.

Digitalisation is also a cornerstone of the future of the tourism industry. Consumers search for destinations and plan their trips digitally, and when they arrive there they interact and experience the place mostly by the use of mobile phones and computers. This means that technology is critical and plays a central role in the tourism sector.

### **Recommendations**

- Organizational level: The (national and regional) administration should create digitalisation models and plans and establish objectives, outputs and benefits for the way they communicate among each other and with businesses ('intra-net', and 'extra-net');
- Business domain level: companies' operations should be supported on modern platforms of communication and access to information; particular attention should be paid to small businesses where the costs of digitalisation may be unbearable;
- Human resources domain: digitalisation of the tourism sector must be made alongside a training policy for human resources, since the issue is not only about improving hardware but also the skills of the human resources.

#### *10.3.2.6 Innovation*

### **Considerations**

Europe is the world's largest tourism region and Portugal is right on the top of the most popular tourism countries. Its history, hospitality, safety, accessibility, and modern infrastructure are among the main reasons for the Portuguese success as a top destination.

However, the future of tourism depends very much on its innovative capacity and ability to create value-added products. The concept of innovation in the tourism sector must be approached well beyond the innovation of the product. Tourism innovation may also come about via the introduction of new methods of production, new markets, new sources of supply or new forms of organisation.<sup>158</sup> This means that the concept of tourism innovation must be associated with the idea of 'value added'.

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<sup>158</sup> Schumpeter, J. A., 1934, *The theory of economic development*, Harvard Economic Studies, World

### **Recommendations**

- Projects must be feasible and profitable and should show innovative capacity in terms of product, production, market, supply and organisation;
- Evaluation criteria should value projects developed in ‘innovative milieus’,<sup>159</sup> involving businesses, research centres and organisations, because they are a guarantee of innovation and offer support to be more resilient in times of crisis;
- Tourism projects should be designed in collaborative ways, and include the needs of residents.

**(PO 2) A greener, low-carbon Europe**, by promoting clean and fair energy transition and blue investment, the circular economy, climate adaptation and risk prevention and management.

#### *10.3.2.7 Energy*

### **Considerations**

Tourism is responsible for high-energy consumption, which raises concerns about its sustainability. Tourism developments must be supported on proactive energy management strategies. Such situation gains accrued importance when across Europe the policy is to become carbon neutral by 2050, following the European Green Deal agreement. Therefore, new tourism developments should be in tune with these objectives and help to implement them.

### **Recommendations**

- New projects should incorporate the use of sustainable energies;
- New projects should stimulate the use of soft mobility (cycling, walking, roller-skating, etc.), including electro mobility (e.g., electric cars);
- New European funding should be made available for tourism businesses to make the transition to renewable energies.

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<sup>159</sup> Camagni, R. (1991) Local ‘Milieu’, Uncertainty and Innovation Networks: Towards a New Dynamic Theory of Economic Space. In: Camagni, R., Ed., Innovation Networks: Spatial Perspectives, Belhaven, London, 121-144.

### *10.3.2.8 Forest protection and management*

#### **Considerations**

Portugal comprises a vast forest area occupying more than 1/3 of the country. This area is responsible for including some of the most important natural habitats, and comprises most of the diversity of species.

The Portuguese inland embraces most of these forest spaces. The inland is less developed than the littoral because it has failed to attract population and economic activities and also because the Portuguese prefer to live in seaside locations. Owing to its depopulation and aged inhabitants, vast areas of the inland, mostly occupied by forests, have been destroyed year after year by uncontrolled, large-scale wildfires. Portugal hardly can cope with this calamity, which has destroyed extensive natural areas.

For decades, the EU has channelled vast sums of money into tackling inland depopulation and lower levels of development. However, most of these policies have proved to be ineffective. Inferior levels of inland development contrast sharply with the luring capacity of the littoral to attract people, economic activities and development.

To succeed, the inland needs feasible economic activities to attract people and businesses. During the pandemic, as social distancing was recommended to stop COVID-19, the inland registered greater demand, and many economic activities linked to tourism accommodation, F&B, and leisure failed to cope with growing numbers of consumers. This situation, which was also observed in other countries, shows that tourism can be used as an effective tool to attract people and businesses to low-density areas. Therefore, the attraction of small projects to forests areas may be seen as an effective way of attracting people to the inland, protecting the country from damaging wildfires, enhancing biodiversity, and implementing effective forms of regional development. Tourism may then be seen as a tool to fight depopulation of the inland and protect forests from wild fires, and promote nature tourism.

#### **Recommendations**

- New types of funding should be created to attract small projects to forest areas;
- Tourism investment in forest areas should be supported on a broader strategy of investment oriented to the recuperation of traditional villages and the creation of economic activities that mix tangible and intangible traditional offers;
- Investments in forest areas should be sustainable, and capable of protecting and enhancing the natural habitats and nature tourism.

### 10.3.2.9 Water management

#### **Considerations**

There is a link between the development of tourism and high water consumption, putting pressure on local water resources. The situation becomes even more complicated with some forms of tourism, such as golf and recreational activities (swimming pools, water slides, theme parks, etc.). Tourism has the potential to make a strong impact on natural ecosystems and in particular on water resources. Therefore, its development must take place in a sustainable way.

#### **Recommendations**

- Funding should be made available for developments that recycle and treat water used in tourism activities;
- There should be stimulation of the use of technologies and equipment that contribute to saving water;
- The administration should set plans and objectives for water management.

### 10.3.2.10 Circular economy

#### **Considerations**

The objective of a circular economy is to extend product lifetime and recirculate all materials without producing waste. The circular economy creates opportunities for new and innovative business models and concepts and paves the way for sustainability. Tourism developments should be created in harmony with the environment, since nature is amongst the most important assets of the tourism industry, and tourists appreciate the quality of the environment.

#### **Recommendations**

- 'Metabolism studies' should be launched by regional administrations to implement a policy for a circular economy;<sup>160</sup> these studies map material and energy flows and thus can help improve the planning and decision-making process for better use of resources and more efficient logistics;
- New projects should incorporate actions for the circular economy;

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<sup>160</sup> See this good example in Sweden <https://www.oecd-ilibrary.org/sites/99bf4f5e-en/index.html?itemId=/content/component/99bf4f5e-en>

- Support should be given to projects seeking business transition to circular economy.

**(PO 4) A more social Europe** implementing the European Pillar of Social Rights.

#### 10.3.2.11 Gender equality

##### **Considerations**

Gender is a particularly sensitive issue in the tourism sector. The industry employs a majority of women who get lower salaries and have less opportunities to be promoted ('glass ceiling' concept<sup>161</sup>). This issue is particularly important in Portugal where the tendency is for women to outnumber men employed in the sector, and the number of female students reading for degrees in tourism and hospitality greatly surpasses that of men.<sup>162</sup>

In addition, studies conducted in Portugal have provided empirical evidence that women get higher average marks in school and win more scholarships. The project on gender issues conducted in the University of Aveiro between 2009-15<sup>163</sup> shows that the tourism sector is strongly affected by gender-imbalance problems, which is negative both from an ethical and an economic point of view, since the tourism sector does not take the potential of the human resources available in the area fully into account.

##### **Recommendations**

- The recruitment and management of human resources in the tourism sector must be supported on clear orientations of non-gender discrimination.

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<sup>161</sup> The glass ceiling is a barrier to advancement in a profession, especially affecting women and members of minorities

<sup>162</sup> <https://proa.ua.pt/index.php/rtd/article/view/13439>

[https://www.researchgate.net/publication/272590045\\_The\\_Influence\\_of\\_Gender\\_and\\_Education-Related\\_Variables\\_on\\_Career\\_Development\\_The\\_Case\\_of\\_Portuguese\\_and\\_Brazilian\\_Tourism\\_Graduates](https://www.researchgate.net/publication/272590045_The_Influence_of_Gender_and_Education-Related_Variables_on_Career_Development_The_Case_of_Portuguese_and_Brazilian_Tourism_Graduates)

<https://www.cabdirect.org/cabdirect/abstract/20173181226>

<sup>163</sup> Costa, C., 2012/2015: *Poderá a igualdade de género impulsionar a criação de formas inovadoras de crescimento económico? Relançar a economia através de redes e da internacionalização no sector do turismo*, Projeto Financiado pela FCT (Ref.ª FCT: PTDC/CS-SOC/119524/2010)

Costa, C., 2009/2012: *Aproveitamento do quadro de formação das mulheres para o sector do turismo, estudando a mobilidade vertical por razões de natureza ética e económica*, Projeto Financiado pela FCT (Ref.ª FCT: PIHM/GC/0073/2008)

### *10.3.2.12 Health and wellness (Spa tourism)*

#### **Considerations**

The health and wellness markets are expanding fast. Portugal offers great potential in the area as growing numbers of units are modernizing in order to cope with growing demand. During the pandemic, spa hotels saw their demand increase owing to their capacity to provide accommodation together with health and wellness facilities in low-density areas, away from crowded urban centres.

Thermal spas are still sought after for medical treatments. However, in the recent past many of them have already introduced complementary products of health and wellness or even have shifted definitively to this market. This tendency clearly coincides with the future, since people are increasingly more interested in quality of life, happiness, slow tourism, and body care.

#### **Recommendations**

- Spa tourism is an effective way of meeting Europe's objective of creating new opportunities for health care;
- Investments should be oriented to the restoration of historic buildings and enhancing the surrounding areas;
- Being located in low-density areas, investments in spa establishments should be designed to include both tangible and intangible offers in order to create spill-over effects to the communities and boost local development.

**(PO 5) A Europe closer to citizens** by fostering the sustainable and integrated development of urban, rural and coastal areas and local initiatives.

### *10.3.2.13 Linking urban and rural areas*

#### **Considerations**

Portugal has an unbalanced development, since most of the human and economic activities are located in the littoral. Greater Lisbon and Greater Porto comprise about 46% of the population with 2.88 million and 1.72 million inhabitants, respectively. Traditionally the Portuguese prefer to live close to the beach, as their history as a country of navigators documents.

Along the coastline, development is also uneven. Lisbon and Porto are amongst the largest cities; Aveiro, Braga, Setúbal, Leiria and Faro may be included in a group of medium size cities; and Viana do Castelo, Guimarães, Vila Real, Viseu, Portalegre, etc. may be incorporated in what we can call the medium-small

cities. Portugal's inland comprises vast areas of forests and agricultural lands, which are characterised by having lower densities and being poorer.

While this form of organisation has emerged over the time in a 'normal' way, in the future Portugal must design policies capable of moving development away from better off urban growth poles to lesser developed rural and forest areas. Tourism may play an important role in this regard because it has the potential to network urban areas with the inland, through routes and itineraries. By doing this, tourism may act as a driver of economic development and social cohesion.

### **Recommendations**

- City tourism and city breaks have grown rapidly in Portugal until 2019. These forms of tourism should be supported in the future because cities offer quality infrastructures, equipment and facilities, and they can act as growth poles capable of pushing development to outside less developed areas;
- City tourism products must be complemented with routes and itineraries percolating throughout rural and forest areas;
- New investments should be created in less developed forested and rural areas, in order to catalyse the local economies;
- New forms of tourism can be promoted in the less developed inland, as well as in the rural areas located along the coastline;
- Investment in the low-density areas should be oriented towards protecting and restoring historic units and villages.

#### *10.3.3 S3 and regional level (NUTS II) recommendations*

### **Considerations**

The social, economic and physical impacts of tourism depend on the profile of tourists and on the characteristics of destination areas. Tourism does not develop evenly in a country; on the contrary it expands according to the diversity of regions.

Even if Portugal is a small-scale country, it has developed a tourism industry which varies from one region to another. In Lisbon,<sup>164</sup> tourism has flourished based on businesses, meetings, incentives,

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<sup>164</sup> <https://www.visitlisboa.com/>

conferences, events and city tourism. During the pandemic, a number of hotels had to close and many jobs were lost. With the airport and most businesses paralysed, accommodation, food and beverages, entertainment and business-related activities shut or substantially reduced their operations.

Since the 1960s, the Algarve<sup>165</sup> region has developed as a Mediterranean destination, and offers a number of 'sun-sea-sand' facilities for both international and national tourists. With the closure of the Faro airport during the lockdown, the region lost access to international markets, with the exception of some periods of time in July and August when the international airport was re-opened for short periods of time. The Algarve region managed to partially balance the loss of international tourists by attracting nationals travelling by road that were prevented from travelling abroad.

The islands of Madeira<sup>166</sup> depend on the international airport and on the cruise industry. During the lockdown the archipelago became isolated from international markets, and the tourism sector collapsed almost completely. Only the emergency funding made available by the government prevented the local economy from bankrupting.

Alentejo,<sup>167</sup> North<sup>168</sup> and Central<sup>169</sup> Portugal depend more on domestic markets, as they are easily accessed by road, and do not rely so much on international airports. The economic structure of tourism is more interconnected with the local economy and the local products. They depend on smaller and family-run forms of accommodation, food and beverages, traditional products, wine and shopping. The economic structure of tourism is better balanced and interacts more with the other economic sectors, which makes tourism suited to horizontally boosting and leveraging the other economic sectors.

The Azores<sup>170</sup> is the other archipelago that is linked to the mainland and to international markets mostly by air. It comprises nine small islands that still depend on small and family-run economic activities. The Azores have become a renowned ecotourism destination, with strong links to volcanic activities and to the sea, with whale, dolphin and bird watching.

The impact of the outbreak of COVID-19 has made the tourism sector react in different ways, as a function of the characteristics of the regions. Even if tourism can be labelled as a sector, it must be said that tourism includes a wide variety of amenities, infrastructures, facilities, products and services that are incorporated in different ways, according to the profile of the tourists and the characteristics of the

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<sup>165</sup> <https://www.visitalgarve.pt/en/Default.aspx>

<sup>166</sup> <http://www.visitmadeira.pt/en-gb/homepage?Arealid=16>

<sup>167</sup> <https://www.visitportugal.com/pt-pt/content/turismo-do-alentejo-ert>

<sup>168</sup> <http://www.portoenorte.pt/pt/>

<sup>169</sup> <https://turismodocentro.pt/>

<sup>170</sup> <https://www.visitazores.com/en/contact-us>

destinations. Therefore, one of the critical lessons that has to be learnt from the pandemic is to understand the foundations, the structure, the organisation and the way tourism interacts with its economic basis, in order to make it better adjusted to the destinations, more effective and resilient to crises. ERDF and CF should then contribute to boosting tourism activities according to the specificity of the regions where they are located.

The Commission encourages the realization of smart strategies to tackle the economic crisis in a differentiated and intelligent way. The Commission welcomes the design of national/regional research and innovation strategies for smart specialisation as a means to deliver a more targeted structural fund support and a strategic and integrated approach to harness the potential for smart growth and the knowledge economy in all regions. This is an important instrument for ensuring synergies between the policy objectives launched by the Commission and the structural funds in the interest of capacity building and providing a stairway to excellence. Useful guidelines for the S3 are described in the Smart Specialization Platform.<sup>171</sup>

The idea behind smart specialisation concept is that by concentrating knowledge resources and linking them to a limited number of priority economic activities, countries and regions can become – and remain – competitive in the global economy. This type of specialisation allows regions to take advantage of scale, scope and spillovers in knowledge production and use, which are important drivers of productivity.

The Commission underlines that there are problems coming from the regional policies set up in the past that must be overcome in the future, in particular in the following areas:

- Many strategies are not built taking the economic fabric of the region into account;
- The best performing regions are copied without consideration of the local context;
- Many strategies fail to establish a close link between investment in R&D and the needs of the business industry and of society;
- Very often public investment in R&D is not sufficiently business driven.
- Many strategies suffer from the ‘picking winners syndrome’. That is, the government may pick winners by offering tax incentives, favourable [regulation](#) or even direct [subsidies](#). However, alongside this, governments must read and understand how regional economies operate and build on their own specificities.

It is critical that knowledge created at universities and research centres is used to provide a vision for opportunities in existing or new sectors. This type of knowledge needs to be activated, mobilised and

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<sup>171</sup> <https://s3platform.jrc.ec.europa.eu/home>

supported as the main ingredient in a process of smart specialisation. New and the developing or ongoing projects should be co-created in a collaborative way by involving knowledge producers, businesses and public organisations. These projects ought to be embedded in the local economy and interconnected with each other to boost the creation of not only direct but also indirect and induced impacts ('principles of regional embeddedness and relatedness').

The S3 concept is 'smart' for two main reasons. Firstly, because it links research and innovation with economic development in novel ways such as the entrepreneurial process of discovery and the setting of priorities by policymakers in close cooperation with local actors. Secondly, this process is carried out with an eye on the outside world, forcing regions to be ambitious but realistic about what can be achieved while linking local assets and capabilities to external sources of knowledge and value chains.

There are seven research and innovation strategies for smart specialization in Portugal:

- RIS3 North Portugal<sup>172</sup>
- RIS3 Central Portugal<sup>173</sup>
- RIS3 Lisbon<sup>174</sup>
- RIS3 Alentejo<sup>175</sup>
- RIS3 Algarve<sup>176</sup>
- RIS3 Madeira<sup>177</sup>
- RIS3 Açores<sup>178</sup>

A great effort has been made by the regions to launch smart strategies in Portugal. However, it must also be critically said that much more has to be done in the area. Most initiatives have proved to be 'more of the same', as a result of the following:

- Overall the strategies fail to identify a short range of products to cluster business activities and then to spread the benefits to the other activities.
- Investment strategies are directed to the same products and businesses usually found in the tourism sector, with poor value-added.

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<sup>172</sup> [https://norte2020.pt/sites/default/files/public/uploads/documentos/norte2020\\_ris3.pdf](https://norte2020.pt/sites/default/files/public/uploads/documentos/norte2020_ris3.pdf)

<sup>173</sup> <http://ris3.ccdrc.pt/>

<sup>174</sup> <https://lisboa.portugal2020.pt/np4/19.html>

<sup>175</sup> <http://www.alentejo.portugal2020.pt/index.php/documentacao/category/10-estrategia-regional-de-especializacao-inteligente>

<sup>176</sup> [https://poalgarve21.ccdr-alg.pt/site/sites/poalgarve21.ccdr-alg.pt/files/2014-2020/ris3\\_algarve\\_2014-2020\\_pt\\_v10.5\\_8\\_2\\_2015\\_verfinal.pdf](https://poalgarve21.ccdr-alg.pt/site/sites/poalgarve21.ccdr-alg.pt/files/2014-2020/ris3_algarve_2014-2020_pt_v10.5_8_2_2015_verfinal.pdf)

<sup>177</sup> <https://ris3.arditi.pt/>

<sup>178</sup> [https://www.azores.gov.pt/NR/rdonlyres/F34BB404-11F4-4002-8DB7-2B204C4E12B6/1118575/ESTRATEGIA\\_INVESTIGAO\\_E\\_INOVAO\\_RIS3\\_ACORES\\_.pdf](https://www.azores.gov.pt/NR/rdonlyres/F34BB404-11F4-4002-8DB7-2B204C4E12B6/1118575/ESTRATEGIA_INVESTIGAO_E_INOVAO_RIS3_ACORES_.pdf)

- The process of co-creation of products is superficially found during the creation of the RIS3 projects, and with reduced consequences after the project.
- The participation of universities and research centres is often restricted to the preparation of the programmes, without effective participation and monitoring of the process.

## Recommendations

Taking the considerations advanced in the previous section into account, the following recommendations are advanced:

### North Portugal

- Tourism products should follow the authenticity of the products of the region, in order to capture international and national markets simultaneously and make tourism more sustainable and resilient to crises.
- Tourism investment should be associated with the sites classified as UNESCO World Heritage<sup>179</sup> (Centro Histórico do Porto, Arte Rupestre de Vila Nova de Foz Côa, Alto Douro Vinhateiro, Centro Histórico de Guimarães, e Santuário do Bom Jesus em Braga), and UNESCO Creative Cities (Barcelos)<sup>180</sup>, and other classified heritage.
- Tourism should be closely developed with the agriculture sector, including gastronomy and wine tourism, to boost local productions, strengthen the local economy, and make it more sustainable.
- Investment should favour smaller units, namely traditional rural houses, manor houses and other forms of heritage, and integrate them in international networks.
- Funding should be made available for investment capable of enhancing and protecting natural, protected areas.
- Investment should be integrated in routes and itineraries in order to increase the scale and the multiplier effect of tourism.
- Investment associated with religious tourism should be promoted.

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<sup>179</sup> <https://sites.google.com/site/clubeunescocidadedoporto/unesco/os-17-locais-em-portugal-que-sao-patrimonio-mundial-da-unesco>

<sup>180</sup> <https://creativecity.barcelos.pt/>

## Central Portugal

- Investment should take into account the potential of preserving traditional villages (such as, Aldeias Históricas e Aldeias de Xisto), and other forms of traditional architecture (e.g., Casas Gandaresas), and rural museums.
- Investment should be sensitive to the potential of the heritage of fortresses and castles located along the border with Spain.
- The largest number of spas and wellness centres are located in the region, and investment should leverage this potential.
- Fátima is amongst the world's most famous pilgrimage centres and an international religious route ('Shrines of Europe') has recently been created, associated with six other sanctuary cities.
- Investment linking tourism and forest areas should be launched, in order to boost new economic activities and prevent wild fires.
- Regional programmes like PROVERE, should be continued in the future but should include investment in both tangible and intangible products.
- Central Portugal has the largest number of tourism schools and research centres in Portugal, and funding may be sensitive to investment in these areas.
- Investment should strengthen gastronomy and wine tourism products.

## Lisbon

- Use tourism investment to enhance the heritage and the cultural assets of the city and the Lisbon region.
- Use tourism investment to help stimulate traditional products and small size commerce.
- Promote new investment to alleviate tourism pressure in some highly congested spots.
- Build an interconnected network of city and short break products able to spread tourism and involve the local community more effectively in the development process.
- Promote investment to enhance the establishment of clearer links with the natural environment and in particular with the Tagus river.
- Promote forms of soft mobility.
- Reduce the environmental impact of tourism activities, particularly the cruise industry.

## **Alentejo**

- Invest in products and events which are typical of the region.
- Associate tourism investment with heritage (e.g., Centro Histórico de Évora, Elvas, Mértola, Marvão, Monsaraz, and Cante Alentejano).
- Promote the preservation of the typical villages of Alentejo ('Montes Alentejanos').
- Invest in projects able to enhance the environmental characteristics of the region.
- Invest in forms of low-density tourism and slow tourism.
- Invest in forms of soft mobility.
- Invest in new markets capable of fighting the seasonal characteristics of the tourism sector and make it economically more sustained and resilient.
- Invest in high quality products and events.

## **Algarve**

- Invest in products that incorporate more regional and national investment in order to make tourism more sustainable and resilient.
- Promote developments that are sensitive to environmental protection (water management, energy efficiency, renewable energy, circular economy).
- Improve the quality of human resources.
- Contribute to smoothing the seasonal effects of the tourism sector and optimising the infrastructure and facilities by investing more in tourism businesses linked to events, meetings, incentives, etc.
- Support investment that promotes soft mobility in the region.
- Favour initiatives that foster closer links between tourism development and regional agriculture and forest products.
- Invest in health tourism facilities.

## **Madeira**

- Direct investment and initiatives to high-quality products to promote Madeira as a destination of excellence.
- Associate investment with local agriculture and Madeira wine.
- Promote investments that help to build on the image of the high environmental quality of Madeira (Floresta Laurissilva, Levadas, Desertas, bird, whale and dolphin watching, etc.).

- Stimulate forms of tourism that contribute to a better management of the forests and prevention of wild fires.
- Support investment in events that contribute to smoothing the seasonality of tourism and optimizing other public and private sector investments (Passagem de Ano, Festa da Flôr, Carnaval, romantic destination, etc.).
- Stimulate more private sector investment to involve local communities more effectively and take advantage of public investment.
- Contribute to the creation of more integrated networks and business activities.

### **Azores**

- Investment should always be associated with the natural characteristics of the Azores and its brand as an ecotourism destination.
- Investments must be justified as being environment friendly.
- Geotourism and health tourism may emerge as a cluster in the future.
- Investment should associate soft mobility with natural sports (biking, hiking, paragliding, canoeing, kayaking, yachting, horse riding, scuba diving, whale, dolphin, and bird watching, big game fishing, etc.).
- Investment should prove association with local agriculture and milk products.
- Investment must be oriented to private sector initiatives.
- The creation of networks of investments should be stimulated in order to increase the resilience of the sector and its multiplier effect.

#### *10.3.4 Research and Governance*

##### **Considerations**

Business success is closely linked to research, that is the capacity to learn about what markets really want, and how products can be designed, commercialised, and promoted. In order to achieve this, the industry should be developed by working closely with research and development centres.

Because tourism is eclectic and holistic, its development requires wider variety of approaches, ranging from businesses, research, and territorial coordination. It is not easy to find organisational structures which answer all these concerns. Tourism is a new field that has emerged as a meeting ground of several sciences and economic and political interests. Therefore, to succeed, the government should promote

the creation of meeting structures (informal or formal) where new and innovative products can be designed.

### **Recommendations**

- The government should promote a culture of research and development as claimed in the Thematic Agendas for Research and Innovation,<sup>181</sup> established by the Portuguese Foundation for Science and Technology ('Fundação para a Ciência e Tecnologia – FCT'). See in particular in the Tourism, Leisure and Hospitality Agenda,<sup>182</sup>
- The government should create a specific research area to fund tourism research, following the policy introduced by the Evaluation and Accreditation Agency (A3Es)<sup>183</sup> for the evaluation of tourism courses;
- The government should support the establishment of research platforms associating tourism companies, certified research centres (FCT research centres), and corporate associations, to improve and boost tourism research and innovation.

#### *10.3.5 Education and training*

### **Considerations**

Tourism is often labelled as the hospitality industry. Despite digitalisation and robotics increasing in importance, tourism will always be human rather than capital intensive. Moreover, the tourism industry shows problems of innovation and creation of value-added, which also implies serious problems of productivity. Investment in education, training and research is therefore critical for its progress in the future.

### **Recommendations**

- A national strategy to evaluate and provide vision about the needs of education and training in the tourism sector. The strategy should assess the current education offers, from hotel schools to polytechnics and universities, and evaluate what will be needed in the future;
- Education programmes at the master's and doctorate levels with closer links to the industry should be encouraged;

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<sup>181</sup> <https://www.fct.pt/agendastematicas/index.phtml.en>

<sup>182</sup> <https://www.fct.pt/agendastematicas/turhospgeslaz.phtml.en>

<sup>183</sup> <https://www.a3es.pt/en>

- Scholarships in tourism, provided by the Foundation for Science and Technology (Fundação para a Ciência e Tecnologia – FCT), should be offered to independent researchers and to doctoral programmes. At present Portugal does not offer any scholarships particularly in tourism.

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<sup>184</sup> By Turismo de Portugal

## Annex I – Guide for the interviews

### 1. Introduction

Following the TOR, the interviews comprehended three main parts:

- Part 1 – Questioning directors of Portuguese tourism organisations about their perceptions of the way tourism evolved in Portugal up to 2019, and further throughout 2020 during the pandemic. The directors will also be asked whether they have their own sources of information, the characteristics of that information, and how reliable it is. This will allow additional information to be collected to support the empirical evidence collected for Tasks 1 and 2.
- Part 2 – The directors will be asked to comment on the way they see the recovery of the tourism sector happening, its evolution in the future, and what scenarios of development they foresee for the sector. This part of the interview will allow information to be collected to help the definition of scenarios for the future (Task 3)
- Part 3 – the directors will be asked to comment on the type of support they believed should be brought in for tourism businesses and organisations in the future. After asking this through an open question, the directors will be further be asked to comment on the way tourism should evolve in the future according to the five POs defined by the Commission: (i) a smarter Europe; (ii) a greener, low carbon Europe; (iii) a more connected Europe; (iv) a more social Europe; (v) a Europe closer to citizens. (Tasks 4 and 5)

In order to be statistically representative, the interviews ought to cover organisations which are illustrative of the tourism sector. Portugal's tourism organisation comprehends national and regional institutions. Local level organisations, including the Portuguese municipalities, rural organisations, cultural associations, etc. are included in the regional assemblies of the Portuguese regional tourism boards ('Entidades Regionais de Turismo'). Also, the organisations that will be interviewed represent what Eurostat and the UNWTO consider to be the core of the tourism sector (see section III).

#### National level organisations:

- i. Government organisations
  - Secretary of State for Tourism (SET)
  - Portugal's National Tourism Organisation (Turismo de Portugal – TP)
- ii. Private sector organisations
  - Confederation of Tourism (Confederação Turismo de Portugal – CTP)
  - Association of Hotels (Associação de Hotéis de Portugal – AHP)
  - Association of Restaurants (Associação de Hotelaria e Restauração de Portugal – AHRESP)

- Association of Travel Agencies (Associação Portuguesa Agências Viagens e Turismo – APAVT)
- Association of Spas and Health Tourism (Associação das Termas de Portugal – ATP)
- Association of Rural Tourism (Associação de Turismo de Habitação – TURIHAB)
- Association of Congresses, Tourism Entertainment and Events Companies – APECATE
- Association of Wine Tourism

### **Regional level organisations**

- Regional tourism boards of the 5 NUTS in the mainland (North, Centre, Lisbon, Alentejo, Algarve)
- Regional Directorate of Tourism of Madeira
- Regional Associations of Tourism Promotion of the (5 NUTS in Portugal and Madeira)
- Leaders of the Operational Programmes in the mainland (5 NUTS II) and in Madeira and Azores

## **2. The Interview**

### **Part I - Semi-Structured Interview**

**Question 1** – How do you evaluate the evolution of the tourism and travel sectors in Portugal until the arrival of the pandemic? (approximately up to the end of 2019)

- 1.1 What were the Portugal's strengths?
- 1.2 What were Portugal's weaknesses?
- 1.3 What were the challenges Portugal faced at that time?
- 1.4 In terms of the quantitative and qualitative evolution?

**Question 2** – How do you evaluate the impact of COVID-19 on the Portuguese tourism and travel sectors?

- 2.1 What is the impact in Portugal?
- 2.2 What is the impact on your sector?
- 2.3 What is the quantitative and qualitative impact so far?
- 2.4 Does your organisation collect data? Can we access it?

**Question 3** – How do you evaluate the impact of COVID-19 in Portugal from a regional point of view?

3.1 Quantitatively

3.2 Qualitatively

3.3 How do you explain these regional differences?

**Question 4** – In the short run:

4.1 What are the most important challenges the tourism and travel sectors will be faced with in the short run?

4.2 What will be the requirements and support the tourism and travel sectors will need in the short run?

**Question 5** – In the medium/long run:

5.1 What are the most important challenges the tourism and travel sectors will be faced with in the medium/long run?

5.2 What will be the requirements and support the tourism and travel sectors will need in the medium/long run?

**Question 6** – How can the ERDF and the Cohesion Fund be optimized in the future? How should this funding should be designed?

**Question 7:** What is your view about the way tourism should evolve in the future according to the five POs defined by the Commission: (i) a smarter Europe; (ii) a greener, low carbon Europe; (iii) a more connected Europe; (iv) a more social Europe; (v) a Europe closer to citizens?

## **Part II - Demographics**

1. Gender:                      2. Age:                      3. Level of Education:

4. Name of the Organisation:

5. Position in the organization position:

6. Number of years in the present position:

### 3. The questions and the TOR

The following table illustrates how the questions have been designed to answer the TOR

The Related Subjects	Q1	Q2	Q3	Q4	Q5	Q6	Q7
Task 1: To map the tourism sector in the regions of Portugal (North, Centre, Lisbon, Alentejo, Algarve, Madeira, Açores).	✓	✓	✓				
Task 2: Quantification of the impacts of the COVID-19 crisis on the tourism sector in the regions of Portugal.	✓	✓	✓				
Task 3: To develop realistic future scenarios that can be used as a basis for defining the needs of the tourism industry to achieve a quick and sustainable economic recovery.				✓	✓		
Task 4: A prioritised list of recommendation to maximise the support of the ERDF and CF used to sustain the recovery of the tourism sector, both in the short and medium/long term.				✓	✓	✓	✓
Task 5: Recommendations on a possible reorientation or different specialisation of regional S3 when excessively linked to the tourism sector.				✓	✓	✓	✓

**4. Duration of the interviews:** 60 – 90 minutes

**5. Recorded:** interviews will be recorded with the permission of the interviewees

**6. Data analysis:** information will be analysed with the software ‘NVivo’, widely used by researchers for the analysis of qualitative data.

## Annex II – Tourism forecasts from several sources

Sources	Forecasts
<p><b>European Union-European Travel Commission,</b></p> <p><b>MONITORING SENTIMENT FOR DOMESTIC AND INTRA-EUROPEAN TRAVEL – WAVE 1</b></p> <p><b>Oct-2020</b></p> <p><b>Link: <a href="https://etc-corporate.org/uploads/2020/10/7.1-Deliverable-1_Summary-of-Results_Final_Wave-1.pdf">https://etc-corporate.org/uploads/2020/10/7.1-Deliverable-1_Summary-of-Results_Final_Wave-1.pdf</a></b></p>	<p>Study with the context of ten European countries, seven different languages, and 5762 participants shows that:</p> <ul style="list-style-type: none"> <li>- Europeans demonstrate an optimistic sentiment towards travel</li> <li>- 44% of participants intend to plan their pre-COVID-19 trip immediately after a treatment or vaccine has been found.</li> </ul>
<p><b>UNWTO-World Tourism Barometer and Statistical Annex, August/September 2020, 18(5), 1-36</b></p>	<p>International tourism could recover the levels of 2019 in a period of 2½ to 4 years based on a variety of factors including 1) the rate of improvement of traveller confidence, mostly dependent on perceived safety and the evolution of the pandemic, 2) the gradual elimination of travel restrictions and 3) the prevailing economic conditions.</p> <ul style="list-style-type: none"> <li>• Scenario 1: recovery in 2½ years (mid-2023)</li> <li>• Scenario 2: recovery in 3 years (end of 2023)</li> <li>• Scenario 3: recovery in 4 years (end of 2024)</li> </ul> <p>-These recovery periods mostly exceed those seen in previous crises, both globally (11 to 19 months) and for the specific regions most hardly hit (1 to 3½ years). As described in the May 2020 UNWTO World Tourism Barometer, it took eleven months for international arrivals to regain pre-crisis levels after the SARS epidemic of 2003, 14 months after the September 11th attacks of 2001, and 19 months after the global economic crisis of 2009. In the most impacted regions it took 1 to 3½ years for arrivals to climb back to the levels before the respective crises.</p> <p>-All scenarios for 2021-2024 point to a strong rebound in the year 2021 based on the assumption of a reversal of the evolution of the pandemic, significant improvement in traveller confidence and major lifting of travel restrictions by the</p>

	<p>middle of the year. The expected rebound is a consequence of the large pent-up demand following the unprecedented global lockdown and months of closed borders and travel bans.</p> <p>-Growth could remain in double digits in 2022 as international tourism continues to recover and travel conditions normalize, though at a slower pace compared to 2021. Despite the improvement, international arrivals are expected to remain below 2019 levels in 2021 and 2022 for all three scenarios, unless there is a major breakthrough in the treatment and prevention of COVID-19</p>
<p><b>UNWTO-World Tourism Barometer and Statistical Annex, October 2020, 18(6), 1-36</b></p>	<p>-Most UNWTO panel experts expect a rebound in international tourism by the third quarter of 2021 and a return to pre-pandemic 2019 levels not before 2023.</p> <p>- By regions, the largest share of experts pointing to a return to 2019 levels in 2023 or later are in Europe (74%) the Americas (71%) and Asia and the Pacific (66%). In Africa and the Middle East this share is 60% and 50% respectively. Half of the respondents from the Middle East and 40% from Africa expect the recovery to 2019 levels to take place by 2022.</p>
<p><b>IATA, economic performance of the airline industry 2020, November</b></p> <p><a href="https://www.iata.org/en/iata-repository/publications/economic-reports/airline-industry-economic-performance---november-2020---report/">https://www.iata.org/en/iata-repository/publications/economic-reports/airline-industry-economic-performance---november-2020---report/</a></p>	<ul style="list-style-type: none"> <li>• Air cargo has supported global supply chains and should recover 2019 levels next year, but air travel will take several years.</li> <li>• Vaccines and testing expected to support global travel at 50% of 2019 levels next year, with significant gains later in the year.</li> <li>• Airlines have been cutting costs substantially, but cash burn is forecast to continue until the fourth quarter of next year.</li> <li>• The industry is forecast to make net losses of \$118 billion this year, cutting these losses to \$38 billion in 2021.</li> <li>• A number of airlines have substantial cash reserves to survive until revenues rise strongly late next year. But many airlines do not.</li> <li>• Airlines typically pay governments \$111 billion pa in tax revenue, but COVID-19 required life support from aid totalling \$173 billion.</li> <li>• Airline financial performance is expected to recover first in Asia and the Pacific, followed by airlines in the developed market regions.</li> </ul>

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- In 2021, the availability of a vaccine in the second half of the year is anticipated to be a turning point but the recovery will be gradual since phased distribution of vaccine will take time. Global RPKs are forecast to improve by 50% in 2021 following the steep decline in 2020. Consumers will face lower real travel costs as airlines will continue to significantly discount ticket prices to stimulate demand. We expect the share of world GDP spent on air transport to be 0.5% in 2021, half of the pre-crisis levels. On the other hand, world trade is expected to rebound strongly in 2021, which will be supportive for air cargo volumes.

-The recovery in Europe will be more gradual due to a slower economic recovery and the importance of international services. Net losses are estimated to be \$26.9 billion for the region in 2020 as intra-regional travel in Europe stalled as the second wave led to renewed travel restrictions. In 2021, net losses are forecast to be \$11.9 billion, which corresponds to 12% of forecast revenues.

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## Annex III – Good practices of policies and recommendations

	Source	Policies and Recommendations for (post-)viral tourism
1	<p><b>UNWTO Briefing Note (June-2020). Tourism and COVID-19, Issue 1. How are countries supporting tourism recovery?</b></p> <p><a href="https://www.e-unwto.org/doi/epdf/10.18111/9789284421893">https://www.e-unwto.org/doi/epdf/10.18111/9789284421893</a></p>	<p><b>FISCAL POLICIES</b></p> <ul style="list-style-type: none"> <li>• Exemption, deferral (up to six months) and reduction (up to 50%) of tourism-related taxes to businesses in travel, hospitality and other tourism-related activities such as environment protection fee, tourism licenses, tourism marketing taxes, visa fees, capital gain taxes;</li> <li>• Economic assistance for SMEs in tourism;</li> <li>• Discount on utilities expenses for businesses;</li> <li>• Cash flow assistance to travel agencies.</li> </ul> <p><b>MONETARY POLICIES</b></p> <ul style="list-style-type: none"> <li>• Financial funds for SMEs in tourism such as new loan schemes and preferential conditions for loans;</li> <li>• Incentive programme granted to airlines.</li> </ul> <p><b>JOBS AND SKILLS</b></p> <ul style="list-style-type: none"> <li>• Reduction of training levy for tourism operators;</li> <li>• Wage subsidies to aid businesses to retain jobs in tourism, hospitality and aviation;</li> </ul>

- Financial support for trainees;
- Support businesses with training to develop digital skills;
- Retraining and reskilling tourism workers, including unemployed workers;
- Travel and tourism designated as a special sector for employment support;
- Capacity building programmes.

#### **MARKET INTELLIGENCE**

- Internal crisis mechanisms such as committees/ task forces/special units;
- Communication channels such as digital platforms and others to inform stakeholders in the tourism industry;
- Monitoring data in real time to understand tourism demand and prepare surveys, studies and forecasts;
- Guidelines on the new situation available to businesses and professionals working in the tourism industry;
- Measurement of the impact in the short, medium and long term;
- Campaigns promoting virtual tourism.

#### **PUBLIC-PRIVATE PARTNERSHIPS**

- Recovery funds to mitigate the impact in tourism;
- Solidarity funds with private sector donations;
- Committees and other groups that consult and engage with private sector stakeholders;

- Crisis management strategies;
- Platforms available to private sector stakeholders;
- Supporting businesses with investment programmes;
- Supporting businesses by facilitating their digital presence.

#### **RESTARTING TOURISM**

- Vouchers (preferred to reimbursement) for trips and travel packages cancelled due to COVID-19;
- Amendments in contract laws to protect both customers and tour-operators;
- Guidelines and recommendations on concluded tourist package contracts whose implementation is impossible due to COVID-19;
- Health and safety protocols, certifications and labels in tourism establishments (accommodation sector, restaurants, spa and wellness centres, etc.);
- Creation of safety corridors between countries to restart international tourism.

#### **PROMOTING DOMESTIC TOURISM**

- Holiday vouchers for domestic travel;
- Domestic tourism promotion and marketing campaigns;
- Fee waivers on air services charges on domestic airline operations and domestic and regional aviation security charges;
- Co-financing smaller promotional projects and executing projects on the domestic market;
- Product development initiatives;

		<ul style="list-style-type: none"> <li>• Forecast of domestic tourism demand.</li> </ul>
2	<p><b>WTTC, 2020-11th December</b></p> <p><b>Government COVID-19 Policies</b></p> <p><a href="https://wttc.org/COVID-19/Government-Policies">https://wttc.org/COVID-19/Government-Policies</a></p>	<p><b>Significant and swift measures are needed to support the travel &amp; tourism sector during these turbulent times. The WTTC urges governments to implement policies that will directly support the sector across the following three areas, namely:</b></p> <p><b>Protecting the livelihoods of workers:</b> financial help must be granted to protect the incomes of the millions of workers in severe difficulty.</p> <p><b>Fiscal support:</b> governments must extend vital, unlimited interest-free loans to global travel &amp; tourism companies as well as the millions of small and medium-sized businesses as a stimulus to prevent them from collapse. Governments’ dues and financial demands on the travel &amp; tourism sector need to be waived with immediate effect for at least the next 12 months.</p> <p><b>Injecting liquidity &amp; cash:</b> cash flow assistance to support players big and small of the travel &amp; tourism sector is critical as well as to offer targeted support to severely affected industries within the sector.</p> <p><b>COUNTRIES AND EXAMPLES</b></p> <p><b>Australia:</b> In addition to the first \$17.6 billion stimulus plan, the government announced further measures and extensions bringing the total value of support to well over AUS\$300 billion. Within the plan, the government pledged a AUS\$1 billion (US\$613 million) package to support business investment; provide cash flow assistance to support SMEs; offer targeted support for the most severely affected sectors, including travel &amp; tourism; and make household stimulus payments that will benefit the wider economy. The government pledged \$1 billion to support those sectors, regions, and communities that have been disproportionately affected by the economic impacts of COVID-19, including those heavily reliant on industries such as tourism, agriculture, and education.</p> <p>Australia’s JobKeeper programme is helping to keep more Australians in jobs and supporting businesses affected by the significant economic impact of COVID-19. It is worth over AU\$100 billion and has been adapted over time in response to the evolving circumstances. The government also implemented cash injections and subsidies specifically for certain tourism businesses to stay afloat. Tourism support includes aviation programmes, regional tourism packages, business tourism grants, and infrastructure investments.</p>

The government's tax relief package to reduce the personal income tax burden and encourage business investment is estimated to create around 100,000 jobs by the end of 2021-22 and boost GDP by around AU\$6 billion in 2020-21 and AU\$19 billion in 2021-22.

**Canada:** The government passed a C\$107 billion (\$75 billion) package in emergency aid and economic stimulus. Through its measures, the government is providing up to \$27 billion in direct support to Canadian workers and businesses, plus \$55 billion through tax deferrals to help meet cash needs and stabilize the economy. General support for individuals includes increasing the maximum annual Canada Child Benefit (CCB) payment amounts by \$300 per child; postponing the individual tax filing date; and mortgage deferrals and loan re-amortisation, among others, for homeowners. Support for people facing unemployment includes a taxable benefit of C\$2,000 a month through the Canada Emergency Response Benefit (CERB) and includes, among others, people quarantined and those helping a sick family member; up to \$5 billion in support to workers not eligible for Employment Insurance (EI) benefits; and up to \$900 bi-weekly, for up to 15 weeks for, among others, the self-employed, those who are quarantined or sick with COVID-19 but do not qualify for EI sickness benefits, and parents who require care or supervision due to school closures.

Support for businesses includes amendments to the eligibility for the Work Sharing Programme, which provides benefits to workers who agree to reduced normal working hours; a temporary wage subsidy equal to 10% of the remuneration paid during that period for small employers; more than \$10 billion in additional support, largely targeted to SMEs; tax deferrals; lowering the domestic stability buffer to allow large banks to inject \$300 billion in additional lending; a 75% wage subsidy for businesses; up to \$40 billion in lending for SMEs; stable funding to banks and mortgage lenders to continue lending; and providing up to \$25 billion to eligible financial institutions to provide government-guaranteed and funded interest-free loans to small businesses.

**Hong Kong, SAR:** Following the \$30 billion measures under the Anti-Epidemic Fund and the \$120 billion relief package in the 2020-21 budget, the Hong Kong SAR Government announced a new round of measures totalling \$130 billion with wide coverage, aiming to safeguard employment and the self-employed; provide extra relief to those sectors hard hit by the epidemic, and pave the way for post-epidemic economic recovery. These measures include an \$81 billion Employment Support Scheme, as well as sector-specific initiatives totalling \$21 billion.

For the travel & tourism sector, the government provided all licensed travel agents with cash subsidies ranging from HK\$20,000 to HK\$200,000; provided travel agents' staff and active freelance tourist guides and tour escorts holding a valid pass with a monthly subsidy of \$5,000 each for six months, and provided licensed hotels with cash subsidies between HK\$300,000 to HK\$400,000. Other relief measures for the industry included a one-off subsidy of HK\$10,000 for each tourist coach driver, waiving the monthly rent and management fees of the operator of Kai Tak Cruise Terminal for six months, as well as providing subsidies to cruise lines in the form of refunds of berth deposits for cancelled ship calls during the suspension of immigration service. Another round of support for

travel agents, tourist guides, and tourist coach drivers was announced in September and those who had received previous support were contacted directly about the additional support.

**China:** The Party Central Committee and the State Council deployed three batches of tax and fee policies to support the epidemic control and the resumption of work. The first batch focused on epidemic prevention and control, focusing on direct support for medical treatment, and on supporting production/transportation of related support goods. The second batch focused on reducing the burdens of enterprises on social insurance premiums, pension, unemployment, work-related injury insurance contributions, medical insurance premiums, and reducing the cost of employment procedures. The third batch focused on small-scale enterprises, individually owned businesses and on small-scale VAT taxpayers, to supplement landlords who reduce or deduct rents.

The Ministry of Culture and Tourism and the Industrial and Commercial Bank of China (ICBC) also signed a strategic cooperation agreement to help cultural & tourism enterprises. ICBC is providing RMB100 billion credit lines for affected cultural & tourism enterprises and making financing succession arrangements to meet capital needs through "anti-epidemic loan", "employment loan", and "tax loan", among others, so as to help privately-owned enterprises and small-medium-micro culture and tourism enterprises. The Civil Aviation Administration of China's measures include tax relief and subsidies; VAT exemptions for revenues from transporting anti-epidemic materials and express delivery; waiving airlines' payment to the civil aviation development fund starting from 1 January; and more.

What is more, local governments came up with credit risk sharing policies to increase bank lending to SMEs and the People's Bank of China offered 500 billion yuan of relending and rediscount funding to help small banks provide low-cost funds to SMEs and the agricultural sector.

**France:** The French government announced a plan of €45 billion to support the economy, of which around €35 billion are dedicated to the deferral of social and tax charges of companies. The self-employed were also considered in these measures. Within the €45 billion plan, €8.5 billion has been dedicated to the funding of short time working/partial unemployment measures. To use short time working, companies pay compensation equal to 70% of gross salary (around 84% of the net) to employees; employees with minimum wage or less are 100% compensated. The state will also fully reimburse partial unemployment for wages up to €6,927 gross monthly, i.e. 4.5 times the minimum wage. The government is also implementing an exceptional guarantee scheme up to €300 billion to support the bank financing of companies to facilitate those banks granting loans to businesses of all sizes to preserve employment. In addition, French banks have committed to postponing the reimbursement of corporate loans for up to six months, free of charge.

The government announced specific emergency aid to support the creative industry. Based on recommendations from the Tourism Sector Committee – a committee created by the Government and comprised of Atout France and both public and private sector actors – a draft ordinance has been put together to support the cash flow of tourism operators in the face of cancellations.

**Iceland:** The first phase of crisis response measures, equivalent to ISK 230 billion (€1.5 billion), aims to safeguard the economic livelihood of people and businesses, protect the welfare system, and create a strong demand in the economy. These measures include state-backed bridging loans for companies, guaranteeing 50% of the loans, with a maximum liability of ISK 35 million, and accelerating public project investments focusing on technical infrastructure and financial support for the tourism sector. The Central Bank of Iceland also lowered interest rates and plans further actions. The government deferred tax payments, provided access to third-pillar pension savings (private pension savings), and offered VAT refunds for construction projects.

Measures to protect workers include temporary payments to individuals who lost income from being quarantined, including paying the salaries of quarantined workers. The Minister of Social Affairs and Children submitted changes to the government whereby individuals who are downgraded to part-time employment could have certain rights to unemployment benefits. Self-employed individuals will be able to apply for temporary suspension of their business operations with the Icelandic Tax Authority and subsequently apply for unemployment benefits.

Travel & tourism-related policies together represent an ISK 4.6 billion injection into the sector. These include suspensions and deferrals on bed-night tax; domestic travel vouchers collectively worth ISK 1.5 billion for Icelandic residents over 18 years old to stimulate demand; allocation of an additional ISK 650 million for national park and protected area infrastructure; extensions and improvements at airports in East Iceland; acceleration of infrastructure investment for the electrification of harbours and rental car fleets; and a promotional campaign for domestic & international travel to be rolled out when the time is right.

**New Zealand:** The government announced a \$12.1 billion package to support New Zealanders and protect their jobs from the global impact of COVID-19. The package represents 4% of GDP and is more than the total of all three budgets' new operating spending in this term of government put together. The package includes \$5.1 billion in wage subsidies for affected business in all sectors and regions as of 17 March; \$126 million in COVID-19 leave and self-isolation support; \$2.8 billion income support for the most vulnerable; and \$2.8 billion in business tax changes to free up cash flow, including a provisional tax threshold lift. This cash injection is on top of the \$12 billion New Zealand Upgrade Programme announced in January. The government will open a NZ\$900 million (US\$580 million) loan facility to the national carrier as well as an additional NZ\$600 million relief package for the aviation sector.

Key measures introduced include the reintroduction, from the 2020-21 income year, of a 2% DV depreciation deduction for commercial and industrial buildings, including hotels and motels; an emergency policy rate cut to 0.25%, for at least 12 months, by

the reserve bank; and a small business cashflow loan scheme, offering up to \$100,000 to firms employing 50 or fewer full-time equivalent employees. In September, the government announced a scheme to pay travel agents to secure refunds or credit for cancelled travel plans on behalf of consumers.

**Portugal:** The government launched over 30 initiatives to protect workers and families and mitigate the economic impacts of COVID-19. It placed particular emphasis on the travel & tourism sector by establishing a dedicated €60 million credit line for micro-businesses in the sector and by working closely with Turismo de Portugal to bolster national capacity to respond to the challenges resulting from COVID-19. Business support measures include extraordinary support for the maintenance of employment contracts in a company in the amount of 2/3 of the remuneration, and ensuring 70% of social security, the remainder being borne by the employer; offering training scholarships in the Institute for Employment and Vocational Training in Portugal (IEFP); the extension of deadlines for the payment of taxes and other declarative obligations; exceptional financial support for employees and the self-employed who have to stay at home to accompany their children up to 12 years old; guaranteeing social protection for trainees and trainers in the course of training actions; and more.

The government approved state-guaranteed credit lines including €200 million for travel agencies, recreational services enterprises, and event organisers, of which €75 million are for micro and small businesses; €900 million for hotels and accommodation establishments, of which €300 million are for micro and small businesses; rent relief; and more. Turismo de Portugal has created a €60 million support line for tourism micro-enterprises.

For residents, all Turismo de Portugal's Tourism Schools are now delivering online classes and the tuition fees were suspended during this period. Together with private sector associations, Turismo de Portugal has made available a fund of €250,000 to support accommodation and hotel owners with electricity, water, gas, and cleaning costs.

**United Kingdom:** The Chancellor set out a package of targeted measures currently amounting to £330 billion to support public services, people, and businesses. The measures include, but are not limited to, 12-month business rates holiday for all retail, hospitality, and leisure businesses in England; grant funding of £25,000 for retail, hospitality, and leisure businesses with property with a rateable value of more than £15,000 and less than £51,000; small business grant funding of £10,000 for all businesses in receipt of small business rate relief or rural rate relief; the Coronavirus Business Interruption Loan Schemes (CBILS) offering government-guaranteed loans of up to £5 million for SMEs, up to £50 million of finance for larger businesses, and up to £5 million for others that cannot access the CIBLS; cash grants of up to 80% of their normal profits for self-employed individuals; and short-term debt options through the Bank of England for larger companies.

The government also stepped in to pay wages with the Job Retention Scheme; a grant covered 80% of wages up to £2,500 for those employees on furlough kept on payroll as well as national insurance and pension contributions. Revised wage support is available from 1 November. Tourism-specific support includes the Destination Management Resilience Scheme which repurposes £1.3 million of DEF funding to help support DMOs so they can lead the recovery of industry in their area. The Scottish government is providing two funding packages worth £15 million to support T&T.

**Singapore:** The government rolled out several policies and measures to support the travel & tourism sector with a focus on confidence building and providing aid. To build confidence, the government is providing support for professional environmental cleaning and disinfection costs for hotels that provided accommodation for suspected/confirmed cases. Singapore created a clean certification to provide assurance to locals and visitors on tourism venues and facilities implementing rigorous preventive measures.

Among other measures to support the sector, Singapore also waived the licence fees for STB-licensed hotels, travel agents, and tourist guides for 2020; reduced by 50% the industry participation fees for STB-led tradeshows; enhanced the training scheme, and funding up to 90% of training course fees and trainer fees; provided salary support through Workforce Singapore of up to 70% of fixed monthly salaries, capped at \$2,000 per month per employee for the training duration for up to six months; provided licenced self-employed tourist guides with wage support of \$1,000 to assist with some of their basic living expenses, provided they are Singaporean citizens or permanent residents; implemented rebates on aircraft landing and parking charges as well as rental rebates for shops and cargo agents at Changi; and more. The government is ready to consider further measures if and when necessary.

**Japan:** Japan adopted its largest-ever emergency economic package worth ¥108 trillion, equivalent to about 20% of its GDP. The stimulus, with ¥39.5 trillion in direct fiscal spending, includes emergency measures worth ¥2.1 trillion already announced after the virus outbreak, and a set of programmes worth ¥19.8 trillion, compiled in December, aimed at mitigating the economic impact of last year's consumption tax hike. Of the total amount, ¥1.68 trillion has been earmarked to stimulate consumption and help tourism-related industries recover after the spread of the virus is finally contained.

The Development Bank of Japan (DBJ) will offer large businesses, e.g. airline companies, low interest rate loans with no upper limit. To address the financial needs of SMEs and offer several special lending schemes measures include, but are not limited to, ¥300 million (approx. US\$2.8 million) loan for SMEs and ¥60 million (approx. US\$561,000) for other smaller business operators; a loan facility of up to ¥10 million; loosening the eligibility requirements for the Safety Net Loan; and an additional Interest Subsidy Programme for any SME that has utilised one or more of the applicable JFC lending schemes above and whose revenue has fallen by 20% or more.

3	<p><b>RETENTION RESILIENCE RECOVERY</b></p> <p><b>Managing Talent During and Post COVID-19</b></p> <p>WHITE PAPER</p> <p>10-Point Workforce Recovery Plan</p> <p><b>CANADA</b></p> <p><a href="http://tourismhr.ca/wp-content/uploads/10-Point-Workforce-Recovery-Plan-Tourism-HR-Canada.pdf?utm_source=Destination+Canada+News&amp;utm_campaign=41df6f2e9d-EMAIL_CAMPAIGN_2020_04_16_10_22_COPY_01&amp;utm_medium=email&amp;utm_term=0_06c402d754-41df6f2e9d-8276503">http://tourismhr.ca/wp-content/uploads/10-Point-Workforce-Recovery-Plan-Tourism-HR-Canada.pdf?utm_source=Destination+Canada+News&amp;utm_campaign=41df6f2e9d-EMAIL_CAMPAIGN_2020_04_16_10_22_COPY_01&amp;utm_medium=email&amp;utm_term=0_06c402d754-41df6f2e9d-8276503</a></p>	<p><b>1. Practical, explicit guidelines</b></p> <ul style="list-style-type: none"> <li>› Refer industry to authoritative resources that are maintained, many of which are sector specific.</li> <li>› Work with government and health authorities to inform, design, and implement further guidelines that will work for tourism operators.</li> </ul> <p><b>2. Flexible, back-to-work employment insurance scheme</b></p> <ul style="list-style-type: none"> <li>› Work with government to look at employment insurance programmes or policies that will be responsive to the unique issues facing tourism, especially because of the gradual recovery period.</li> </ul> <p><b>3. Skills training focused on new service and workplace requirements</b></p> <ul style="list-style-type: none"> <li>› Promote newly created Tourism Workforce Recovery Toolkit (funded, in part, by the Government of Canada, and made available free of charge) and seek additional resources to expand on the products and services (resources) offered in response to emergent needs.</li> <li>› Continue to offer and promote the comprehensive list of Emerit online training courses at no cost. Seek funding to further expand content and delivery format options, as needed.</li> </ul> <p><b>4. Overhauled workforce plans: a post-COVID people strategy</b></p> <ul style="list-style-type: none"> <li>› Provide tools and support to help employers develop post-COVID workforce strategies.</li> <li>› Monitor anticipated changes to labour codes and other regulations that impact workforce practices and inform the sector of these changes.</li> </ul> <p><b>5. Community labour force development plans and a pan-Canadian tourism labour market strategy</b></p> <ul style="list-style-type: none"> <li>› Develop and implement a framework for community labour force development planning.</li> <li>› Work with the federal and provincial governments, national associations, and other key stakeholders to develop a comprehensive tourism sector labour force strategy that complements the Government of Canada’s (i.e., Destination Canada) tourism marketing and growth strategy.</li> </ul> <p><b>6. Tourism job retention and job growth strategy: marketing tourism as a destination for employment</b></p> <ul style="list-style-type: none"> <li>› Seek government support to revive Discover Tourism as a key vehicle to drive a tourism job retention and job growth strategy.</li> </ul>
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		<p>› Equip Tourism HR Canada, national tourism associations, provincial and territorial industry associations, and Destination Canada with a common campaign to promote viable careers in tourism while reinforcing messages on safe travel and good service standards.</p> <p><b>7. Newly aligned business and service strategies</b></p> <p>› Provide tools and support to help employers develop new business models and learn to access resources or other supports to refit their operations.</p> <p>› Work with governments to seek programmes and policies that take into consideration the unique business recovery issues faced by tourism operators.</p> <p><b>8. Tailored strategies for targeted populations</b></p> <p>› Develop workforce strategies that will help increase labour force participation of under-represented groups, i.e., Indigenous peoples, new Canadians, international students.</p> <p>› Work with colleges and universities to augment or support needs of the future tourism workforce, by offering access to Emerit online learning and joint credentials and promoting these graduates as job ready for quick deployment to the sector.</p> <p><b>9. Labour market data to inform policy and programme decisions</b></p> <p>› Tourism HR Canada continues to study the impacts of COVID-19 on the tourism workforce and disseminate timely, comprehensive information and analysis to help inform policy and programme decisions.</p> <p>› Tourism HR Canada seeks the renewed agreement with the Government of Canada, with broad support from tourism stakeholders, for the continuation of the Foundational Tourism Labour Market Research mandate.</p> <p><b>10. Credential passport: improving on worker and learner mobility</b></p> <p>› Invest in future proofing the tourism workforce by introducing a universal competency credential, which builds on the Future Skills Framework and fosters an inclusive, more resilient and mobile workforce that can quickly adjust to new workforce demands.</p>
4	<p><b>TOURISM SECTOR RECOVERY PLAN</b></p> <p><b>COVID-19 Response</b></p> <p>South Africa-August 2020</p>	<p><b>Strategic Recommendations</b></p> <ol style="list-style-type: none"> <li>1. Conclude a comprehensive industry/government recovery partnership to collaborate on all aspects of tourism recovery guided by this recovery plan.</li> <li>2. Government has R200 billion facility working together with the SARB and commercial banks that tourism businesses are encouraged to apply for in order to access liquidity to protect tourism assets, and core infrastructure.</li> </ol>

<p><a href="https://www.gov.za/sites/default/files/gcis_document/202008/tourismrecoveryplan.pdf">https://www.gov.za/sites/default/files/gcis_document/202008/tourismrecoveryplan.pdf</a></p>	<ol style="list-style-type: none"> <li>3. Introduce national norms and standards for safe tourism operations, inspired by globally recognised biosecurity protocols across the value chain to enable safe travel and rebuild traveller confidence.</li> <li>4. Enhance air access and implement an air service development programme to reconnect South Africa to the world.</li> <li>5. Continue to work with sister departments to build on the work already done to increase ease of access into South Africa for the purposes of stimulating the tourism, continue to intensify work on tourism safety using our safety monitors programme and partnership with the police and relevant stakeholders, finalise the introduction of e-visa programme for priority markets and ensure effectiveness in the licensing of tour operators.</li> <li>6. Catalyse domestic demand through the phases of economic re-opening with informative and inspirational messaging that encourages safe tourism and domestic vacation experiences.</li> <li>7. Execute a global marketing and travel trade programme, targeted at highest-potential source markets (in terms of volume and value) and intrepid travel consumer segments, to reignite international demand.</li> <li>8. Launch an investment and market-entry facilitation programme to stimulate capital investment, sector transformation and product diversification.</li> <li>9. Prioritise cooperation with neighbouring destinations towards a regional value proposition and a seamless visitor experience through contributing the implementation of the SADC tourism strategy.</li> <li>10. Review and transform the tourism policy and institutional architecture to deliver efficient, effective and purpose-led support for sector growth and development.</li> </ol>
<p>5</p> <p><b>Development of Asia (An initiative of Asian Development Bank)</b></p> <p><b>POLICY BRIEF</b></p> <p><b>Strategies to Restart the Tourism Sector during the COVID-19 Pandemic</b></p>	<p><b>Policy Recommendations</b></p> <p><b>Domestic tourism</b></p> <p>Domestic tourism can help stimulate economic recovery in Asia and the Pacific, particularly those with strong local tourism markets. In about half of the economies in the region, redirecting outbound travellers to domestic locations can help fill the gap. However, this is not a viable option for highly tourism-dependent countries, including island economies, such as Fiji, the Cook Islands, Palau, and Maldives. Instead, government should consider supporting tourism enterprises to “build back better.” <i>Measures can include economic stimulus packages, establishment of health and sanitary protocols, special incentives to boost demand, and promoting investments in sustainable tourism.</i></p>

	<p>Published: 28 October 2020</p> <p>file:///C:/Users/f2107/Downloads/strategies_to_restart_the_tourism_sector_during_the_covid-19_pandemic_-_2020-12-14.pdf</p>	<p><b>Regional cooperation</b></p> <p>Economies that are highly dependent on tourism from one source country would benefit from a bilateral travel bubble, but agreements need to take into account changes in epidemiological circumstances, such as a surge in COVID-19 cases.</p> <p>Subregional travel bubbles may be considered if cross-border travel within the subregion is significant, but epidemiological considerations may become even more complex. Important policy implications for subregional bubbles are the establishment of harmonized protocols for travel and tourism and cross-border and regional contact tracing, which may be supported by digital tools and technologies, such as QR codes and Bluetooth. However, travel bubbles are only a second-best option, and should only be temporary. If the pandemic allows, a non-discriminatory approach that opens a country's borders for international tourism should be implemented.</p>
6	<p><b>Development of Asia (An initiative of Asian Development Bank)</b></p> <p><b>INSIGHT</b></p> <p><b>Helping Tourism Enterprises in the Lao PDR</b></p> <p><b>Recover from COVID-19</b></p> <p>Published: 13 October 2020</p> <p>file:///C:/Users/f2107/Downloads/helping_tourism_enterprises_in_the_lao_pdr_recover_from_covid-19_-_2020-10-13.pdf</p>	<p><b>Recommendations</b></p> <p>The sudden drop in tourist arrivals due to the COVID-19 pandemic had adversely affected tourism enterprises in the Lao PDR. Larger enterprises that targeted international guests suffered more severely than those that mostly catered to local guests and may not have been able to adapt. Promoting more domestic travel will be an important part of the Lao PDR's COVID-19 recovery plan. Domestic tourism is expected to lead the recovery as locals will be among the first to travel when travel restrictions are lifted. In order to survive the current crisis and prepare for recovery once the pandemic subsides, the tourism industry also needs government assistance in the short to medium term. Initiatives can include the following:</p> <ul style="list-style-type: none"> <li>-Stimulating domestic travel by promoting destinations and travel products; and by encouraging hotels, airlines, and tour operators to develop and advertise travel packages at reasonable prices.</li> <li>-Joining "COVID-safe travel zones" or "travel bubbles" by allowing managed tourist travel between countries that have been successful in containing the spread of COVID-19, for example, between the Lao PDR, Viet Nam, and the Republic of Korea.</li> <li>-Offering tax relief and cash transfers to support cash flow of enterprises in the short and medium term.</li> <li>-Improving COVID-19 screening at borders and expanded testing nationwide to reduce risk of infections from domestic and foreign tourists and rebuild consumer confidence to travel.</li> </ul>
7	<p><b>Development of Asia (An initiative of Asian Development Bank)</b></p>	<p><b>Recommendations from policymakers:</b></p>

	<p style="text-align: center;"><b>POLICY BRIEF</b></p> <p style="text-align: center;"><b>How SMEs Can Bounce Back from the COVID19 Crisis</b></p> <p style="text-align: center;">Published: 24 July 2020</p> <p>file:///C:/Users/f2107/Downloads/how_smes_can_bounce_back_from_the_covid-19_crisis_-_2020-11-16.pdf</p>	<p><b>-Pandemic-induced trade restrictions are temporary and must not dissuade SMEs from tapping the global supply chain.</b> The Sabah state government has been actively promoting exports of Malaysian products even during the lockdown. Trade officials, for example, visited Singapore to sell seafood directly before the lockdown. These trade ties encouraged Sabah’s aquaculture farmers to experiment with breeding and deep-sea fishing. As part of its import substitution strategy, the government also weaned farmers toward communal farming, even providing guidance on high-value crops to plant. It also enticed investors to come to Sabah and process local timber locally instead of making the state a mere raw materials supplier.</p> <p><b>-The crisis should further accelerate countries’ digital transformation and e-commerce agenda for global trade to flow.</b> Prior to the pandemic, the Asian Development Bank has extended loans to help developing member countries increase financial inclusion. As a result of the crisis, it has modified its assistance to get more SMEs to utilize digital payments. In the case of the Philippines, digital finance is increasing competition in the financial sector and leading to wider access to funds. Countries must allow global financial technology firms to operate and spur innovation. Governments can also link up payment vendors with businesses and get more small businesses to connect to online platforms to spur trade and economic activity.</p> <p><b>-The so-called “new normal” should not lower productivity but rather increase it.</b> The pandemic may have shrunk demand for some products in the international market. The challenge moving forward is sustaining the demand for products and creating new demand, as well as new markets. With digitalization, critical processes such as trade registration, inspections, screening, and payments will be hastened.</p> <p><b>-The private sector must play a part in the bounce-back strategy.</b> Businesses must assist their government on how the “new normal” could take place. They must propose standard procedures conducive to business operations.</p> <p><b>-Promote the growth of trade corridors.</b> The “new normal” must lead to greater intra-regional trade as countries slowly relax their trade and border restrictions. Governments must help promote exports, increase internet connectivity, and shipping connectivity. In Sabah, the government is setting up a free trade zone to promote exports, as well as helping in marketing, branding, and selling the products online.</p>
8	WORLD BANK GROUP	Short-term Recovery

<p style="text-align: center;"><b>REBUILDING TOURISM COMPETITIVENESS</b></p> <p style="text-align: center;"><b>Tourism response, recovery and resilience</b></p> <p style="text-align: center;"><b>to the COVID-19 crisis</b></p> <p style="text-align: center;"><i>Markets &amp; Technology Global Tourism Team-July 2020</i></p> <p><a href="https://openknowledge.worldbank.org/bitstream/handle/10986/34348/Rebuilding-Tourism-Competitiveness-Tourism-response-recovery-and-resilience-to-the-COVID-19-crisis.pdf?sequence=5&amp;isAllowed=y">https://openknowledge.worldbank.org/bitstream/handle/10986/34348/Rebuilding-Tourism-Competitiveness-Tourism-response-recovery-and-resilience-to-the-COVID-19-crisis.pdf?sequence=5&amp;isAllowed=y</a></p>	<ul style="list-style-type: none"> <li>- <b>Developing a periodic survey and assessing the need of the tourism private sector</b></li> <li>- <b>To assist private sector companies in coping with the impact of the global pandemic</b></li> <li>- <b>Incentivizing business expansion and entrepreneurship</b></li> <li>- <b>Identifying target markets and ensuring openness</b></li> </ul> <p>- <b>Strategizing for recovery:</b> <i>When planning and positioning the destination for a ‘rebirth,’ analysing and adapting market position, product alignment, and regulatory and zoning frameworks will help achieve the vision. Using this opportunity to reposition and renew products and services will help the destination become more competitive. Online services in travel and tourism should be offered to maximize digital platforms and technology.</i></p> <p>- <b>Relaunching destination through ‘back in business’ augmented promotion to key source markets:</b> <i>Promotion and marketing budgets should be back to pre-crisis levels and augmented funding can support international outreach and ‘open for business’ promotion activities; leverage regional promotion and coordination; and create a communications, branding, and market positioning strategy, eventually delivering a series of business-to-business events and communication messages, together with targeted marketing campaigns to select market segments.</i></p> <p>- <b>Assisting informal businesses to get registered where possible:</b> <i>While governments should not force informal businesses to comply with complex legal requirements, it is likely that many of the benefits/subsidies that are or will become available can only be accessed by registered entities. Governments may ask informal businesses to simply register in order to access benefits and for better information, which can help later design policies towards the informal sector. The vast majority of informal businesses are highly dependent on social networks and community-based financing and do not have access to the traditional financial sector. These may be best targeted through leveraging social protection, microfinance and fintech solutions.</i></p> <p>- <b>Improving access to finance for registered tourism SMEs.</b></p> <p>- <b>Enhancing access and establishing additional global gateways:</b> <i>This could mean waiving or reducing landing fees and passenger airport taxes and expanding access from individual countries with increased flights as operational supply reopens.</i></p> <p>- <b>Mobilizing digital platforms:</b> <i>P2P and other online platforms may provide fast replacement for conventional products in the immediate aftermath of the crisis to address potential shortages due to bankruptcies and staff losses. A policy framework that allows these businesses to operate legally, pay taxes, and receive training in online sales should be considered. Digital technology may also be used by DMOs to improve safety, visitor management and crowding using real-time monitoring.</i></p>
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		<ul style="list-style-type: none"> <li>- Devoting efforts to training and upskilling</li> </ul> <p><b>Medium-term Recovery</b></p> <ul style="list-style-type: none"> <li>- Direct public investment and conservation for jobs and sustainability</li> <li>- Build awareness of tourism crisis management and expanded training and certification programmes for managers to be qualified in tourism crisis management and response.</li> <li>- Establish a crisis escrow account for rapid communication response for the next crisis</li> <li>- Strengthen coordination of public and private sector collaboration</li> <li>- Define zoning policies to assure sustainable development, particularly in areas of natural and cultural heritage sites</li> <li>- Invest in renewal. Upgrade and renew assets, products, and services in the destination to be more competitive, including training service providers</li> <li>- <b>Support sector sustainability through greening:</b> <i>Expand current programmes and incentives for greening of the tourism sector and protect against increased single-use plastics and improper disinfectant usage. Destinations and businesses have an opportunity during this global tourism pause to reset their intentions and rebuild a tourism sector that is more sustainable, more valuable, and better for local communities and the environment. This could include incentivizing use of renewable energy sources and green and climate smart technologies.</i></li> <li>- <b>Diversify geographically.</b> Strengthen efforts to diversify tourism geographically — from resorts to rural low-density destinations.</li> <li>- Improve data collection and support background analytical work to identify future market demand and new product development to enable a fast recovery</li> <li>- Tackle structural changes that can enable improved competitiveness</li> </ul>
9	<p style="text-align: center;"><b>UNWTO</b></p> <p style="text-align: center;"><b>CULTURAL TOURISM &amp; COVID19</b></p>	<p><b>Recovery for cultural tourism</b></p> <ul style="list-style-type: none"> <li>- Shift from quantity towards quality</li> </ul>

<https://www.unwto.org/cultural-tourism-covid-19>

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Tourism success was traditionally measured by statistics highlighting visitor numbers, while qualitative indicators and the visitors' profile had less importance. The joint recovery of tourism and culture should align resilience policies, new priorities with the new measurement values, as well as tailor-made marketing strategies.

**- Diversify cultural tourism products**

Destinations should address new and traditional markets & specific profiles of cultural visitors, whose interests and priorities may reshape after COVID-19 crisis. Culture will require support to survive and flourish, as it enriches the destinations' identity and inspires tourism revival. Some cultural gatherings may be temporarily replaced by alternative products, as new scenarios unfold.

**- Boost community's participation & domestic tourism**

Engaging citizens' platforms in recreating the local cultural offer will have a strategic social and economic importance. Local communities' role will be essential in embracing first visitor flows, with precautions. Regaining domestic customers' confidence will accelerate the first phase of the cultural tourism recovery.

**- Customize cultural offer for international visitors**

Bringing back inbound cultural tourism will be more challenging before consumers decide to travel abroad. By customizing their cultural offer, governments, destinations and cultural industries can have a more international outreach. International and cross-sectoral alliances will have a key role.

**- Enable cultural tourism entrepreneurship and innovation**

Innovation in SMEs, cooperatives and creative economy will be needed for the recovery, especially for the empowerment of women, youth & indigenous peoples. COVID-19 will heavily affect these groups as their economy is often informal, notably in emerging destinations. Their livelihoods will improve by consolidating their market access and inclusion into the cultural tourism supply chain. The shift from informal towards formal economy will benefit many communities and destinations.

**- Make cultural tourism accessible to all**

		The accessibility of cultural facilities, products and services should be advanced to cater better to the needs of persons with disabilities, seniors and families with small children, locals & visitors alike. Scaling up accessibility in culture benefits everyone.
10	<p><b>Tourism Recovery Plan 2020–2023</b></p> <p><b>Prepared by the Tourism Recovery Taskforce</b></p> <p>7 October 2020</p> <p><b>Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media</b></p> <p><b>Irish Government</b></p> <p><a href="https://www.gov.ie/en/publication/be0cb-tourism-recovery-plan-2020-2023/">https://www.gov.ie/en/publication/be0cb-tourism-recovery-plan-2020-2023/</a></p>	<p><b>Supporting Business Survival</b></p> <p>Tourism businesses have lost significant turnover due to the initial three-month nationwide lockdown and ongoing restrictions imposed to protect public health. Many tourism businesses and key tourism assets have been unable to operate, particularly those with a greater dependence on international tourism which cannot pivot to domestic demand. Tourism businesses the world over are seasonal, generating profit in the peak season to sustain operating costs in the off-peak. COVID-19 hit tourism at a time when many businesses were emerging from the off-peak with limited reserves and working capital having invested in business upgrade and refreshment in preparation for the 2020 season. Viable businesses are therefore vulnerable, unable to take on additional debt and requiring grant aid support to enable them reach sustainable levels of income when demand returns. Key supply chains and strategic tourism assets will be vital to tourism recovery in the medium and longer term. It is essential that tourism businesses with strong track records and viable futures are protected.</p> <p><b>Enhancing Sustainability</b></p> <p>Employment. One of tourism’s core values is its people. Protecting workers and retaining tourism jobs and skills will be vital to tourism’s recovery. Implementing an upskilling and reskilling programme for tourism, linked to government support funding to businesses can mitigate the significant damage the crisis has had on the sector. Retaining vital skills and intellectual capital within the tourism sector will be critical to a strong recovery. Investing in the delivery of lifelong learning programmes through digital platforms will increase the quality of jobs in tourism and sustain employment regionally. Apprenticeships and traineeships will sustain jobs on a part-time basis while maintaining the link between employee and employer.</p> <p><b>Re-establishing International Access</b></p> <p>As an island economy, it is essential that tourism is enabled by the supply of competitive international aviation and maritime access and connectivity. Re-opening Ireland and international tourism informed by public health advice and in step with our European peers is vital. As well as removing barriers to overseas visitors, we must also take positive steps to actively encourage visitors to come to Ireland when it is safe to welcome them. These steps will take time to implement, so development of protocols should begin immediately so that roll-out can commence when the time is right and EU alignment is in place. The urgency of action in this area cannot be overstated. Once capacity is lost on certain routes, it will be hard fought to get it back. Keflavik, Copenhagen, Helsinki and many other airports have been investing significantly in positioning themselves as hubs. Traditional established hubs such as</p>

London, Paris, Amsterdam and Frankfurt will continue to compete aggressively for transatlantic connecting traffic and Dublin faces strong competition to remain relevant as its network and connectivity are challenged.

**Strengthening Marketing Investment**

Ireland must now invest in marketing, to maintain awareness and interest of Ireland as a tourism destination and to kick-start the recovery in the short-term by converting demand for industry. Protecting the existing strong position of Tourism Brand Ireland in the international market is crucial for our longer-term prospects in what will be an even more competitive international environment. Consumer research in our core overseas markets is already pointing to the best opportunities in terms of markets, segments and product offerings that will drive demand once matched with appropriate connectivity. As well as the socio-economic benefits, Ireland's tourism brand equity benefits the country's global footprint adding value to the government's activities in other areas of economic development such as the promotion of foreign direct investment into Ireland and exports. Inbound tourism also helps ensure the success of inbound connectivity vital for all aspects of an island economy. This must not be eroded through lack of investment now as it will lead to a loss of market share and a far slower pace of recovery. In the short-term, domestic marketing will be critical to sustaining tourism businesses and jobs and this too requires greater investment. This market will be proportionately a much larger share of the total tourism market in 2021 and the ambition of the sector is to capture at least 25% of the Irish outbound spend going forward.

**Increasing Investment in Tourism Product**

Ireland's built and natural heritage is the bedrock upon which Irish tourism has been developed. These are drivers of international demand and vital to Ireland's visitor experience. It is imperative that sufficient investment is made in these core assets and a coordination body is established to oversee a consistent approach to the operation, so that management and marketing practices are applied to maximise their potential. However, doing more of the same will not be sufficient. Consumer research across our core international markets indicates that consumers in a post-COVID-19 environment will require a different experience and one that Ireland is well positioned to take advantage of. This will require additional investment in product development including in outdoor activities and enabling access and better use of our vast open spaces, thus enhancing Ireland's position of being a green, clean, and sustainable destination. A comprehensive review of Ireland's tourism product should be undertaken now to identify strengths, gaps, opportunities, and impediments to inform future investment in the development of the visitor offering.

**Promoting Competitiveness**

		<p>The urgency and scale of the competitiveness challenge facing the Irish economy was outlined in the recently published Competitiveness Report by the National Competitiveness Council. This highlighted the need for urgent decisions to address key competitiveness challenges including supporting Ireland’s workers and leverage opportunities for upskilling, addressing climate action, investing strategically in Irelands physical infrastructure, and resolving long-standing issues including higher interest rates and uncompetitive insurance costs. All of the issues are particularly critical for the tourism sector and impact on the ability of Irish tourism to compete internationally. In addition, tourism faces unique competitiveness challenges as all countries are attempting to win share in a market where demand has collapsed. Other governments in European and internationally have taken radical action to improve the competitiveness of their tourism sector (including reducing VAT), which has exacerbated Ireland’s uncompetitive position. The unprecedented competitiveness challenges which COVID-19 has brought about have come at a time when tourism is facing additional risks arising from Brexit.</p> <p><b>Building a Sustainable Tourism Industry</b></p> <p>The current crisis presents Ireland with an opportunity to address sustainable tourism in a more meaningful way. Even before COVID-19, there was a growing consciousness amongst tourists all over the globe of the need for greener and more sustainable tourism approaches which benefit, rather than harm, the very attractions, and communities they come to experience. Consumers’ perceptions of Ireland already align well with this trend, though there is a lot more that industry can do to ensure that international best practices are adopted regarding sustainability. A recovery plan that takes account of the needs of the visitor, the industry, the environment, and the community will be all the stronger for it. It will ensure that communities welcome back visitors as strongly as ever, that enterprises can reduce costs and yet deliver the right product, and that Ireland becomes an even more attractive destination. A sustainable approach is a ‘win-win’ for the tourism sector.</p>
11	<p><b>South Pacific Tourism Organisation</b></p> <p><b>SPTO COVID 19 Recovery Strategy</b></p>	<p><b>Manage the Crisis &amp; Mitigate Impact</b></p> <ol style="list-style-type: none"> <li>1. Incentivize job retention, sustain the self-employed and protect the most vulnerable groups</li> <li>2. Support companies’ liquidity</li> <li>3. Review taxes, charges, levies, and regulations impacting transport and tourism</li> <li>4. Ensure consumer protection and confidence</li> <li>5. Promote skills development, especially digital skills</li> <li>6. Include tourism in national, regional, and global economic emergency packages</li> </ol>

<https://www.pacifictradeinvest.com/media/1522/spto-covid-19-recovery-strategy.pdf>

7. Create crisis management mechanisms and strategies

**Providing Stimulus & Accelerating Recovery**

8. Provide financial stimulus for tourism investment and operations

9. Review taxes, charges and regulations impacting travel and tourism

10. Advance travel facilitation

11. Promote new jobs and skills development, particularly digital ones

12. Mainstream environmental sustainability and socio-cultural aspects in stimulus and recovery packages

13. Understand the market and act quickly to restore confidence and stimulate demand

14. Boost marketing, events and meetings

15. Invest in partnerships

16. Mainstream tourism in national, regional and international recovery programmes and in development assistance

**Preparing for the Future**

17. Diversify markets, products and services

18. Invest in market intelligence systems and digital transformation

19. Reinforce tourism governance at all levels

20. Prepare for crisis, build resilience and ensure tourism is part of national emergency mechanism and systems

21. Invest in human capital and talent development

22. Place sustainable tourism firmly on the national agenda

23. Transition to the circular economy and embrace the SDGs

12	<p><b>OECD Policy Responses to Coronavirus (COVID-19)</b></p> <p><b>Rebuilding tourism for the future: COVID-19 policy responses and recovery</b></p> <p>14 December 2020</p> <p><a href="https://read.oecd-ilibrary.org/view/?ref=137_137392-qsvjt75vnh&amp;title=Rebuilding-tourism-for-the-future-COVID-19-policy-response-and-recovery">https://read.oecd-ilibrary.org/view/?ref=137_137392-qsvjt75vnh&amp;title=Rebuilding-tourism-for-the-future-COVID-19-policy-response-and-recovery</a></p>	<ul style="list-style-type: none"> <li>-Restoring traveller confidence</li> <li>-Supporting tourism businesses to adapt and survive</li> <li>-Promoting domestic tourism and supporting safe return of international tourism</li> <li>-Providing clear information to travellers and businesses, and limiting uncertainty (to the extent possible)</li> <li>-Evolving response measures to maintain capacity in the sector and address gaps in supports</li> <li>-Strengthening co-operation within and between countries</li> <li>-Building more resilient, sustainable tourism</li> </ul>
13	<p><b>ETC (European Travel Commission) HANDBOOK</b></p> <p><b>COVID-19 RECOVERY STRATEGIES FOR NATIONAL TOURISM ORGANISATIONS</b></p>	<p><b>Recommendations for responsible tourism recovery for people, planet and prosperity</b></p> <p><b>1. Public health</b></p> <p>In particular, to: connect epidemiological indicators with tourism monitoring mechanisms; connect health with sustainability, and; restore trust through transparent and proactive communication on the public health measures put in place.</p> <p><b>2. Social inclusion</b></p> <p>In particular, to: channel long-term support to SMEs in order to ensure that destinations maintain a diverse and attractive offer; provide targeted support for vulnerable groups such as youth, women, rural and indigenous populations, and; repurpose tourism</p>

	September 2020	<p>as a supporter for the community, capitalising on the new services that tourism businesses and creative industries have been providing to destinations in times of crisis.</p> <p><b>3. Biodiversity conservation</b></p> <p>in particular, to: capture the value of conservation through tourism; support conservation efforts through tourism, and; invest in nature-based solutions for sustainable tourism in order to improve the management of scarce natural resources such as water, and to foster disaster resilience both in urban and natural environments.</p> <p><b>4. Climate action</b></p> <p>In particular, to: monitor and report CO2 emissions from tourism operations; accelerate the decarbonisation of tourism operations (including through investments to develop low carbon transportation options); and support the engagement of the tourism sector in adaptation to climate change and carbon removal, through both natural and technological methods.</p> <p><b>5. Circular economy</b></p> <p>In particular, to: invest in circular economy processes such as reducing and reusing, repairing, refurbishing and recycling; prioritise sustainable food approaches such as local sourcing and reducing food waste, and; addressing plastic waste and pollution.</p> <p><b>6. Government and finance</b></p> <p>In particular, to: measure beyond the economic impacts of tourism; steer recovery funds towards better tourism (i.e. in achieving the goals presented above), and; enhancing collaboration between key stakeholders along the tourism value chain, internationally and at destination level.</p> <p><b>Additional Recommendations</b></p> <ul style="list-style-type: none"> <li>• <b>Stronger local supplier networks</b>, connecting hotels and restaurants to ‘homegrown’ produce in order to strengthen local supply chains and reduce economic leakage from each destination</li> <li>• Implementing nature-based solutions such as rewilding or incorporating nature-based features into buildings in order to capture carbon from the atmosphere</li> <li>• <b>Finding innovative solutions to adapting to social distancing measures in the tourism industry</b> (e.g. wristbands that monitor social distancing, smart rings detecting infection before symptoms arise, live heatmaps for managing crowd density or managing queues at museums and other tourism attractions)</li> </ul>
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		<ul style="list-style-type: none"> <li>• <b>Mainstreaming sustainable practices</b> (recycling, circularity of plastics, reduced water use) within tourism businesses (for example the Plastic Waste Free Initiative Islands Med project led by the International Union for the Conservation of Nature, or the Kranavatn campaign by the Iceland Tourism Board to brand the country’s tap water in order to reduce waste from plastic bottles)</li> <li>• <b>Social enterprise models</b> that help to support vulnerable local people and tackle local social issues. Cities that have developed such models include Amsterdam, which has developed projects to help visitors give back to neighbourhoods and contribute positively to the city during their visit through its “Untourist Guide”, while the mayor of Lisbon has recently proposed to incentivise the conversion of short-term rental apartments to become affordable housing for key workers.</li> </ul>
14	<p><b>UNITED NATIONS Economic Commission for Latin America and the Caribbean</b></p> <p><b>The impact of the COVID-19 pandemic on the tourism sector in Latin America and the Caribbean, and options for a sustainable and resilient recovery</b></p> <p>December-2020</p> <p><a href="https://www.cepal.org/en/publications/46502-impact-covid-19-pandemic-tourism-sector-latin-america-and-caribbean-and-options">https://www.cepal.org/en/publications/46502-impact-covid-19-pandemic-tourism-sector-latin-america-and-caribbean-and-options</a></p>	<p><b>Marketing and Promotion</b></p> <ul style="list-style-type: none"> <li>• Focus on those niche products that provide most value for the reactivation, recovery and protection of future risks through strengthened competitive positions;</li> <li>• Using digital media to reinforce the positioning, promotion and commercialization of tourism destinations and products;</li> <li>• Bring the tourist experience closer to international tourists using multiple (digital) formats to generate a potential demand for reactivation;</li> <li>• Promote the online distribution of the local culture through gastronomy, dance, books, stories, guides, immersive 3D, series, and films;</li> <li>• Promote inter-cluster digital, including video games, augmented reality, entertainment, digital guides;</li> <li>• Develop a post-pandemic safe destination promotion strategy with the implementation of scientifically validated protocols;</li> <li>• Adapt services to national customers as the first target markets for reactivation;</li> <li>• Instead of a race to the bottom and overcrowding strategy, focus on sustainability.</li> </ul> <p><b>Action in regional and sub-regional contexts</b></p> <ul style="list-style-type: none"> <li>• Create multi-country and multi-stakeholder (related to tourism and regional and international public health organizations such as PAHO and CARPHA) crisis coordination teams to increase information exchange on travel related health and other measures to limit the spread of the virus. These mechanisms should include a gender perspective and rights-based approach in order to consider the different impacts faced by female workers and female employers and other specific groups, such as older workers and those with</li> </ul>

disabilities and design measures to meet their needs. These teams could provide timely and reliable information for inbound and outbound travellers and tourism operators throughout the region;

- Develop joint guidelines and protocols to restore travel and tourism, including measures as social distancing and hygiene restrictions, rules within airports and on-board aircraft, as well as ports — covering such aspects as disinfection— and the wearing of protective equipment. International tourism organizations, such as UNWTO and WTTC, are guiding these efforts.

- Enhance bilateral or subregional agreements to accept travellers from certain countries (e.g. virus free, low-risk countries or regions)

- Promote cooperation among national tourism organizations and relevant stakeholders in health, transport and immigration, with the aim to better coordinate measures to mitigate the impact of COVID-19. Moreover, these actors could share initiatives regarding the digitalization of information, collect sex disaggregated data on people with the disease of COVID-19, and create regional platforms and information systems while enforcing data protection and privacy;

- Foster the exchange of good practices among countries in the region on the responses to the crisis, including connectivity, coordination, national relief efforts and measures to support the tourism sector, as well as highlight the positive contribution and efforts made by the private sector in this area to respond to the crisis;

- Coordinate policies and measures to increase confidence among domestic and international travellers to the region, including the development of clear standards and guidelines for a safer and healthier work environment to protect workers, including female workers, in tourism related industries, destinations and establishments;

- Create and implement a post COVID-19 crisis recovery plan safeguarding public health and social wellbeing. This plan could include the following actions: enhance national and regional tourism capabilities, engaging with industry stakeholders to increase business and consumer confidence, exploring creative and innovative solutions to stimulate the tourism sector by using digital technologies, coordinating marketing efforts and joint tourism promotion programmes. These should be aimed at promoting subregions as a single tourism destination;

- Assess the social, economic and environmental impacts of cruise ship tourism, including a gender perspective, and define regional standards moving forward to avoid a race to the bottom.

- Strengthen regional integration and cooperation among governments, subregional, regional, and international organizations and industry stakeholders to improve the resilience of tourism, as well as promote sustainable and inclusive tourism in the aftermath of this crisis.

