

European territorial development and the place based approach: the budgetary dimension of Portugal 2020

Filipe Eduardo Miranda FERREIRA
filipe.emf@gmail.com
CAPP-ISCSP
Lisbon University (Portugal)

João Ricardo CATARINO
jcatarino@iscsp.ulisboa.pt
CAPP-ISCSP
Lisbon University (Portugal)

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Filipe Eduardo Miranda FERREIRA
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CAPP-ISCSP
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Abstract

Territory has been taken as one of the main dimensions of the process of formulation and implementation of public policies. This article is based on the concept of public policy territorialisation as stated by the IFDR (2010) when referring to the place based approach as the new international paradigm of regional policies. This study aims to describe the possible benefits of these policies in the face of previous regional development European policies (OECD 2009, p. 50) and assess, based on the Portuguese case, if there is an effective correspondence between the theoretical framework of place based policies, as they are formulated (Barca 2009), and the actual implementation of territorial instruments, in the case of Portugal 2020, by mobilizing the budgetary dimension.

This study is relevant because the place based policies are changing the formulation mode of territorial development policies in many countries and regions, so it is important to understand associated benefits and risks. In this study, we describe these advantages and elaborate an analysis of the effective correspondence between the formulation and its practical implementation in the European Union, by analysing the Portuguese case (Portugal 2020), from the viewpoint of resources allocated. Naturally, at the heart of European concerns, is the fight against regional imbalances without losing sight of the difficult task of maintaining the financial sustainability of the European budget and achieve fiscal consolidation, particularly in a context of global crisis (Catarino & Alcario 2016, Catarino 2015, Catarino & Fonseca 2013).

It was found that the place based instruments identified in the Portugal 2020 represent 11 % (EUR 2 billion to EUR 18 billion) of regionalized funds and 7.6 % (EUR 2 billion to EUR 26 billion) of the total received by Portugal. It is concluded that there is no correspondence between the place based formulation of the current territorial development policies cycle of the European Union for the period 2014-2020 and its effective implementation of Portugal 2020. This confirms the hypothesis that there is a dysfunction between theory and practice, not validating the advantages referenced in the scientific literature about the place based policies.

Keywords: European regional policy, cohesion policy, place based approach, Portugal 2020.

Resumen

El territorio se ha asumido como una de las principales dimensiones del proceso de formulación e implementación de políticas públicas. En este estudio se parte del concepto de territorialización de políticas públicas, como el enunciado por el Instituto para el Financiamiento y Desarrollo Regional (IFDR 2010) al referirse al enfoque basado en el lugar como el nuevo paradigma internacional de las

políticas de desarrollo regional. El estudio tiene como objetivo describir los posibles beneficios de estas políticas frente a las europeas de desarrollo regional previstas (OCDE 2009, p. 50) y evaluar, basándose en el caso portugués, si existe una correspondencia efectiva entre el marco teórico de las políticas basadas en el lugar, tal como se formulan (Barca 2009), y la implementación real de los instrumentos territoriales, en el caso de Portugal 2020, movilizando la dimensión presupuestaria.

Este estudio es relevante porque las políticas basadas en el lugar están alterando el modo de formulación de las políticas de desarrollo territorial en muchos países y regiones, por lo que es importante percibir las ventajas y los riesgos asociados. En este estudio describimos estas ventajas y se lleva a cabo el análisis de la correspondencia efectiva entre la formulación y su aplicación práctica en la Unión Europea, tomando como ejemplo el caso portugués (Portugal 2020), desde el punto de vista de los recursos asignados. Naturalmente, en el centro de las preocupaciones europeas se encuentra la lucha contra los desequilibrios territoriales, sin perder de vista la difícil tarea de mantener la sostenibilidad financiera del presupuesto europeo y alcanzar la consolidación presupuestaria, sobre todo en un contexto de crisis global (Catarino y Alcario 2016, Catarino 2015, Catarino y Fonseca 2013).

Se constató que los instrumentos de carácter local identificados en Portugal 2020 representan el 11 % (2000 en 18 000 millones de euros) de los fondos regionales y el 7,6 % (2000 en 26 000 millones de euros) del total recibido por Portugal. Y se concluyó que no existe correspondencia entre la formulación *place based* del actual ciclo de políticas de desarrollo territorial de la Unión Europea para el período 2014-2020 y su aplicación efectiva en Portugal 2020. Se confirma la hipótesis de que existe una disfunción entre la teoría y la práctica, lo que no valida las ventajas referenciadas en la producción científica acerca de las *place based policies*.

En este trabajo, se presentan y analizan dos casos de electrificación rural mediante el uso de HOMER PRO. Se aplican criterios de evaluación técnica y económica para estudiar la viabilidad de una microhidroeléctrica en El Díptamo (Honduras), así como de una planta híbrida compuesta de matrices de módulos fotovoltaicos, generadores diésel y baterías de flujo, en una pequeña isla ubicada en el lago Victoria. Para ambos casos, mostramos los resultados de los estudios de las cargas diarias y anuales, de los recursos disponibles en el área y la evaluación económica de la configuración de las plantas elegidas.

Palabras clave: política regional europea, política de cohesión, política basada en el lugar, Portugal 2020.

1 Introduction

The territorialisation of public policies of development in the European Union (EU) is based on a new programming cycle for the period of 2014-2000, and partially on the referencing of place based policies as the new paradigm of regional policies. The EU, via European Commission, has signed Partnership Agreements¹ with several member-states, defining the programming principles establishing the economic, social and territorial development policies to be promoted. Said programming principles are aligned with the goals of the Smart, Sustained and Inclusive Growth, continuing the so-called Europe 2020 strategy (Acordo de Parceria 2020 2014). In the scope of its Partnership Agreement with the EU, Portugal has set its thematic goals to promote growth and employment creation, as well as all required interventions to fulfil said goals, and the accomplishments and outcomes expected with such financing. As consequence, Portugal is receiving 26 billion euros until 2020.

1 The Partnership Agreement between Portugal and the European Commission includes the action field encompassed by five European Structural and Investment Funds (ERDF, Cohesion Fund, ESF, EAFRD, and EMFF), and defines the programming principles establishing the economic, social and territorial development policy to promote in Portugal between 2014 and 2020. *Source:* Acordo de Parceria 2020 (2014).

Place based policies are deemed the «new regional paradigm», standing out due to their focus on regional performance improvement, namely by mobilizing local and exogenous players, replacing the former paradigm based on a logic of sectorial implementation, conditional to administratively established territorial divisions (OCDE 2011, p. 34). This new paradigm is further guided by the non-discrimination principle, as all other European policies encompassed by the community integration progress framework (Catariño & Diogo 2015, Catarino 2011).

In this sense, authors like Barca, McCann, and Rodríguez-Pose (2012, p. 135) state that its dissemination was made through reports of international organizations like the Organization for Economic Co-operation and Development (2009), the EU (2009) and Corporación Andina de Fomento (CAF 2010).

In the scope of the dissemination of this new approach, Mourato (2013, p. 166) mentions that, also at the level of European policy-making, we are facing a change of paradigm, going from a sectorial approach to the current approach, in which place based policies are deemed pivotal for territorial development processes.

In this regard, monitoring and assessing the European Structural and Investment Funds (ESIF)² in Portugal becomes more relevant, particularly in relation to issues concerning the process of territorialisation of public policies (IGFSE 2013).

In Portugal, the new programming cycle is materialized by Portugal 2020, with this being the *Partnership Agreement* established between the Portuguese State and the European Commission, combining the ESIF, and the definition of the programming principles establishing the economic, social and territorial development policies between 2014 and 2020 (Acordo de Parceria 2020 2014).

We will focus on the territorial dimension of Portugal 2020, pursuing a contribution for the scientific questioning regarding the budgetary dimension of the process of territorialisation of public policies. We will try to address the problem of learning if there is (or there isn't) a correspondence between the place based formulations of the current community programming cycle, for the period 2014-2020, by focusing on the case study of the implementation of Portugal 2020, by means of budgetary dimension mobilization.

If the outcome is positive, it will confirm the hypothesis of the relevance and centrality of the place based approach in formulating and implementing territorialized policy instruments in the scope of this study, illustrated by Portugal 2020, as well as the materialization of the regional policy paradigm change.

In the event the outcome is negative, the hypothesis of dysfunction between its theoretical formulation and practical implementation is confirmed, therefore not validating the advantages mentioned in scientific studies about place based policies, and «re-

2 European Structural and Investment Funds (ESIF): European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD), European Maritime and Fisheries Fund (EMFF). *Source:* Regulation (EU) No. 1303/2013 of the European Parliament and of the Council of December 17th, 2013.

vealing the budgetary dimension as a critical factor for the implementation of place based public policies of territorial development».

Based on the mentioned context, this study initially focuses on the issue of public policy territorialisation. Then, it characterizes the emergence of place based policies as a new regional policy paradigm, by comparing it with the former paradigm. Next, we address the Cohesion Policy of the EU and the new programming cycle for the period of 2014-2020, both at the EU and national policymaking level, focusing on the Territorial Development Strategies identified therein. Subsequently, we address the budgetary dimension of Portugal 2020, and then discuss the correspondence between the place based approach and Portugal 2020, confirming if the study hypothesis is observed. It is also identified two different but complementary frameworks that can potentially explain the results observed. Lastly, in the concluding part, we suggest potential research lines that may add value to the scientific area of Public Policies.

2 Methodology

This study focuses on assessing if there is an effective correspondence between the theoretical formulation of place based policies, for the current programming cycle of EU development policies for the period of 2014-2000, and its practical implementation, having the goal of assessing the actual correspondence between the theoretical base and the empirical dimension of such policy.

The budgetary dimension of the implementation of Portugal 2020 territorial instruments is used as a case study to find tangible results. For such purpose, we will perform an analytical analysis and revision of the relevant literature concerning this subject, which will be used to carry out the conceptualization of the territorialisation of Public Policies and determine its relevance for the issue of the articulation between territorial dimension and its implementation.

To characterize the rationale of place based policies, and the former European regional policy paradigm, in addition to the analysis and revision of the relevant scientific literature, we have analysed official strategy reports and documentation from organizations like OECD (*Regions Matter: Economic Recovery, Innovation and Sustainable Growth* 2009 and *Regional Outlook: Building resilient regions for stronger economies* 2011) and the EU (Barca Report – An Agenda for a Reformed Cohesion Policy 2009).

The characterization of the relation between the place based approach and the EU Programming Cycle 2014-2020 is made mainly by analysing EU documents, reports and official strategies, being complemented by the scientific literature. The assessment concerning

the correspondence between the theoretical speech of place based policies and budgetary dimension of Portugal 2020, is made by reviewing the scientific literature and analysing official documents.

3 Territorialisation of Public Policies

The IFDR —Instituto para o Financiamento e Desenvolvimento Regional (Institute for Regional Financing and Development)— defines «the territorialisation of Public Policies in Portugal» as «the formulation and implementation of programmes and projects with a relevant territorial impact, whose intervention priorities are defined depending on the strategic frameworks formulated for the target-territory, and whose elaboration relies on the involvement of institutions and players related to such territory» (IFDR 2010, p. 11). The IFDR mentions four structuring elements:

- The existence of a pertinent territory.
- Programmes and projects with impact in said territory.
- The existence of strategic frameworks elaborated for the pertinent territory.
- The creation of formal or informal processes involving local players.

In this conceptual context, the report «Territorialização das Políticas Públicas» (Territorialisation of Public Policies) (IFDR 2010) considers the existence of a distinction between the «territorialisation of public policies» and the «territorial impacts of public policies». For a public policy to be deemed territorialized, it is not enough to consider that the investments or actions which embody said policy have a relevant territorial impact. For the Institute (IFDR 2010), this necessarily requires the existence of a specific strategy conceived based on the territory or involving it, or at least prepared in function of a prospective analysis, with a higher or lower degree of involvement of said territory, for instance, the macroeconomic stabilization policies or macroeconomic policies with an anti-cyclic profile, as their territorial impacts are independent of the goals established with their creation and accomplishment.

Lastly, the IGFSE —Instituto de Gestão do Fundo Social Europeu (Institute for Management of the European Social Fund)—³ (IGFSE 2013) considers the territorialisation of public policies to be a pivotal element in the effective management of economic and social development processes, and that the monitoring and assessment of the European funds of 2007-2013, allow to conclude that there is margin for progress in regard to its territorialisation. This interpretation shows the relevance and pertinence of the study of this issue, in a moment in which the initial stage of the process of im-

3 IGFSE, I.P., is the body in charge for ensuring national management of the European Social Fund, being responsible for the physical and financial coordination and monitorization, exercise of competences set for the certification and paying authorities, and auditing operations supported by the ESF. Source: www.igfse.pt.

plementation of a new programming cycle for the period 2014-2020 in Portugal is currently in course.

This study is therefore integrated in this structuring analytical context of potential conceptualization of the Territorialisation of Public Policies. Based on the definition given by the IFRD (2010), we will use this analytical reference as a framework for the analysis of the allocation strategy for budgetary resources in relation to the centrality of Portugal 2020 place based approach, in order to conclude if there is an effective correspondence between the theoretical formulation of the regional European development policy territorialisation and its effective implementation, in the view of allocated resources.

4 From the classic paradigm of Regional Policies to European Place based Policies

By referencing the features of the European Regional Policy at its beginning stage, Esteban, Rodríguez, Moreno and Altuzarra (2009, p. 160) interpret this policy as having been elaborated as a financial solidarity policy focused on reducing economic disparities between different regions of the European Community.

In this line of thought, said authors strongly highlight the redistributive nature of this policy, with the less favoured regions being subject to the allocation of resources coming from the more developed regions.

The Organization for Economic Co-operation and Development (OECD 2009, p. 50) corroborates this thought, highlighting the redistributive nature of financial transfers, with these being followed by major public investment programmes, and states that, during the 70s and 80s of the 20th century, the existence of several shocks and changes in world economy led to the emergence of a context, characterized by the geographic concentration of high unemployment levels, which made the regional policies to have to address these new realities.

The OECD (2009, p. 50) highlights the conflict between regional policy goals in the 50s and 60s and its inability to address the issues arising in following decades. Esteban, Rodríguez, Moreno and Altuzarra (2009, p. 169) state that the crisis of the mid 70s and the consequent extended economic restructuring process gave rise to profound revisions of the goals, strategies and instruments of the Regional Policy.

The OECD (2009, p. 50) claims that the outcomes were not satisfying, because regional disparities were not significantly reduced, despite the high public investment, and that the insufficiency of the regional policy and its instruments led to an

ample politic and scientific debate about the best way to reduce said disparities.

In an effort to summarize the scientific debate, Camagni and Capello (2014, p. 26) highlighted the existence of an extended discussion regarding the nature of last decade's cohesion policies, and that a paradigm change was observed, going from a predominantly redistributive logic to a developmentalist logic. They further note that this debate originated from the existence of three different types of consideration:

1. The high financial costs, the opportunity costs and the involuntary impacts of the «old» paradigm.
2. The evidence of the poor results of regional policies.
3. The new global context, marked by the imposition, to all countries and regions, of a redefinition of their location patterns, new efficiency, economy and innovation ability standards, and new behaviours in technology, production cycles, information and finance management.

Doucet, Bohme and Zaucha (2014, p. 4) mention that, in the scope of this discussion, there are three different perspectives about the best way to articulate territorial dimension and the development of policies and their respective instruments.

- Spatially blind.
- Spatially targeted.
- Place-based.

When characterizing the first perspective, Doucet, Bohme and Zaucha (2014, p. 4) claim that it does not tell the difference between the several territory typologies and focuses on a homogeneous application of a certain policy at every location. This lacks the territorial dimension of the policymakers at the moment of the creation of said policies and respective implementation instruments. These authors note that this approach could have been implicitly adopted by the Sapir Report (2003) and by the World Development Report made by the World Bank (2009).

In regard to the second perspective, Doucet, Bohme and Zaucha (2014, p. 4) state that it reflects territorial diversity and considers both the existence of asymmetric and interdependent territorial patterns and the attempt made by public players to model their interventions taking into account the several existing territorial features.

In relation to the place based perspective (Doucet, Bohme and Zaucha 2014, p. 4), they state that it was systematized in documents like the Barca Report (2009), and that it was based on a principle that claimed that an equivalence among territories and administrative entities should not exist, and a functional logic considering the holistic nature of development should prevail.

Camagni and Capello (2014, pp. 26-27) state that this interpretation is based both on the exploitation of each territory's specificities and on the identification of territorial advantages.

In this theoretical conceptualization context, it is also worth to note that one of the starting points of the place based policies focuses on the fact that the territorial development process must be based on a participated and deliberative process involving endogenous and exogenous players (Barca, McCann & Rodriguez-Pose 2012, p. 147).

Place based policies, as pointed out by authors like Tomaney (2010), are formulated based on the existence of a development reference which relies on a long-term logic, favouring integrated strategies, able to integrate an extended group of territorial players.

The OECD (2009 and 2011) states that the rationale for the new place based regional approach relies on the principle that growth opportunities exist for every territory and region type, in the context of a sane competition policy, and no longer in the existence of a logic based on the mere redistribution of resources among the regions (Catarino 2001).

Place based policies have become the paradigm to follow in the scope of the public development policies of the UE, starting with the need to fully know and explore a territory's potential growth and to design institutions and investments, not currently available, which will be created by means of a deliberative and participative process involving local and external players (Barca, McCann & Rodriguez-Pose 2012, p. 147).

Lastly, and to summarize, Tomaney (2010, p. 7) has concluded that place based policies are being adopted worldwide as the new paradigm and that:

- Place-based approaches require strengthened local and regional institutions that are able to assess and develop local economic assets in ways that amount to more than «tailoring national policies».
- The active role of local stakeholders is critical to the success of place-based approaches but this places new demands on local business and other bodies to actively shape local policy, rather than merely make demands on State and Federal agencies.
- Successful place-based approaches place the development of human capital and the promotion of innovation at their centre.
- Successful place-based economic development is generally a long-term process.

We will therefore base the explanation of the implementation of place based policies, in the scope of EU policymaking, on this sedimentation of the rationale of this approach and its dissemination as the new paradigm of regional development policies.

	Former Regional Paradigm	New Regional Paradigm
Issue	Regional disparities regarding profit, level of infrastructures and employment	Regional competitiveness deficit and unexplored growth ability
Goals	Compensation for disadvantages concerning the location of less developed regions, equality via balanced regional development	Focus on the mobilization of each territory's potential to promote regional competitiveness
Formulation of Public Policies	Addresses the disadvantages concerning the location of poorer regions, reactive approach	Uses all regions potential, enabling their competitiveness, by means of a strategic and regional programming; proactive approach
Territory Typology	Poorer regions	All regions
Territorial Units	Administrative units	Functional areas
Time Dimension	Short-term	Long-term
Implementation Strategies	Sectorial approaches with a limited number of players	Integrated approach with an extended group of players (Integrated Development Programs)
Approach	One-size-fits-all	Context-specific-approach
Focus	Exogenous investments and financial transfers	Endogenous resources and knowledge
Instruments	Benefits and State Aids	Mix (labour markets, corporate environment, share capital, networks, etc.)
Methodology	Specific Projects	Strategic and programmatic
Players	Central Administration (Top-down)	Several Administration levels and varied social players (Strategic Conciliation)
Evaluation	Ex post	Ex ante, ongoing, ex post

Table 1

Regional Policy Paradigms

Source: adapted from OCDE (2009), Vanthillo and Verhetsel (2012) and Baleiras (2014).

5

Cohesion Policy for the programming cycle for the period 2014-2020: The Portugal 2020 Partnership Agreement

The Eurostat Regional Yearbook 2015 (2015, p. 20) defines the Cohesion Policy of the EU as a policy that focus on investment, growth, employment and territorial co-operation.

For the programming period of 2014-2020, the European Commission has proposed to its member states some significant changes, both in formulation and implementation of the cohesion policy, and also stated that, in the scope of the legislative package framing the cohesion policy of the EU for said programming period, those changes focused on the following aspects (CE 2011, p. 1.):

- Alignment of cohesion policy priorities with Europe 2020.
- Compensation for good performances.
- Support integrated programming.
- Focus on results.
- Reinforcement of territorial cohesion.
- Execution simplification.

The European Commission (2011, p. 11) claims that the Cohesion Policy is an *instrument* for the fulfilment of Europe 2020.

According to the new focus of the territorial development policy of the EU, in order to improve the effectiveness of community expenditure, and reach better outcomes, the Commission's proposal encompasses a *Common Strategic Framework (CSF)* for all regional policy funds. Said framework must ensure goals lead to investment priorities, providing the programming process with a strategic direction therefore facilitating the sectorial and territorial coordination of interventions (CE 2011, p. 3).

Based on the CSF, the Commission proposed the signing of a *Partnership Agreement* with each member state, which consists in a document prepared by the member states with the participation of the country's main economic and social agents.

Said agreement must include member state's strategy, and its priorities and measures regarding the use of CSF funds, in order to effectively accomplish Europe 2020 goals.

In a national context, Portugal 2020 is the *Partnership Agreement* signed between the Portuguese State and the EU, and includes the action of the ESIF which set the programming principles establishing the economic, social and territorial development policy between 2014 and 2020.

The European Commission (2014, p. 2) states that the Portugal 2020 Partnership Agreement:

Is a framework document that should set out clear political commitments to the strategic goals to address the key challenges identified by the Europe 2020 strategy. It should define a framework for achieving the maximum European value added of the ESI Funds' investments in Portugal for 2014-2020 by addressing the bottlenecks hampering growth and by pursuing an ambitious development strategy enabling enhanced competitiveness of the Portuguese economy and reducing regional disparities.

Portugal 2020 programming principles are aligned with the Smart, Sustainable and Inclusive Growth, continuing Europe 2020 strategy. Portugal 2020 programming, according to the Partnership Agreement (2014), is organized in four thematic fields and two transverse fields. The former are: *i*) competitiveness and internationalization, *ii*) social inclusion and employment, *iii*) human capital and sustainability and effectiveness in resource usage. The latter are: *i*) reformed Public Administration and *ii*) territorialisation of interventions.

Regarding the configuration of Portugal 2020 operational structures, and according to the Partnership Agreement (Portugal 2020), said configuration will be made through 16 Operational Programmes, plus Co-operation Programmes. The issue of Europe 2020 territorial dimension reinforcement and subsequent territorialisation of the interventions made in the scope of the Cohesion Policy of the EU is essential for the logical comprehension of this Partnership Agreement's structure.

In this context, the principle of *subsidiarity*,⁴ as identified in the Partnership Agreement, is very relevant in the design and structuring of territorial programming instruments, as it enhances the use of a territorial scale of intervention as one of the mechanisms imprinting higher degree of rationality and efficiency in policy integration and community fund application.

By highlighting the relevance and pertinence of territorial approaches, the 2020 Partnership Agreement (2014) identifies the NUTS III scale⁵ as the privileged level for the establishment of coordination and articulation relations between the players of several territorial levels.

The existence of these strategies, focused on a high territorial policy coherence, has developed with the elaboration of the Integrated Territorial Development Strategies (ITDS) made by the so-called Intermunicipal Entities (Metropolitan Areas and Intermunicipal Communities included in Law no. 75/2013).⁶ Such strategies are strategic references, ensuring coherence with sub-regional or local interventions, and with strategies defined at the level of the respective NUTS II. The formulation of these strategies relied on the participation of several territorial players, from public players to private and 3rd sector players.

This new reality has led to the introduction of new public policy instruments which operationalize the ITDS. In the scope of the ITDS implementation, the 2020 Partnership Agreement (2014) and

- 4 Subsidiarity Principle: applied to the EU context, the principle of subsidiarity is a regulatory criterion for the exercise of competences with are not exclusive of the EU. It therefore excludes Union's intervention whenever a matter may be regulated in an effective way by the member states at the central, regional or local level, and grants the Union with legitimacy to exercise its powers whenever the goals of an action cannot be satisfyingly accomplished by the member states, and the Union's action can add value. *Source:* Fichas Técnicas sobre a União Europeia (2015), http://www.europarl.europa.eu/ftu/pdf/pt/FTU_1.2.2.pdf.
- 5 Nomenclature of Units for Territorial Statistics. *Source:* NUTS 2013: as novas unidades territoriais para fins estatísticos, Instituto Nacional de Estatística (2015).
- 6 Established the legal framework of local autarchies, approves intermunicipal entity statutes, established the legal framework of competence transfer from the State to local autarchies and intermunicipal entities, and approved the legal framework of autarchic associativism. *Source:* Law 75/2013, 12th September.

Centro 2020 Operational Programme (2015) identify the following instruments:

- Integrated Territorial Investments (ITI), materialized by the Territorial Development and Cohesion Pacts (TDCP).
- Community-based Local Development (CLD), materialized by the Local Development Strategies (LDS).
- Integrated Actions for Sustainable Urban Development (IASUD), based on an autonomous guideline for regional operational programmes.

Regarding the characterization of ITI, DG Regio (2015a) states that these are a new instrument introduced by the EU for the current community programming cycle with the goal of formulating territorial strategies, within a logic of multi-fund financing, which promote a more place based intervention approach.

In relation to the characterization of the CLD, the European Commission (2014, p. 2) states that this is a specific tool that can be used at the sub-regional level and which complements other local development support instruments. The CLDs can mobilize and engage local communities in contributing for the fulfilment of Europe 2020 goals and promoting the principle of territorial cohesion.

In respect to the IASUD, the 2020 Partnership Agreement (2014, p. 311) states that said actions are destined to carry on the Sustainable Development strategies, considering the relevance of urban systems in growth, employment, competitiveness, and innovation dynamization, and additionally in the sustainability and promotion of the quality of life.

5.1. The Budgetary Dimension of Portugal 2020 – the case study

The European Commission (2016) notes that the ESIF of the EU rely on budget of 454 billion euros, for the period of 2014-2016. AD&C (2015) and Eurostat (2015) mention that budget allocation regarding the Cohesion Policy represents about 1/3 of the EU budget for said period. The definition of regional categories and respective operational co-financing rates is likewise conditional to the GDP *per capita*, still prioritizing resource allocation for regions with a GDP *per capita* below the 75 % average of the EU (Table 2).

Region Typology (2014-2020)	GDPpc EU 27	% Co-financing
Less Developed	< 75 %	75 to 85 %
In Transition	Between 75 and 90 %	60 %
More Developed	> 90 %	50 %

Table 2

Cohesion Policy Region Typologies

Source: own elaboration based on Acordo de Parceria Portugal 2014-2020 (2014).

This regional characterization, depending on region's GDP *per capita*, results in a budgetary framing that makes a positive discrimination of co-financing rates of funds provided by the European Cohesion Policy in function of the respective region typology, favouring regions with lower GDP *per capita*.

Regarding fund distribution by the member states, Eurostat (2015) states that Portugal receives 6.1 % of the total budget, standing behind Poland (22 %), Italy (9.3 %) and Spain (8.1 %), Romania (6.5 %) and Hungary (6.2 %).

The 2020 Partnership Agreement (2014) established between Portugal and the EU combines the action of the five ESIF (ERDF, CF, ESF, EAFRD and EMFF) through which the country will be provided with 26 billion euros until 2020. Regarding this issue, the European Commission (2016) claims that «Portugal, through 16 national and regional programmes, benefits from ESIF funding of EUR 25.8 billion representing an average of EUR 2474 per person over the period 2014-2020».

In respect to the intersection between fund typology and territorial dimension, the ESIF attached to Portugal 2020 are divided in funds liable to be regionalized or not (Table 3).

Funds Liable to Be Regionalized	Amount (Million Euros)	Funds not Liable to Be Regionalized	Amount (Million Euros)
European Fund for Regional Development (ERDF)	10.777	Cohesion Fund (CF)	2.862
European Social Fund (ESF)	7.543	European Maritime and Fisheries Fund (EMFF)	393
		European Agricultural Fund for Rural Development (EAFRD)	4.052
		Youth Employment Initiative (YEI)	322
TOTAL	18.320	TOTAL	7.629

Table 3

Fund Typology and Territorial Dimension

Source: own elaboration, adapted from AD&C (2015).

As to the analysis of the budgetary dimensions of Territorial Development strategies, AD&C (2015) states that about 2 billion euros were made available for these strategies. Lastly, in the scope of a more fragmented analysis of those two billion euros allocated

to these policy instruments, and according to data provided by the EU Funding Bulletin (AD&C 2015):

- 1 045 742 million euros allocated to ITI.
- 796 666 million euros allocated to IASUD.
- 280 760 million euros allocated to CLD projects.

5.2. Place based policies: theoretical formulation and practical implementation in Portugal 2020

In regard to the analytical referencing identifying place based policies as very important to fulfil the process of territorialisation of public policies and, at the same time, as the base to a new framework, at the level of EU policymaking, with the budgetary dimension of Portugal 2020, it is important to note that:

- The Cohesion Policy of the EU already represents more than one third of community budget.
- Portugal belongs to a group of countries with higher ESIF transfers receiving around 26 billion euros until 2020.
- From these 26 billion euros, 18 billion euros are liable to be regionalized and about 8 billion euros are not.
- From the 18 billion liable to be regionalized, 2 billion are allocated to Territorial Development Strategies.

Territorial Development Strategies including policy instruments like ITI, CLD and IASUD can also be deemed place based instruments as regarded in reports from international (OCDE 2009, Barca 2009) and national (IFDR 2010) organizations.

We are referring, in particular, to the concept of Territorialisation of Public Policies (IFDR 2010) identifying as essential conditions: the existence of a pertinent territory, programmes and projects with impact in said territory, the existence of strategic frameworks elaborated for the pertinent territory, and the creation of formal or informal processes involving local players.

Portugal 2020 instruments	Dimension «Territory»	Dimension «Programmes and Projects with impact in the Territory»	Dimension «Strategic Framework made for the Territory»	Dimension «Formal or informal participation processes involving local players»
ITI	X	X	X	x
CLD	X	X	X	x
IASUD	X	X	X	x

Table 4

Intersection between Portugal 2020 Policy instruments and the Dimensions of Territorialisation of Public Policies (IFDR 2010)

Source: own elaboration based on IDFR references (2010).

It is worth to highlight the fact that all these conditions are *simultaneously* observed, therefore qualifying policy instruments like the ITI, CLD, and the IASUD as place based policies (Table 4).

For this EU programming cycle, and in relation to the articulation with territorial dimension, the European Commission (2015) has introduced new and improved implementation mechanisms for the policies formulated at EU level, namely by combining several EU funds.

DG Regio (2015b, p. 4) corroborates the thought that the role of both the ESIF and the new territorial instruments are relevant for the implementation of the place based approach.

With the instruments suited for the referred theoretical mobilization already identified, it is important to observe their real budgetary dimension in the current programming cycle for the period 2014-2020, in the scope of the case study. In this sense, and according to available data, this research has ascertained that these place based instruments (ITI, CLD and IASUD) allocate about 2 billion of the overall funds available for Portugal until 2020, therefore representing 11 % of the funds liable to be regionalized (18 billion euros) and 7.6 % of the national total (26 billion euros).

When comparing this numbers with the existing EU strategic documents, we can conclude that there is a dysfunction between the theoretical policy formulation of European and national institutions' official speech and the implementation of Portugal 2020, given that the allocation of budgetary resources did not keep up with the place based approach rhetoric, as referenced for the current community programming cycle.

By mentioning the place based approach as a more effective and efficient way to implement economic development processes based on the combination of a set of dimensions stated by us in Table 1, Barca (2009) simultaneously highlighted two issues:

- The inability of the classical regional policy paradigm to respond to challenges imposed by globalization.
- Assumption of the new place based policies paradigm as the most effective and efficient way to implement economic development processes, being that the Cohesion Policy of the EU must be based on this approach.

In the scope of Portugal 2020 implementation and according to data, there is not a significant fund allocation to place based policy instruments, which may reflect an important dysfunction between the theoretical and practical references.

But, in our point of view, there is another dysfunction between the theoretical references and EU *praxis*. This was addressed by Barca, McCann, and Rodriguez-Pose (2012, p. 149), who underlined the impossibility of the implementation of a place based territorial

development policy exclusively based on convergence criteria, giving the Cohesion Policy of the EU as an example.

The analysis of the structure of Portugal 2020 is also relevant to this discussion, as it is based on Regional and Sectorial Operational Programmes (Acordo de Parceria 2020 2014), which do not represent an innovation when compared to former Community Support Framework. Following this line of thought, Barca, McCann, and Rodriguez-Pose (2012) stated that the existence of rigid typologies based on the regional GDPpc (Table 2) in regard to regions liable to be funded, is not aligned with the place based approach, as it advocates that, at the level of its theoretical formulation, the existence of functional areas to the detriment of administrative units (Table 1), as referenced by the current Cohesion Policy of the EU.

Lastly, we note that Barca (2009) considers the place based approaches to effectively and efficiently change policies, operational instruments and that the territorialisation of public policies, in the scope of ESIF implementation, is essential for the effective management of economic development processes (IGFSE 2013).

In this scope, the referred theoretical studies consider the place based policies as the most effective and efficient way to manage development processes. By comparing the place based narrative, as the new regional policy paradigm, with the budgetary allocation for territorial instruments, it is important to note that:

- Or the EU and respective member states are not effectively and efficiently implementing their development policies, which could be deemed a problem.
- Or the theoretical studies about place based policies and subsequent inclusion in the EU speech must face their practical limitations and consequent impossibility of being pivotal in regard to the implementation of EU development processes.

This effective limitation regarding the budgetary weight of the place based policy instruments as suggested by the analysed case—Portugal— data allow us to address an essential issue for the EU policymaking: to assess if place based policies are truly the most effective and efficient reference for the formulation and implementation of development processes at the EU level.

The fact that there is no correspondence between the theoretical grounds of the place based policies and its empirical dimension, in the context of Portugal 2020 implementation, reinforces the correctness and pertinence of the scientific debate on the real and effective centrality of the territorial dimension in international development processes.

This mismatch between the theoretical formulation of place-based policies and their implementation of the scope of the Portugal 2020 Partnership Agreement can be the subject of a analysis

that is based on the scientific mobilization of two distinct frameworks which we believe are interconnected.

The first one is anchored in the trajectory and history of implementation of EU funds in Portugal since its accession to the then European Economic Community (EEC) in 1986.

The second framework is based on the very formulation and structuring of the Portugal 2020 Partnership Agreement.

Regarding the first framework, authors such as Baleiras (2014), Costa (2016) and Marques (2017) articulate arguments regarding the importance of the Portuguese trajectory of the implementation of EU funds. It derives from these understandings the anchoring of historical and institutional analytical dimensions as explanatory factors.

Baleiras (2014) argues that Portugal is in a phase of transition between paradigms of regional policy (2014, p. 20) and argues for the existence of a set of 10 barriers that prevent the full implementation of public development policies in Portugal, with a strong impact on the implementation and implementation of EU funds in Portugal:

1. Difficulties in the public understanding of cross-cutting issues.
2. Cross-cutting issues and vertical governance.
3. Territorial disarticulation of public policies.
4. Strategy.
5. Regional development policy and use of structural funds.
6. Habits of «rent-seeking».
7. Proportionality and representation of minorities.
8. Lack of trust between agents.
9. Regional Aspirations and Status of regional entities (CCDR).⁷
10. Demography, desertification and development.

Costa (2016) refers the Portuguese trajectory of the implementation of EU funds since the first Community Support Framework. As a constant in this trajectory, the author identifies the existence of a sectoral implementation logic that makes difficult the existence of a territorial rational in the national strategy of allocation of financial resources as well as their coordination. It is noted that the sectoral implementation logic is the mainstream approach of national authorities regarding EU funds.

Marques (2017) conceptualizes the implementation of three decades of community funds in Portugal and refers to the existence of a logic of fragmentation that has hindered the existence of a true territorial dimension in the implementation of EU funds and refers to Barca (2009) emphasizing the need for a strategic dimension as a means of enhancing the territorial dimension of Cohesion Policy.

It should also be stressed that within the evaluation structure of the last EU programming cycle in Portugal, the Final Report of

7 CCDR – Comissões de Coordenação e Desenvolvimento Regional – Regional Coordination and Development Commission.

the Global Evaluation Study on the Implementation of the NSRF⁸ 2007-2013 (2010) points out that there was a reinforcement of the sectoral approach which corresponded to a decrease in the importance of territorial dimension.

Regarding the explanation of the second framework, Ferreira and Seixas (2017) conceptualize an argument that resides in the existence of a neo-institutional logic of implementation of the Agreement of Portugal 2020 partnership. These authors identify the existence of a mismatch between the place-based relational nature and the formulation of policy instruments that are implemented in function of a state-based institutional logic based on a set of bureaucratic and sectoral logics.

Ferreira and Seixas (2017) identify the following arguments as explanatory of the hypothesis that supports the logic of implementation of Portugal 2020 as neo-institutional and not as place-based:

1. Existence of a new glossary of territorial development established in top-down form.
2. Absence of a real effort to disseminate this new glossary.
3. Mastery of this new glossary by networks of experts and policymakers.
4. Existence of territorial statistical entities (NUTS) that do not correspond to established sociopolitical identities.
5. Creation of territorial entities managing EU funds (intermunicipal entities).

We consider that both approaches are potentially explanatory of the mismatch we have identified and referenced in this article and that together have the ability to give a broad and capable explanation to the phenomenon under analysis.

The mobilization of an explanatory framework based in historical and institutional factors could better observed and properly validated in the scope of a scientific study that can be translated in the development of a better understanding of EU and Portugal territorial public policies.

6 Concluding Remarks

This new public development policy paradigm had a significant impact on the reality of EU policymaking, being particularly relevant in the formulation and implementation of the new community programming cycle for the period 2014-2020. As observed in Table 1, the place based policies show a number of features distinguishing them from the former regional policy paradigm, and these are incorporated in the design of the new community programming cycle for the period 2014-2020.

8 NSRF – National Strategic Reference Framework.

The implementation of this new programming cycle in Portugal was made by means of the Portugal 2020 Partnership Agreement, which encompasses the ESIF, and defines the programming principles establishing the economic, social and territorial development policy between 2014 and 2020 for Portugal. As to its territorial dimension, the structure and operational logic of the Partnership Agreement (2014) reflects all priorities and fund allocations set for the Cohesion Policy.

This context of alignment with community funds should be used as the foundation to interpret territorial policy instruments based on a place based approach:

- ITI.
- CLD.
- IASUD.

These are the policy instruments to be mobilized by the players implementing territorial development processes, using the new European regional policy paradigm —the place based policies— as theoretical foundations.

In the view of ascertaining the centrality of said approach, in this study we have mobilized the budgetary dimension of Portugal 2020, our case study, focusing on place based territorial instrument analysis. After analysing all official data available at the time, and answering at the research question raised, we can conclude that there is no correspondence between the theoretical formulation of the place based policies of the current community programming cycle for the period 2014-2020 and the practical implementation of Portugal 2020.

Data suggest the confirmation of the hypothesis of a dysfunction between the theory on which the place based approach is based, and the practice, therefore, not validating the change of paradigm referenced by the observed official reports and scientific studies.

The non-existence of an effective correspondence between the theoretical grounds of the place based policies and its empirical dimension, in the context of European policymaking, raises some questions regarding its applicability as the dominant paradigm in the field of public policies of territorial development in other geographical locations.

In this respect, results suggest that future formulation of place based policies by other world states or economic regions, where the reduction of regional development disparities is required, must consider all conceptual and implementation fragilities of this policies in the EU.

In this paper it is identified two different frameworks that can explain the identified mismatch between the theoretical grounds of the place based approach and its implementation in Portugal. These two frameworks that rely in the mobilization of historical and

institutional factors can be observed as possible explanations and should be deepened in future studies. Bearing in mind this lack of correspondence between the theoretical references and the observed *praxis*, we think that it would be interesting to address, in subsequent studies, the issue of knowing if the place based policies are, in fact, the most effective and efficient reference for the formulation and implementation of development processes in the EU.

In this regard, and considering our analysis, we think that it would be relevant to perform studies comparing the territorial dimensions of each Partnership Agreement made with the several member states, and the EU's own bodies, based in the mobilization of historical and institutional factors.

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7.2. Databases

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