



Portuguese Regional Policy within EU Regional Policy

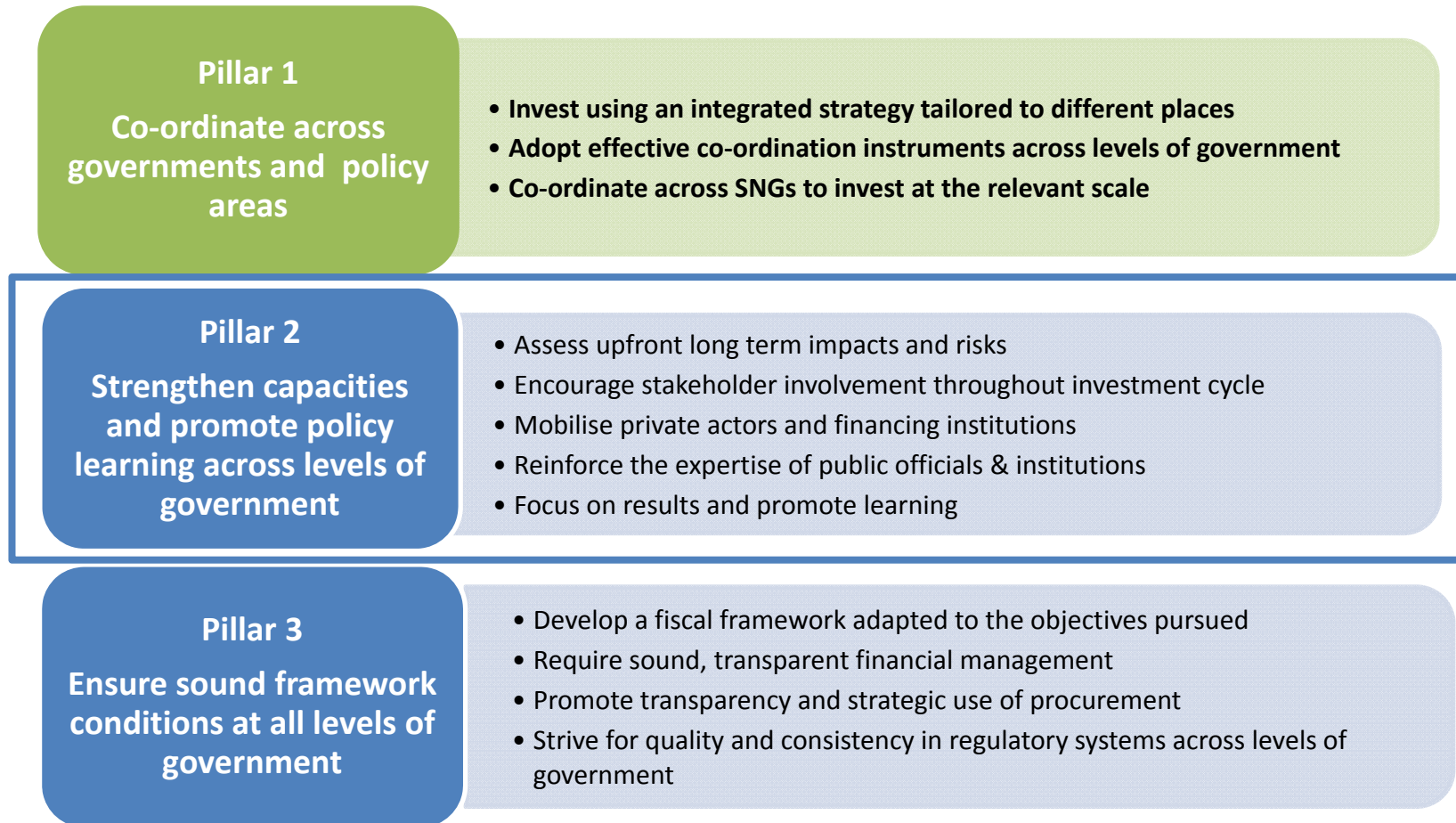
Duarte Rodrigues

Vice-President

Bogota, 3rd May 2016



Council Recommendation on Effective Public Investment across Levels of Government



Source: OECD



Structure of presentation:

1. The EU Regional Policy framework

2. EU regional policy in Portugal

- Funding and impacts
- Beyond the funding
- Focus on governance

The EU Regional Policy Framework

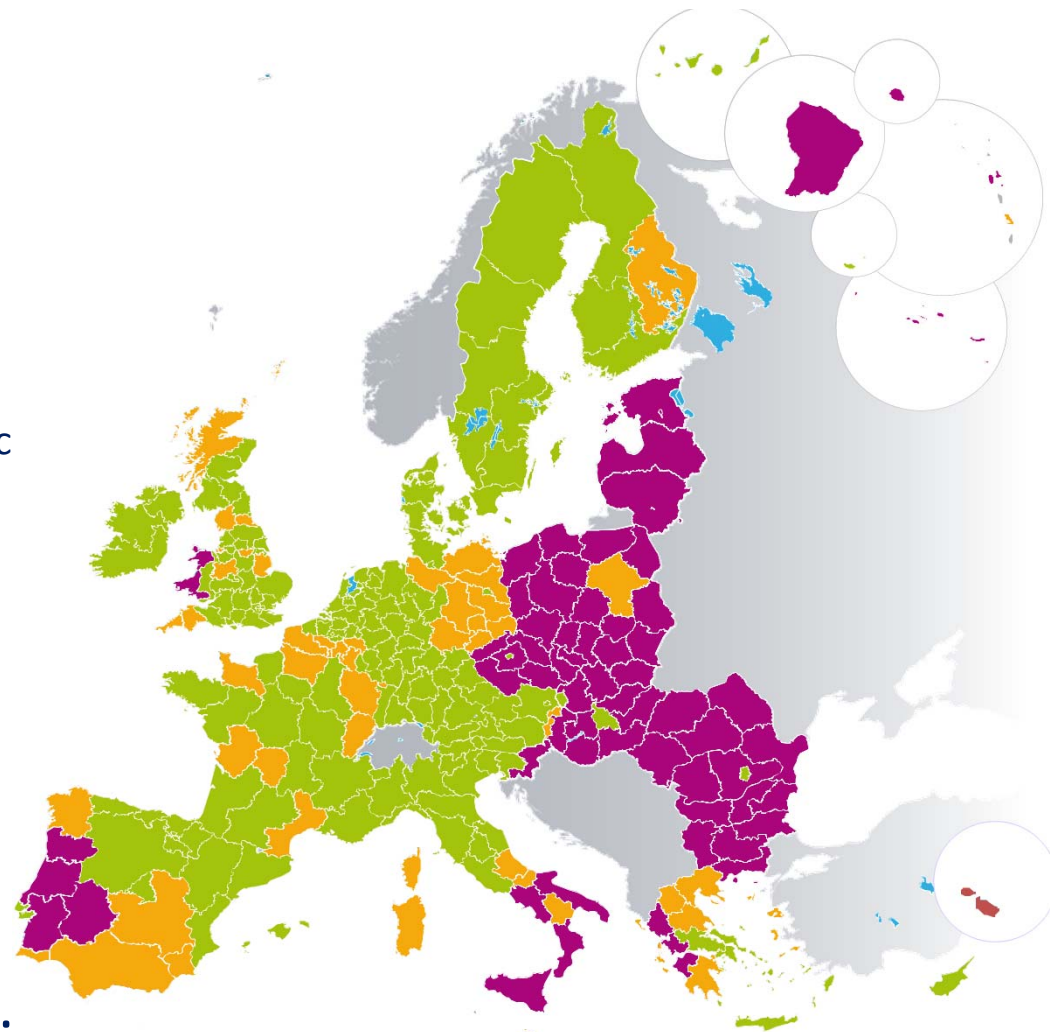


Chronology of EU Regional/Cohesion Policy

- 1957 - regional policy finds its origins in the Treaty of Rome (foundation of EEC).
- 1968 - DG for Regional Policy of the European Commission was created.
- 1975 - creation of the European Regional Development Fund (ERDF).
- 1988 - to adapt to the arrival of Greece (1981), Spain and Portugal (1986), the Structural Funds were integrated into an overarching cohesion policy, introducing key principles: i) focusing on the poorest and most backward regions; ii) multi-annual programming; iii) strategic orientation of investments; iv) involvement of regional and local partners. **Budget (1988-1992):** ECU 64 billion.
- 1993 - Maastricht Treaty introduced three novelties: i) Cohesion Fund; ii) Committee of the Regions; iii) principle of subsidiarity.
- 1994-99 - the resources for the structural and cohesion funds were doubled, to equal a third of the EU budget. **Budget (1994-1999):** ECU 168 billion.
- 2000 - *Lisbon Strategy* shifted the EU's priorities towards growth, jobs and innovation. The priorities of cohesion policy were shifted to reflect this.
- 2004 - 10 new countries joined (increasing the EU's population by 20%, but its GDP by only 5%). **Budget (2000-2006):** €213 billion for the 15 existing members; €22 billion for the new member countries (2004-06) .
- 2007-2013 - **Budget (2007-2013):** €347 billion (of which 25% has been earmarked for research and innovation, and 30% for environmental infrastructure and measures to combat climate change)

2014 - 2020

- More strategic focus and targeting resources at growth and jobs (Europe 2020, CSF, PA, Thematic concentration)
- Results orientation (sound intervention logic, performance framework)
- Link to wider economic environment and reform processes (taking account CSR and NRP) and conditionalities (macro-economic and ex ante);
- 32,5% of the EU budget (43% in 5 ESIF);
- New territorial instruments (CLLD, ITI, SUD);



3 categories of regions

■ Less developed regions

■ Transition regions

■ More developed regions

GDP/capita (EU27=100)

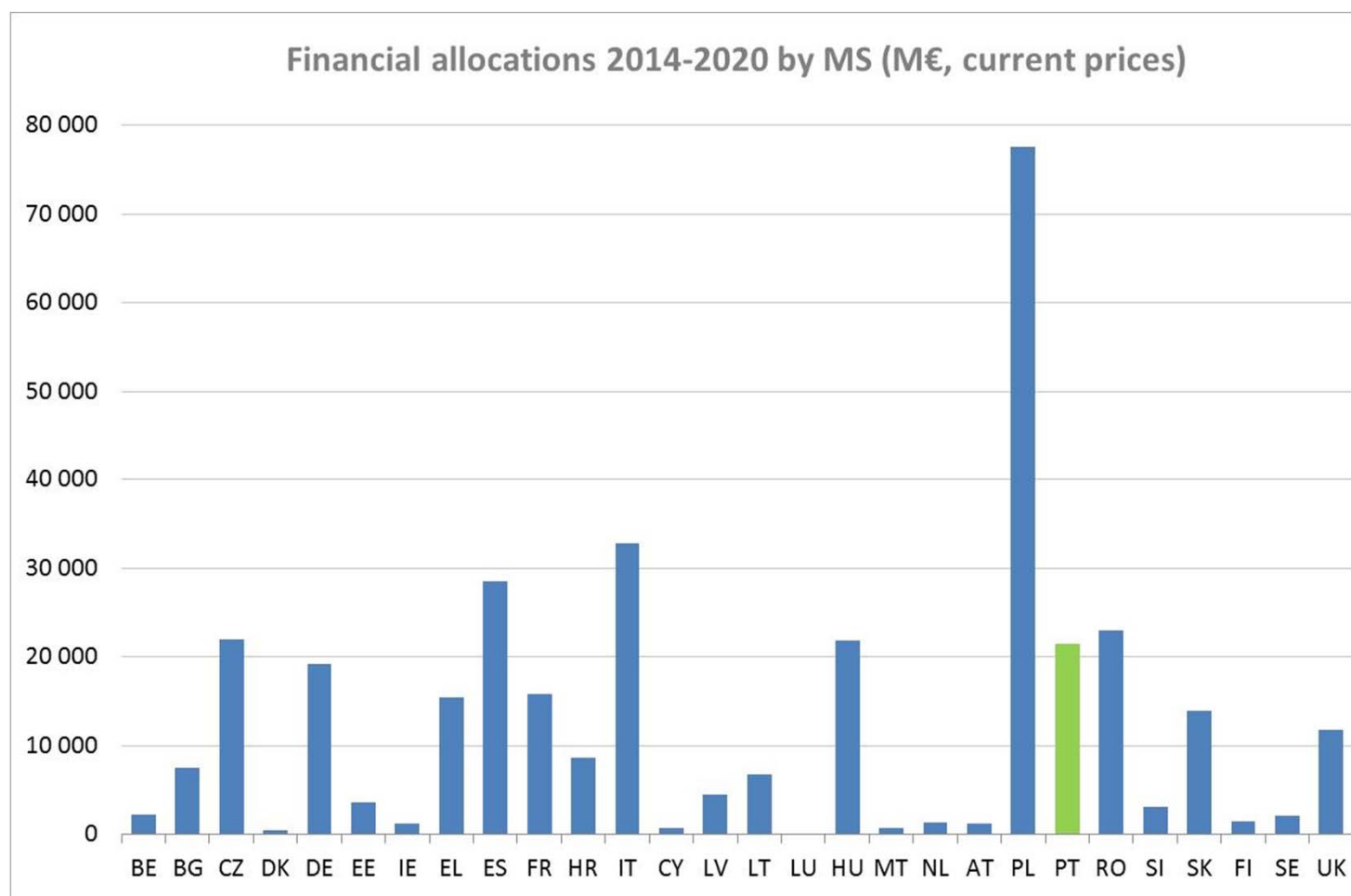
< 75 % of mean UE

75-90 %

> 90 %

Allocation of funds 2014-2020

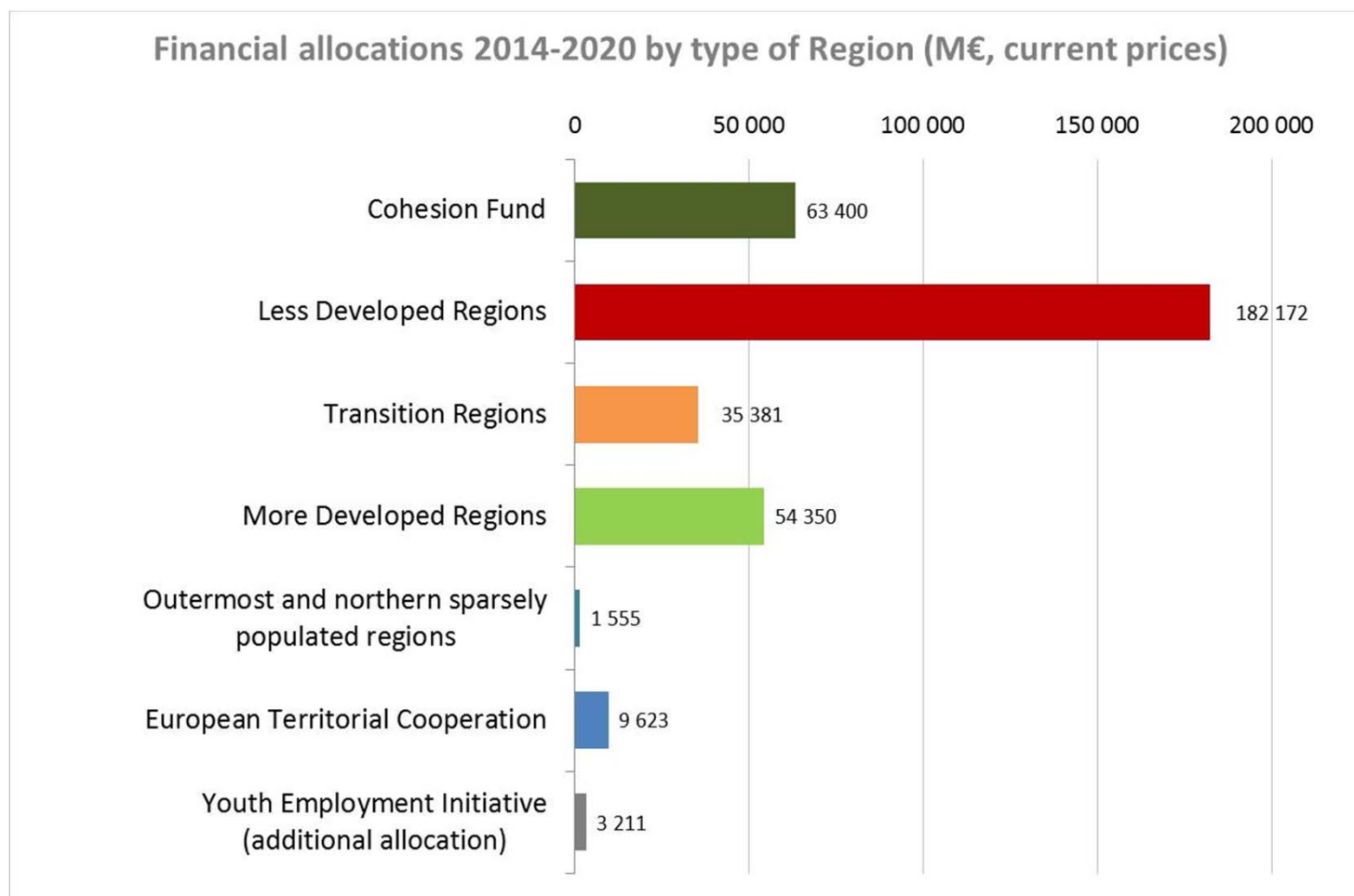
Funding for regional and cohesion policy in 2014-2020 amounts to €351.8 bn.



Source: DG REGIO

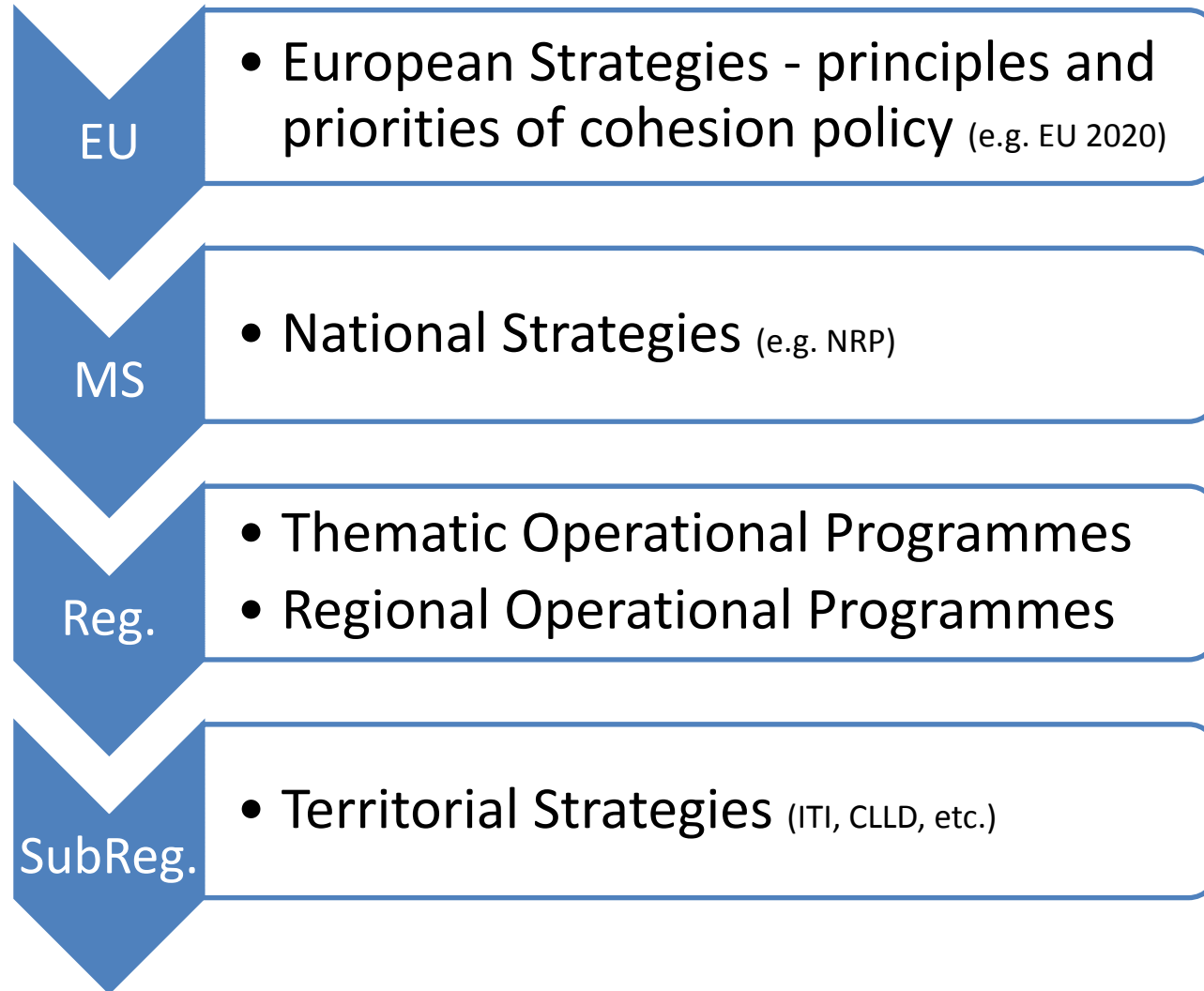
Allocation of funds 2014-2020

Allocations by type of regions and objectives



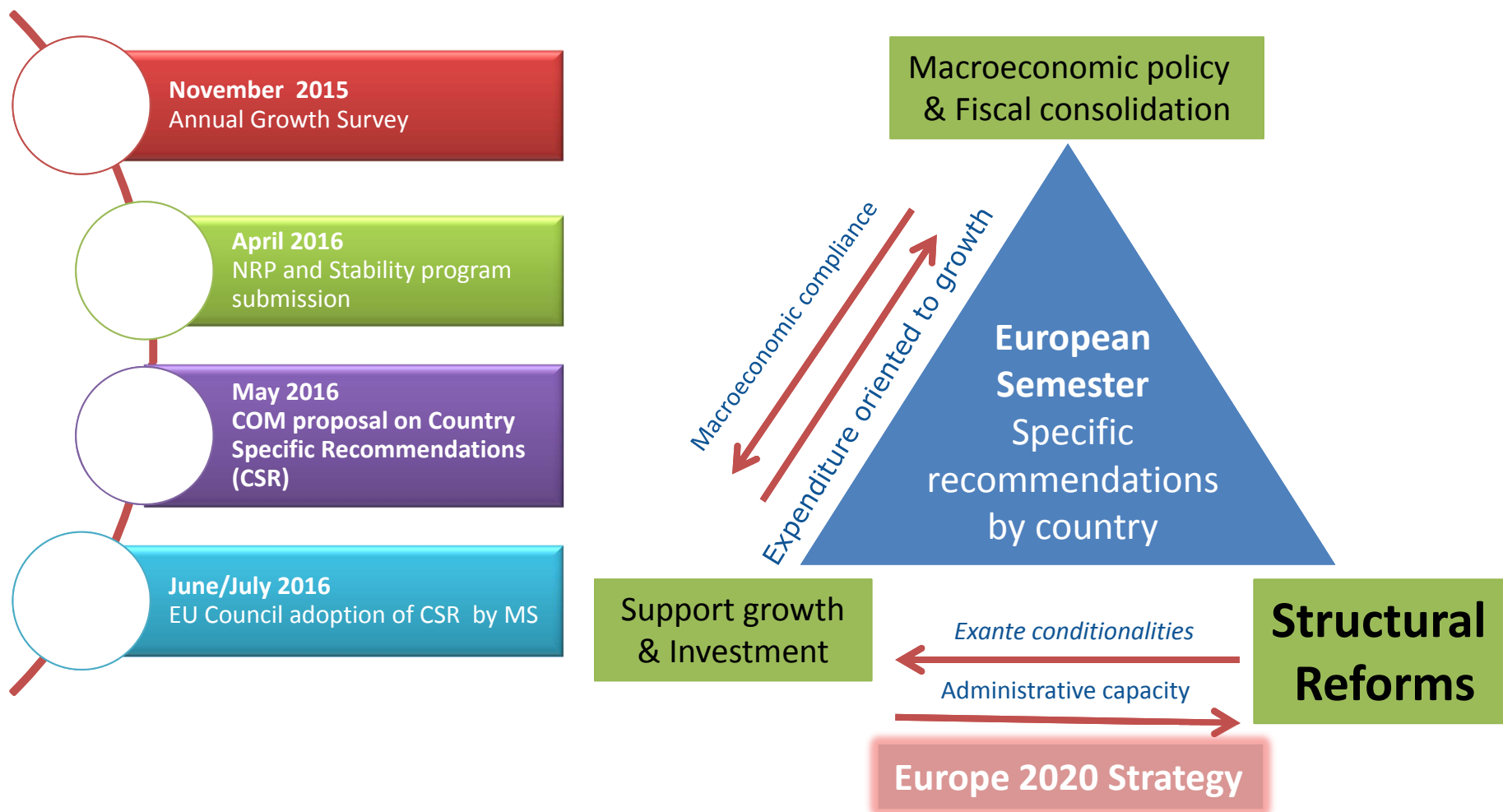
Source: DG REGIO

The implementation of the funds

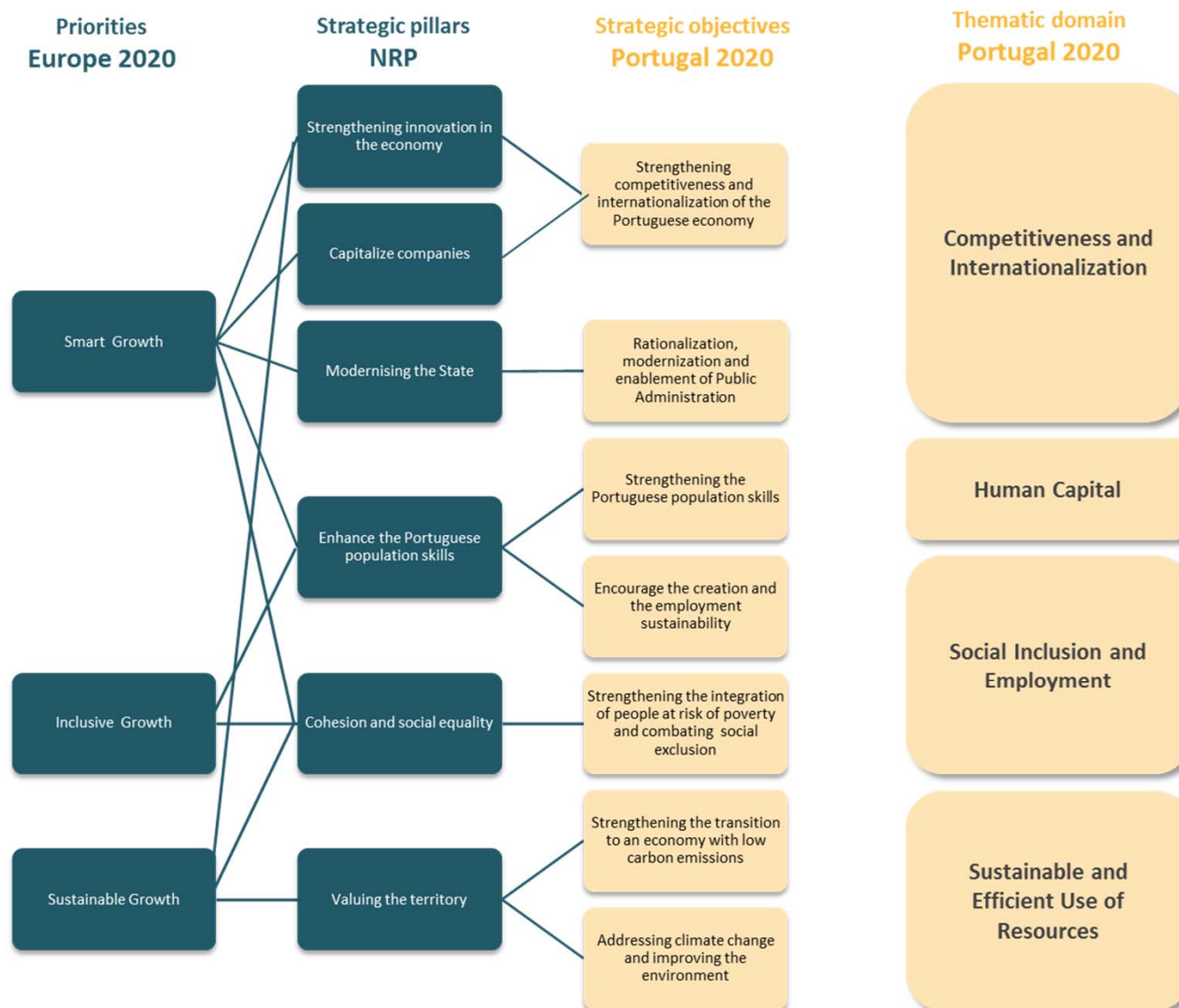


European Semester

- Based in 2 articulated/complemented areas: economic & budgetary
- Interdependence of the Economic Policies 2014-2000



Alignment of Portugal 2020 with Europe 2020 strategy and NRP strategic pillars



Source: Cohesion and Development Agency

Portugal targets in the context of Europe

2020 Strategy: 2015 state of play



NRP Strategic pillar	Indicator	2015	Target Portugal 2020
Strengthening innovation in the Portuguese economy	Gross domestic expenditure on R&D (% of GDP)	1,29% * (2014)	2,7%
Strengthening the Portuguese population skills	Early leavers from education and training, total (% of population aged 18-24)	13,7%	10,0%
	Tertiary educational attainment, total (% of population aged 30-34)	31,9%	40,0%
Valuing the territory	Greenhouse gas emissions (non-ETS emissions; compared to 2005)	-21% (2014)	1,0%
	Share of renewable energy in gross final energy consumption (%)	27% (2014)	31,0%
	Savings in primary energy consumption (Mtoe)	20,4 Mtoe (2014)	22,5 Mtoe [a]
Cohesion and equality	Employment rate age group 20-64, total (% of population)	69,1%	75,0%
	People at risk of poverty or social exclusion (thousand people; compared to 2008)	+ 14 thousand *	- 200 thousand

(*) provisional data

[a] Target revised by European Commission on May 13, 2015



EU regional policy in Portugal

Funding and impacts

The Cohesion Policy in Portugal

QCA I, QCA II, QCA III, NSRF and PT2020



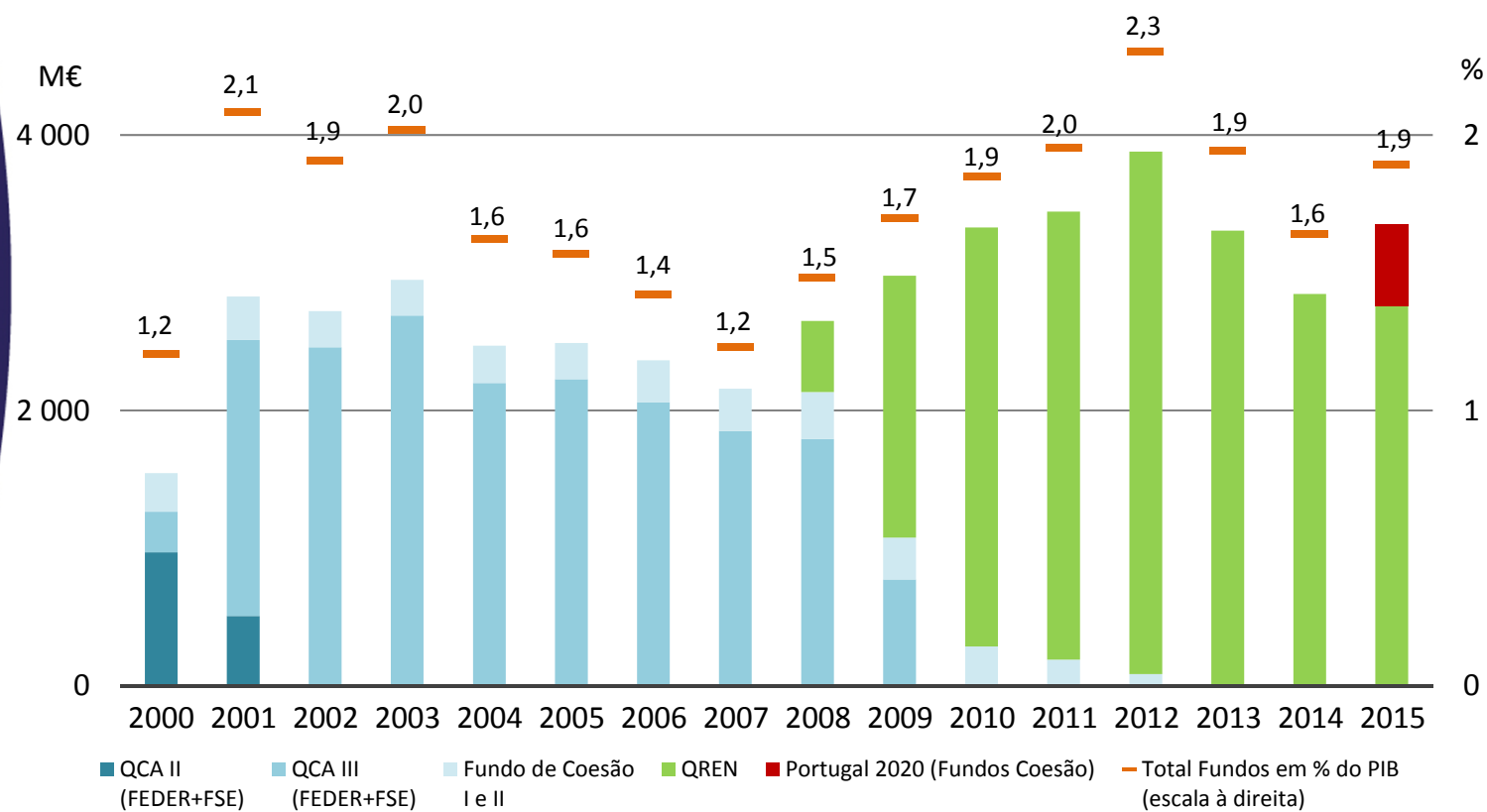
M €/ECU	CSF I 1989-93 (ECU pr.89)	CSF II 1994-99 (ECU pr.94)	CSF III 2000-06 (EURO pr.99)	NSRF 2007-13 (Current prices)	PT2020 (Current prices)
Total Investment	18.059	30.127	40.326	28.730 (*)	27.302 (**)
European Funds	6.958	16.970	23.834	25.231	25.632
ERDF	3.757	8.724	13.296	11.498	10.777
ESF	2.028	3.149	4.721	6.853	7.543
EAGGF/FEOGA-O FEADER/EAFDR	1.173	1.894	2.283	3.574	4.058
IFOP /FEP/EMFF	0	213	235	246	392
Cohesion Fund	0	2.601	3.299	3.060	2.862
National Counterpart	11.101	13.157	16.492	7.318 (*)	6.120 (**)
Public	6.658	6.516	7.092	4.503	3.276
Private	4.443	6.641	9.400	2.815	2.844

Source: QCA I, QCA II, QCA III, QREN and PT2020.

(*) NSRF

(**) ERDF/ESF/CF

Cohesion Funds in Portugal



Fonte: Sistema Monitorização AD&C

...important macroeconomic impacts

	1989-2015	1989-2007	2008-2015	2016-2050	1989-2050
Difference in p.p. between scenarios with and without EU Funds – CSFIII and NSRF (Public expenditure)					
GDP market prices (pr.2000)	2,4	2,0	3,2	1,7	2,0
Potential GDP (base, pr.2000)	3,6	3,5	3,8	1,4	2,4
GDP per capita ppp	2,4	2,0	3,3	1,8	2,1
VAB tradeable sector (pr.2000)	3,9	3,4	5,1	2,9	3,3
VAB non tradeable sector (pr.2000)	2,4	2,6	2,0	0,4	1,3
Private Consumption (pr.2000)	0,9	0,9	1,0	0,4	0,6
GFCF (pr.2000)	9,0	10,4	5,6	-0,2	3,8
of which: Infrastructures	56,0	67,2	29,5	1,8	25,4
Productive investment	1,6	2,4	-0,4	-1,1	0,1
Multiplier effect on GDP (by the end of period)*	0,78	0,64	0,78	1,28	1,28

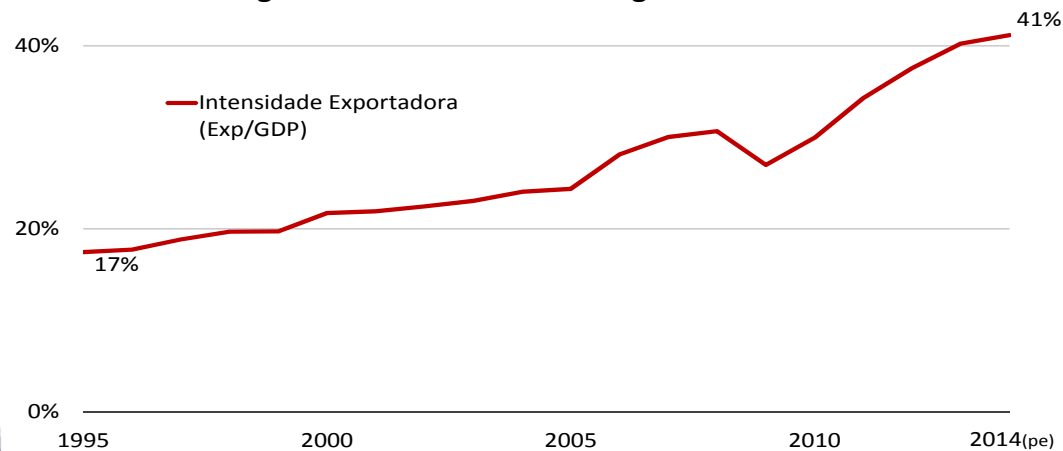
* Quociente entre a soma dos valores atuais acumulados (de 1989 até ao fim do período) do PIB atribuível ao QCA+QREN e da despesa pública executada (QCA+QREN), a preços de 2000 (utilizando uma taxa de desconto de 3%).

Source: DPP (2011) Avaliação do impacto macroeconómico do quadro de referência estratégico nacional 2007-2013 (QREN)

NSRF Results

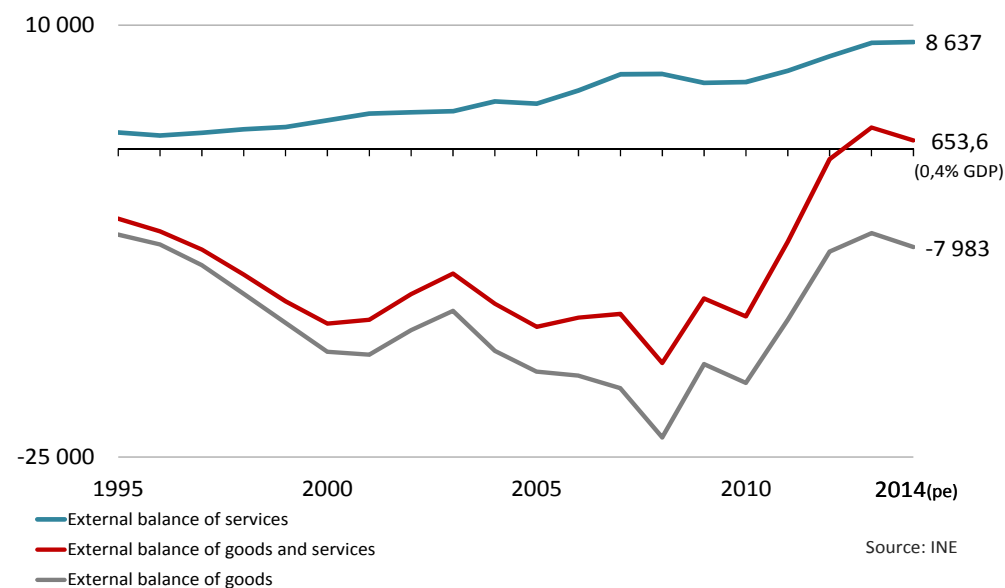
The Portuguese economy specialization pattern

Portuguese International Trade in goods and services



Source: INE

Balance of goods and services 1995 - 2014

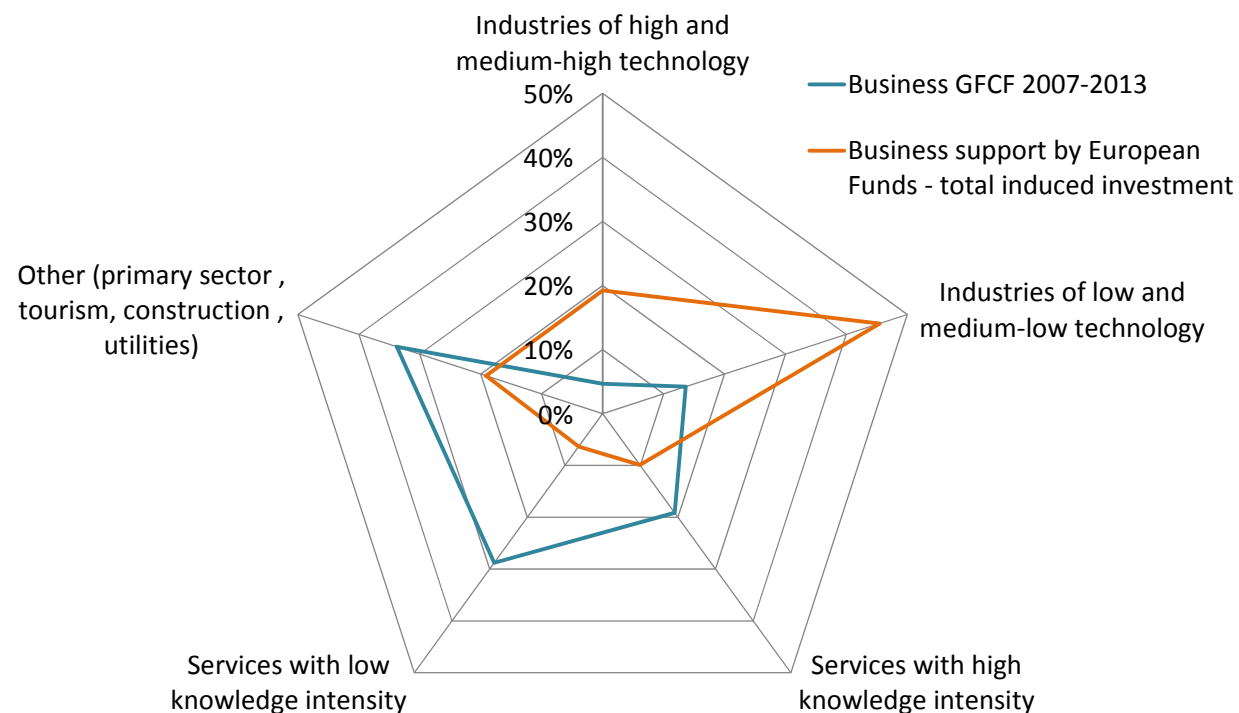


Source: INE

NSRF Results

The Portuguese economy specialization pattern

Share of sector in GBCF for Portuguese Economy in 2013 and in NSRF incentive schemes approvals until December 2014

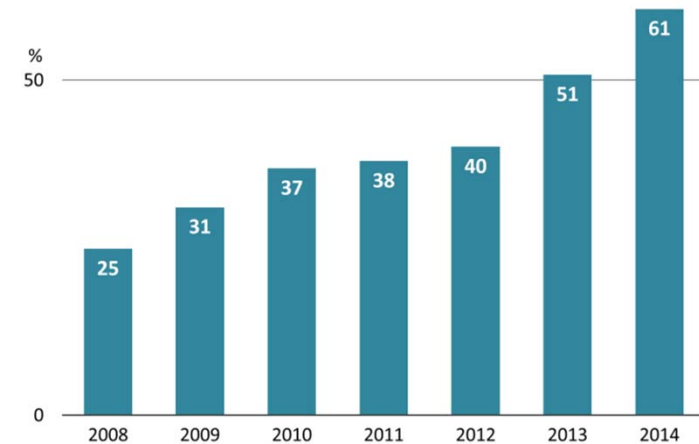


NSRF Results

Employment and Social inclusion

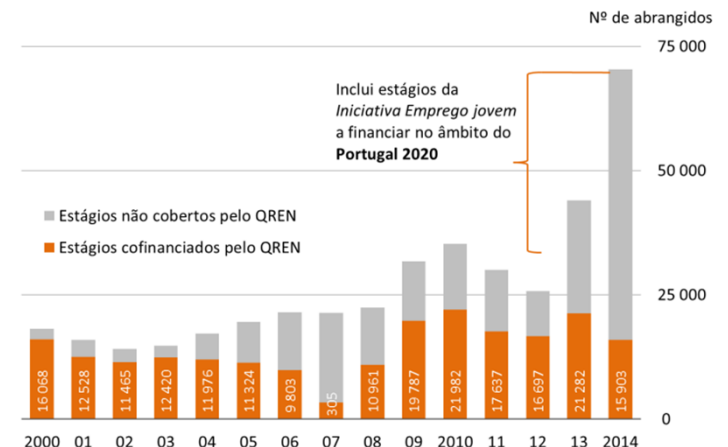


% ESF beneficiaries unemployed

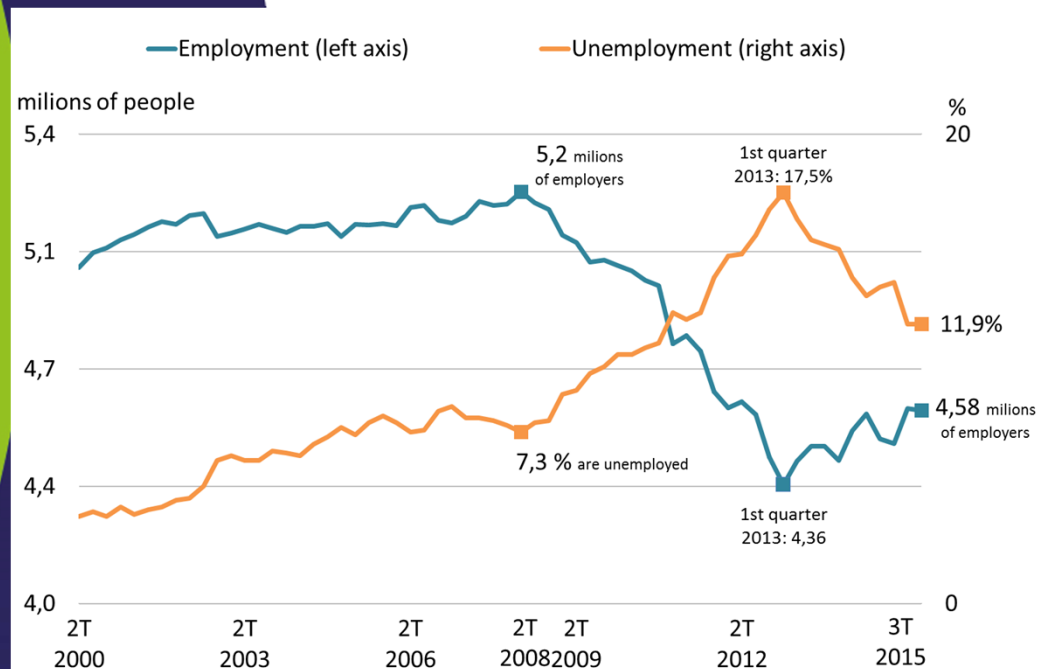


nota: dados do POPH, excluindo eixos 3 e 4, Proemprego na R.A. Açores e Rumos na R.A. Madeira

Relevance of NSRF for supporting Internships (IEFP)



Portuguese Labour Market Context



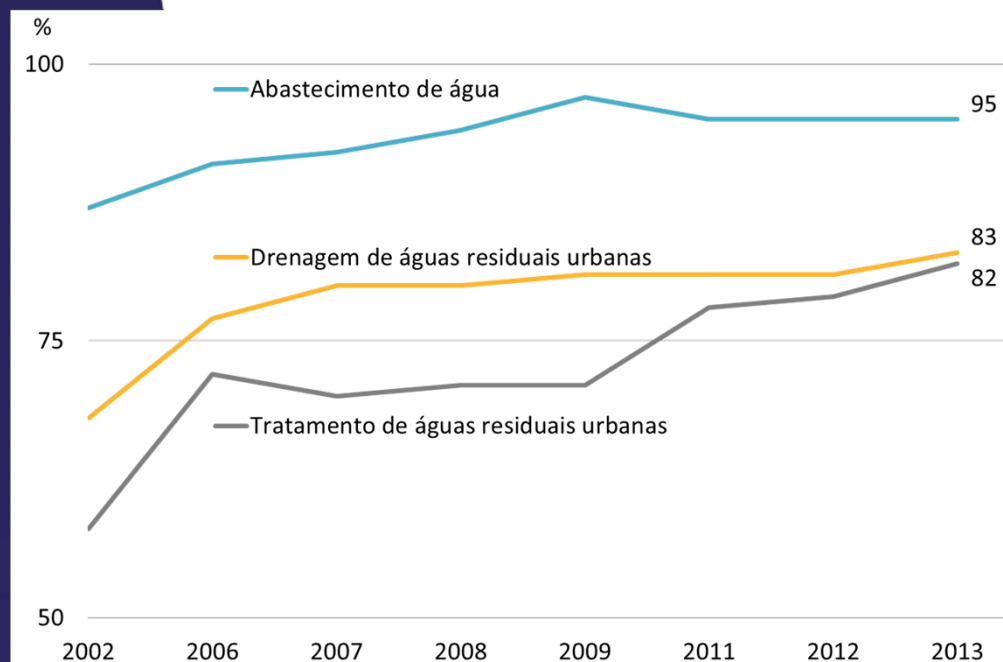
Source: INE

NSRF Results

Territorial Enhancement

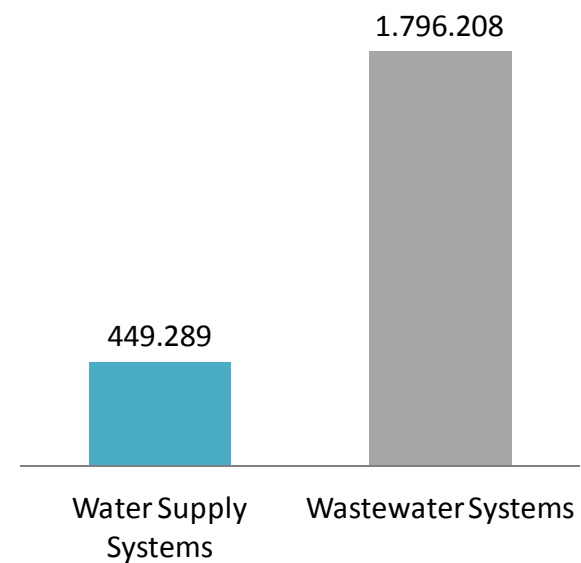
Water Supply and Wastewater treatment in Portugal and the NSRF Support

Population served by water supply and wastewater systems in Portugal



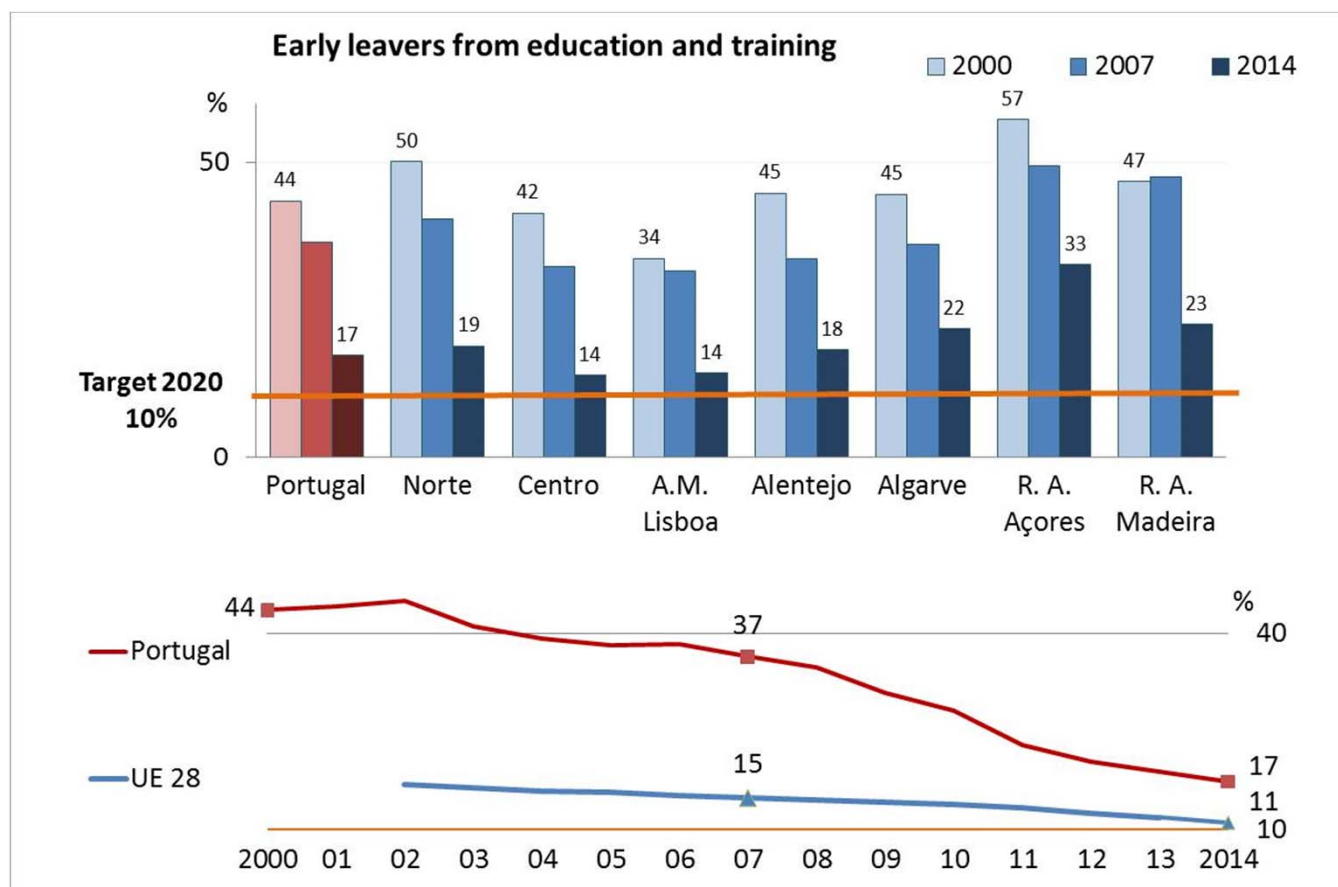
Source: ERSAR

NSRF Indicators, december 2014 Increase of population served in...

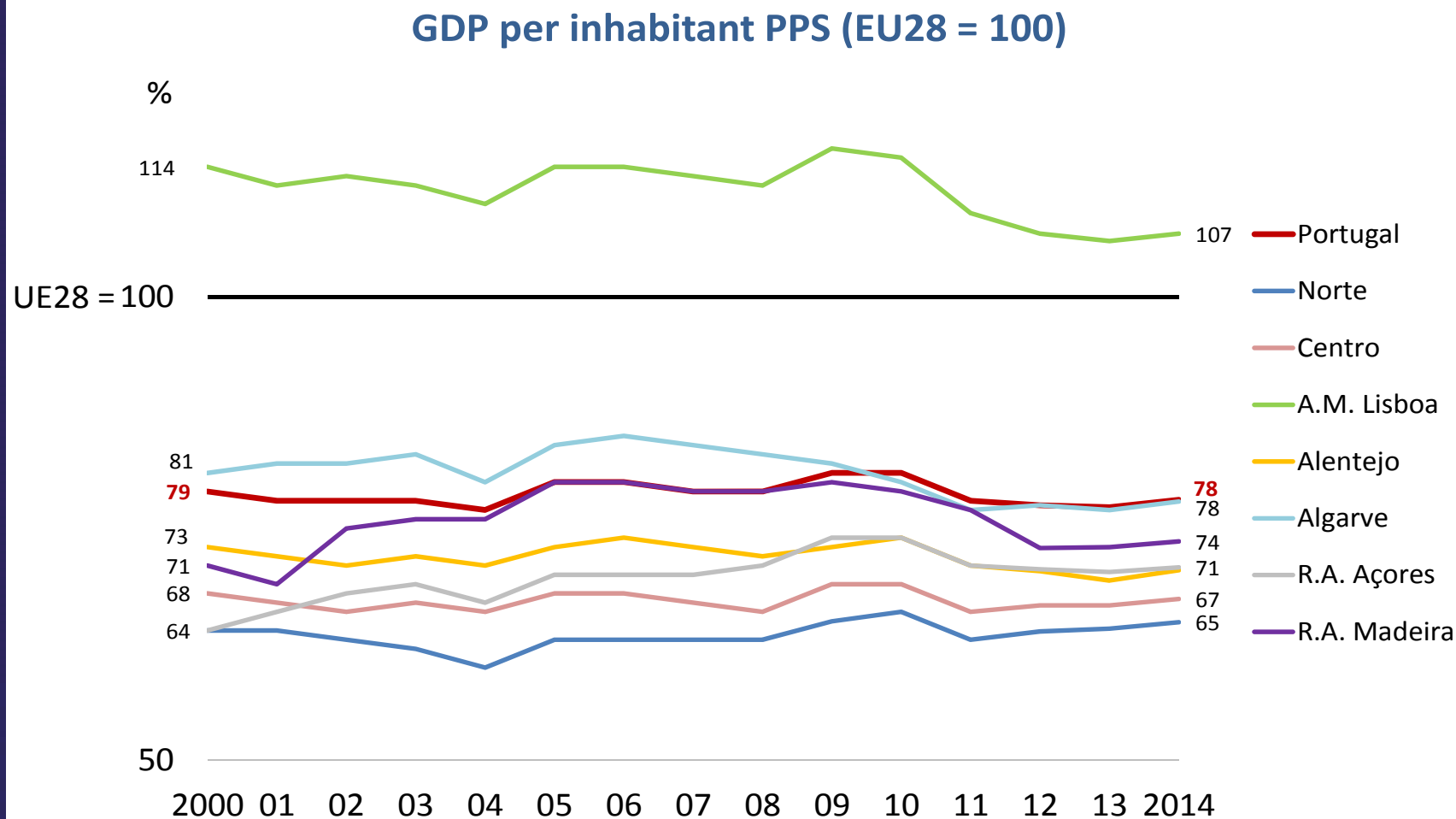


NSRF Results

Education



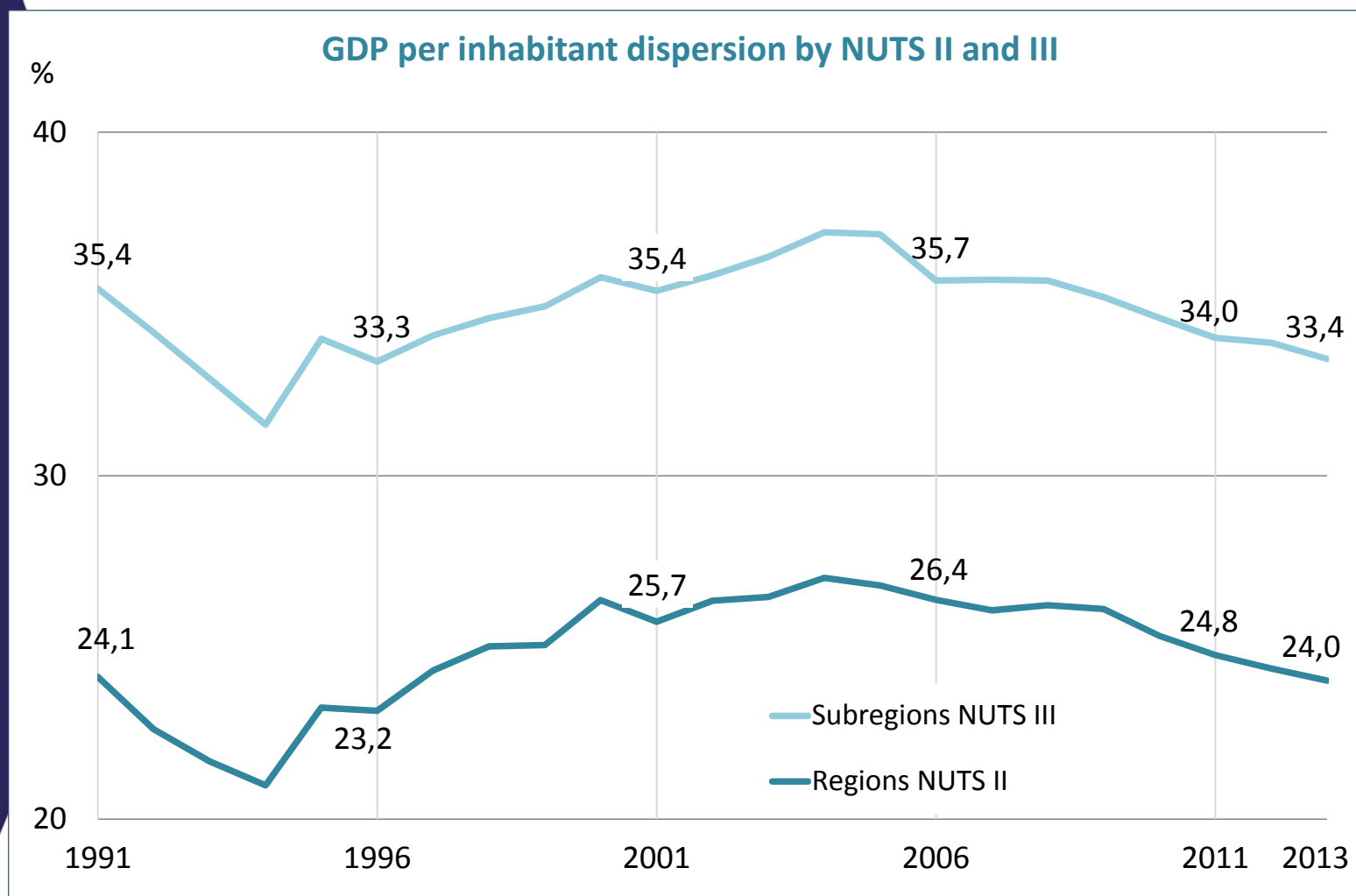
Most recently... internal convergence with EU divergence



Source: Eurostat/INE

Source: Eurostat

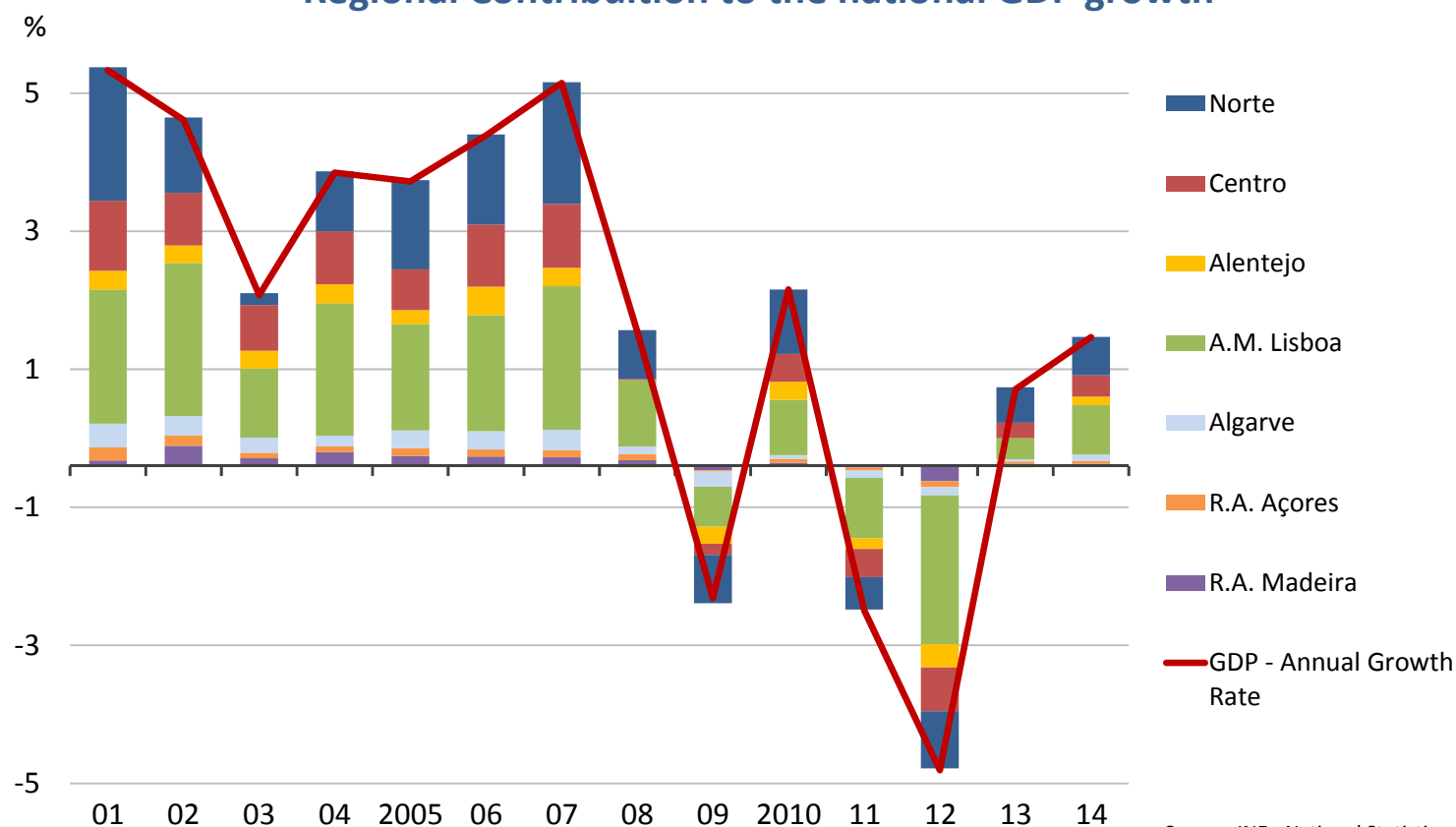
Most recently... internal convergence with EU divergence



Source: Eurostat

Regional Contribution to the GDP growth (current prices)

Regional Contribution to the national GDP growth



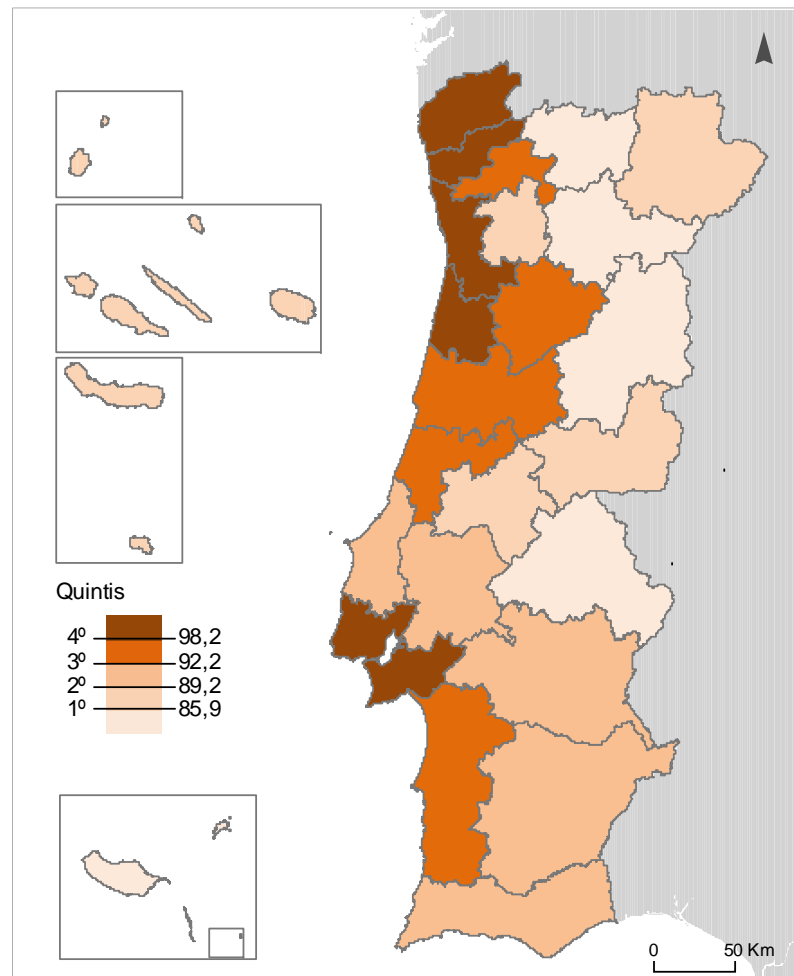
Source: INE - National Statistics

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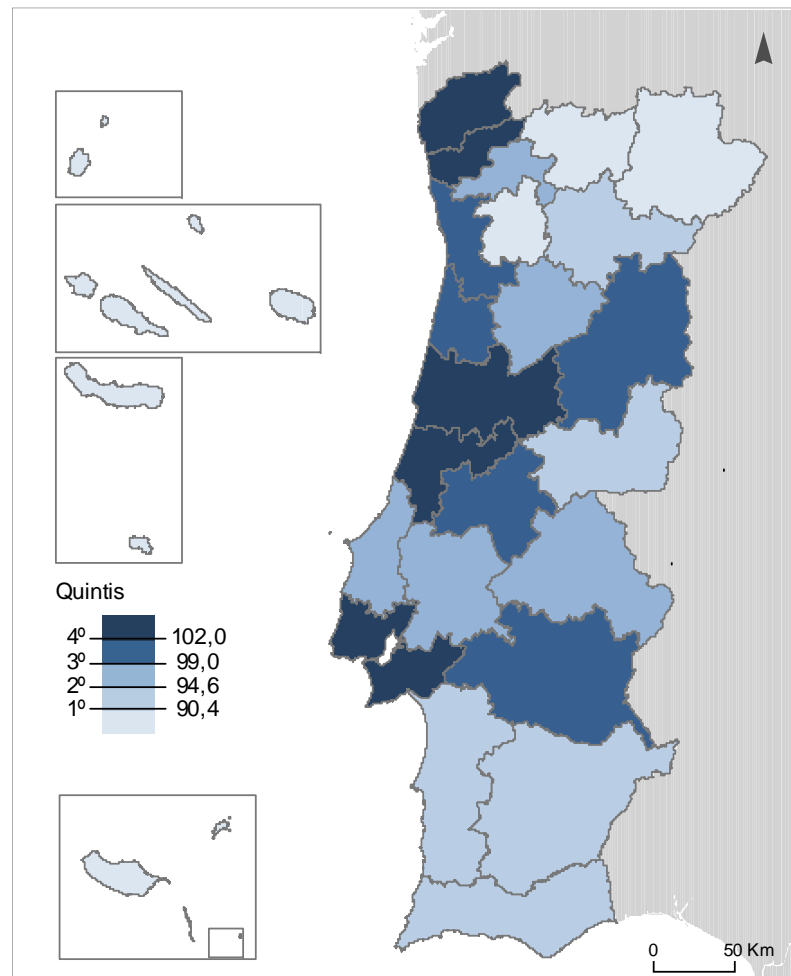
Competitiveness & Cohesion

ISDR 2013

Competitiveness



Cohesion



Fonte: National Statistics



EU regional policy in Portugal

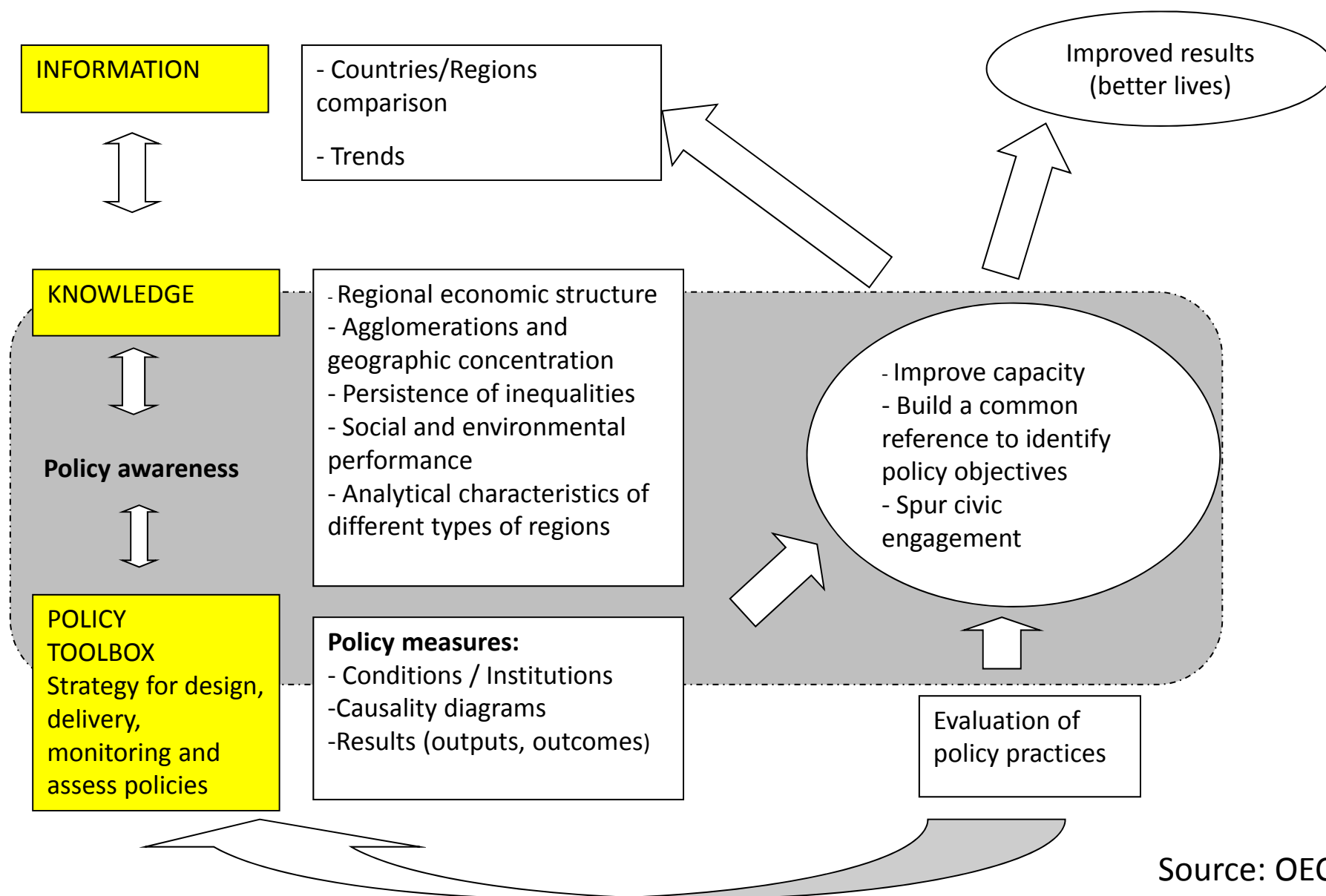
Beyond the funding



Relevant impacts on quality of governance

- Improving strategic planning and operational programming skills;
- Multilevel governance;
- Multi-annual investment budget (7 year);
- The policy evaluation culture;
- Partnership approach;

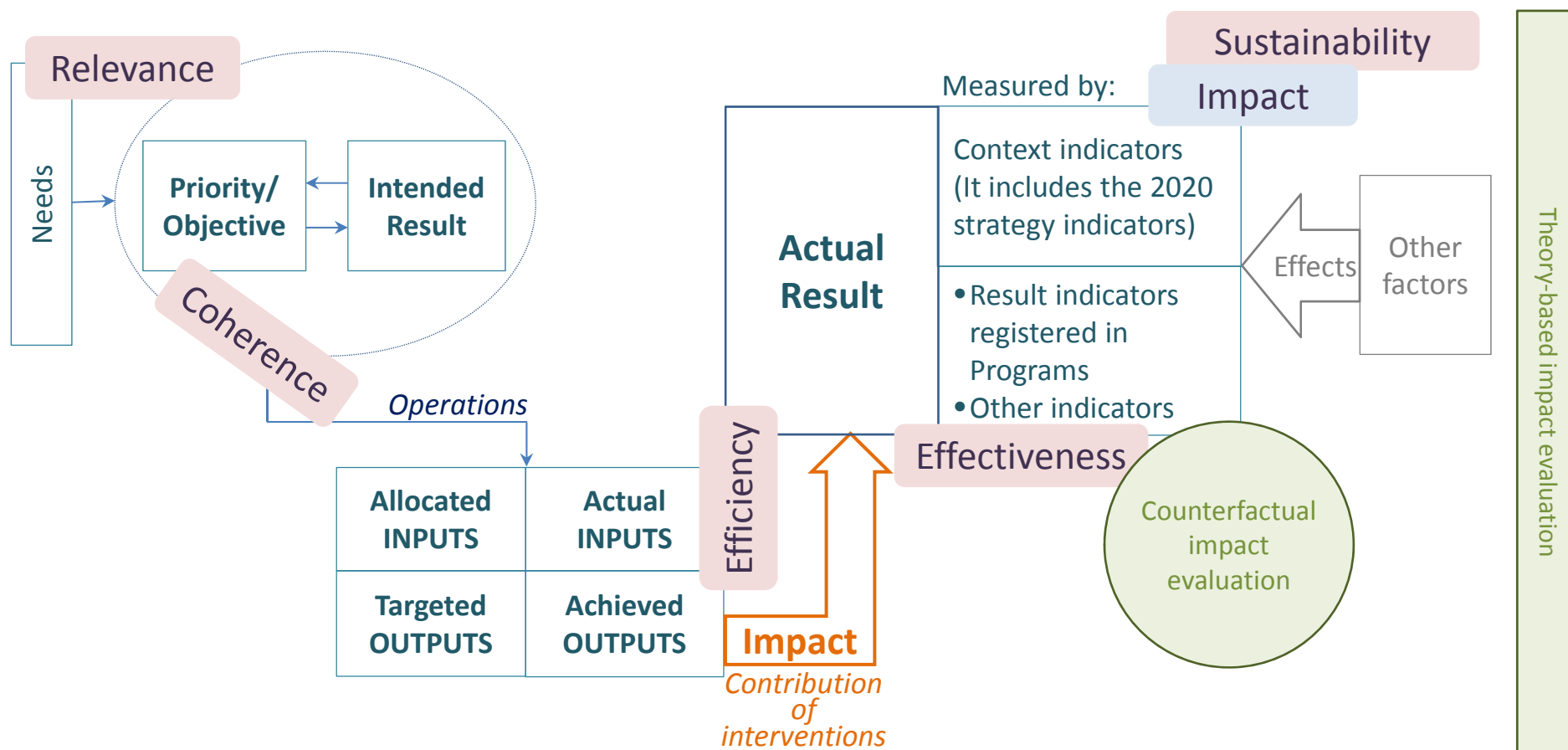
An informed regional policy cycle



Intervention Logic of public policies and its evaluation dimensions

Programming

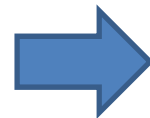
Monitoring
and Evaluation



Indicators throughout the policy cycle: challenges

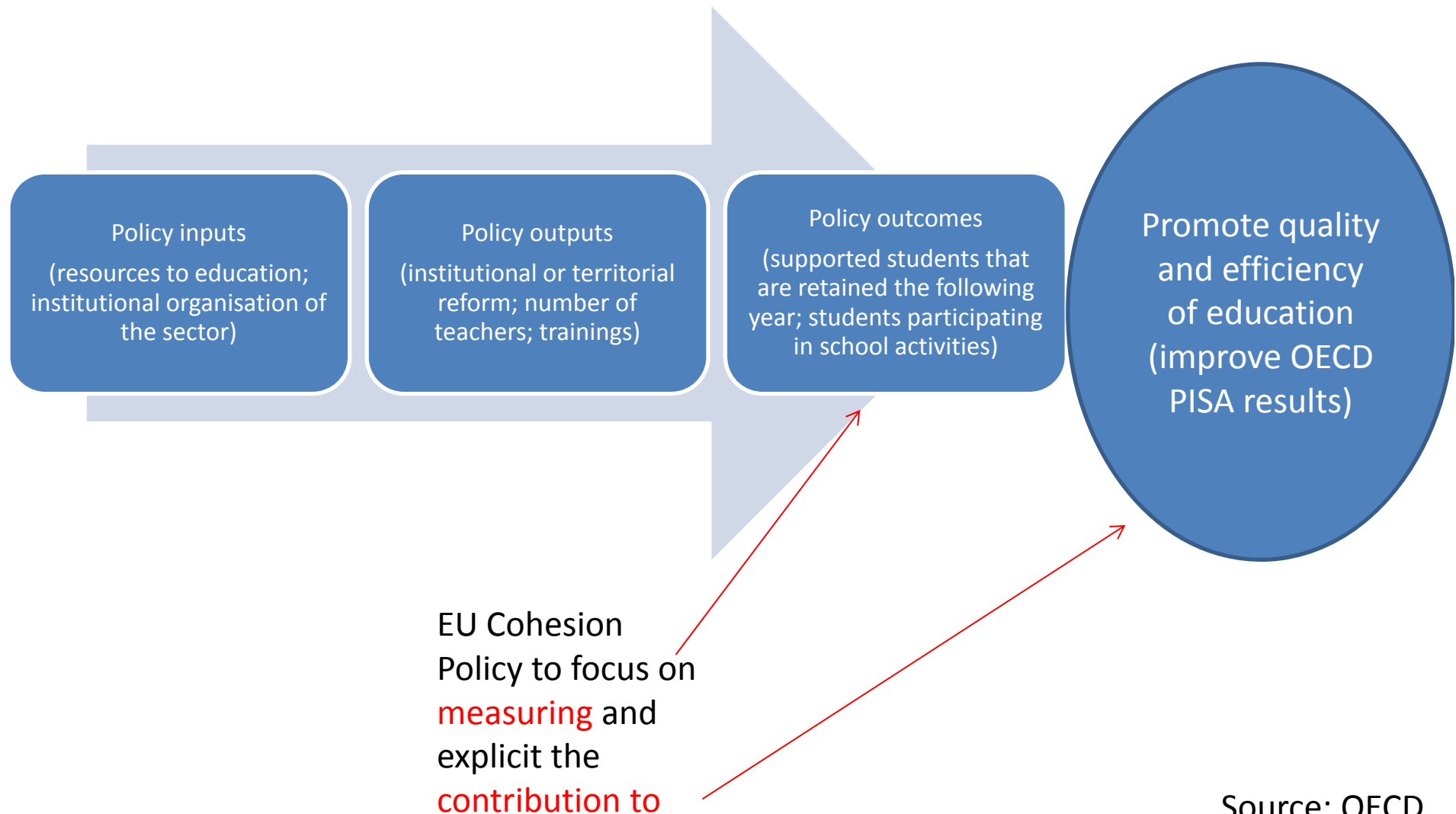
- Identify how the policy outcomes are related to the final results
- Align the objectives of different sectors and different levels of governments/ stakeholders
- Identify the right scale of analysis

POLICY TOOLBOX
Strategy for design, delivery,
monitoring and assess policies



Need to produce/use new relevant
information at the right territorial
scale

Developing indicators beyond the “high-level” results, throughout the policy cycle



Source: OECD



Relevant cooperation with National Statistics Office (NSO)

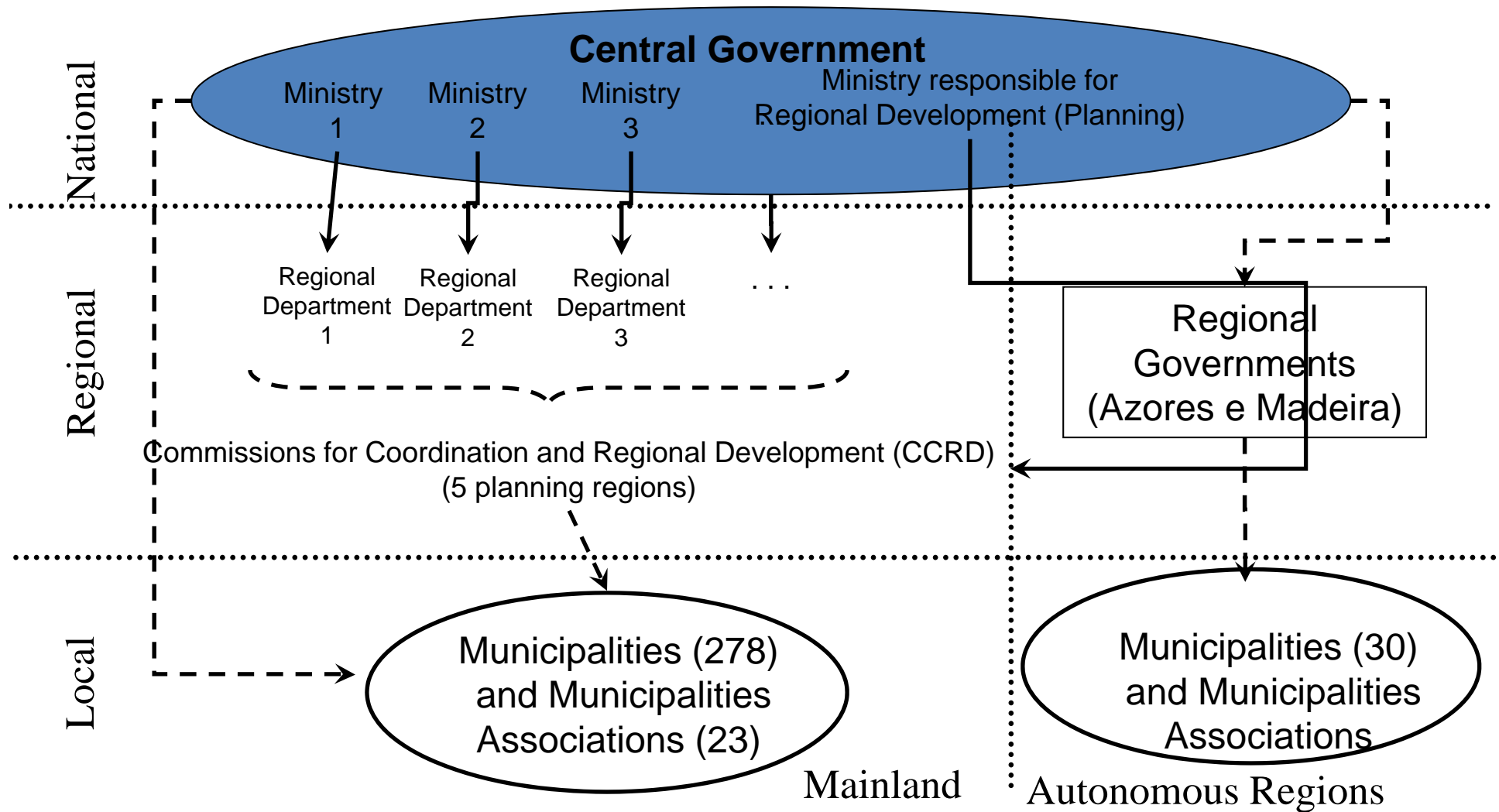
- Context and result indicators for monitoring regional policy are available in NSO web portal;
- More robust regional information
- Access to microdata for counterfactual evaluation



EU regional policy in Portugal

Focus on Governance

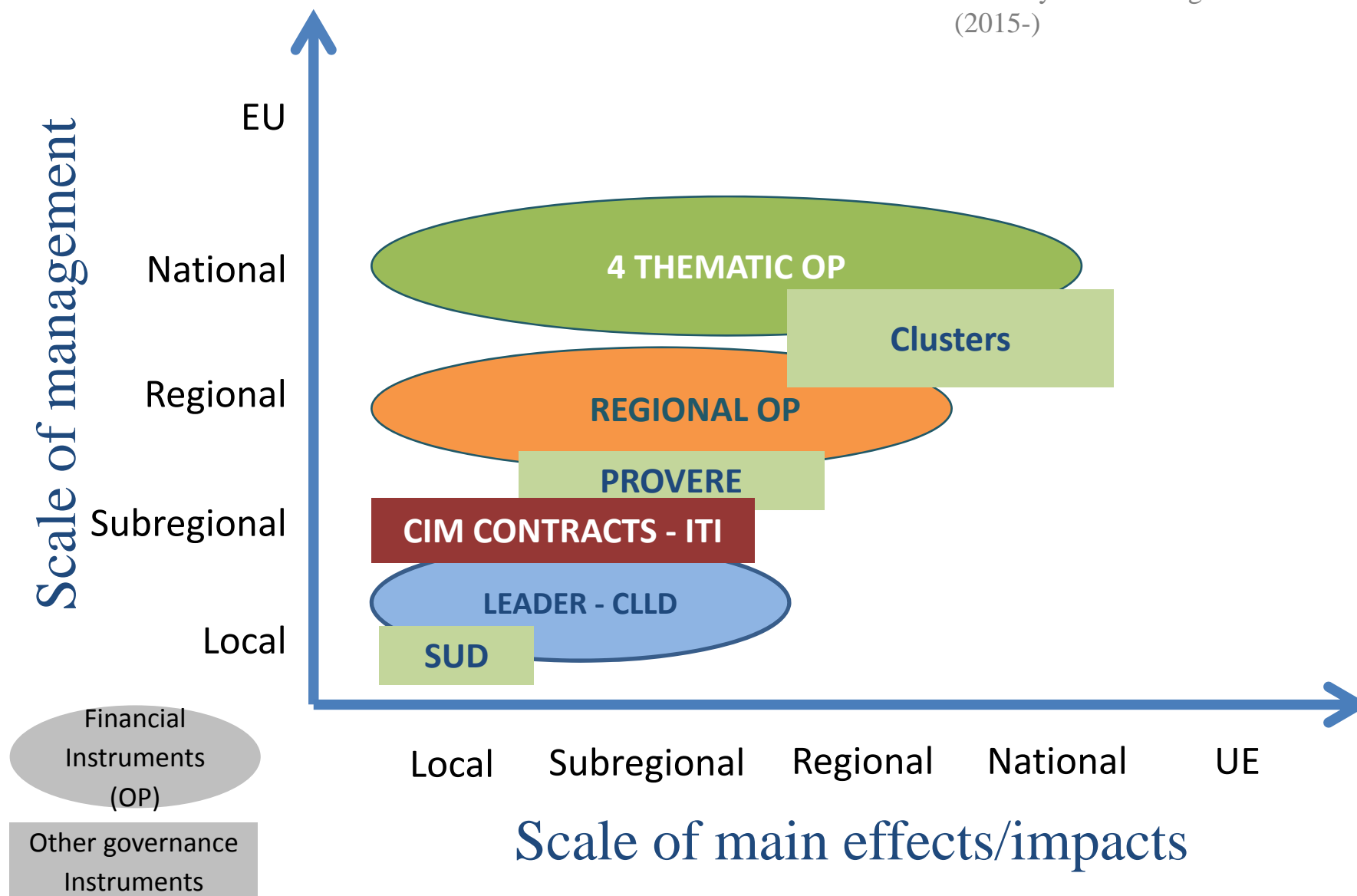
Portuguese institutional setup



Main governance instruments: Portugal 2020 (2014-)

Ministry of Regional Policy:

- Ministry of Regional Development (2013-2015)
- Ministry for Planning and Infrastructure (2015-)



Portugal 2020 Territorial Approach

Regional Strategy NUTS II

Territorial Development
Strategy NUTS III

RIS 3 Strategy

Portugal 2020 budget planned for RIS3 – 7,8 billion €

(37% of Portugal 2020 – Cohesion Policy Funds)

(43% of RIS3 Budget)

CLLD

PT2020: 441M€

Call: 303 M€

ITI

Call: 1.046M€

Sustainable Urban
Development

Call: 797 M€

Portugal 2020 Territorial Approach

Territorial Development Strategy

CLLD – Community-Led Local Development

- Implemented through Local Development Strategies (LDS)
- Territories of EAFRD and EMFF LAG (complemented by urban territories relevant to the urban-rural and urban- coastal integration)
- Urban Disadvantages Territories integrated in the Metropolitan Areas of Lisboa and Porto and urban centres as defined in the territorial plans (PNPOT/PROT)

ITI – Integrated territorial investment

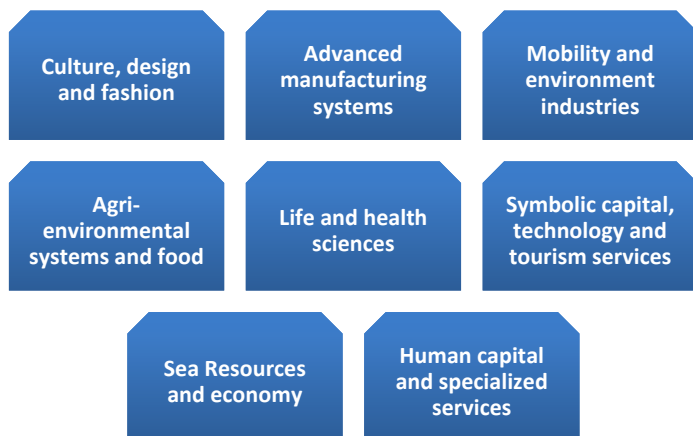
- Implemented through Pacts for the Territorial Cohesion and Development
- Each NUTS III of Portugal mainland

AIDUS – Integrated Sustainable Urban Development Actions

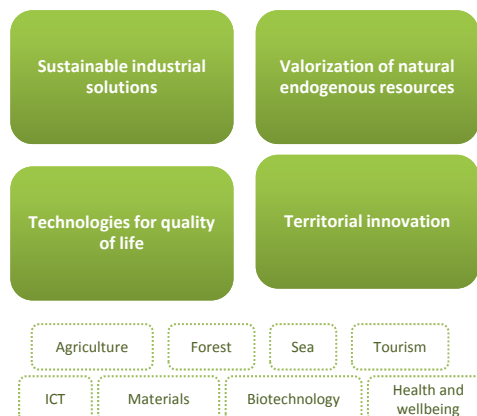
- Metropolitan Areas of Lisboa and Porto e urban centres as defined in the territorial plans (PNPOT/PROT)

RIS3 Regional Thematic Priorities

North Priorities



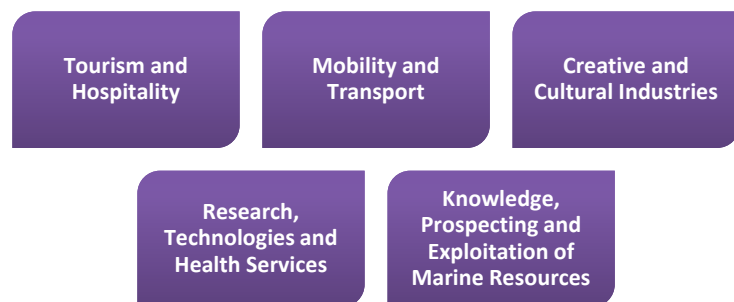
Centro Priorities



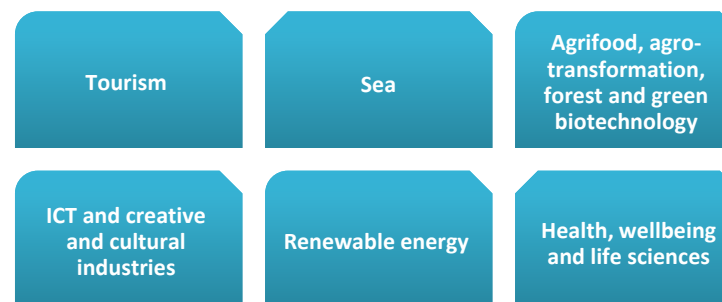
Alentejo Priorities



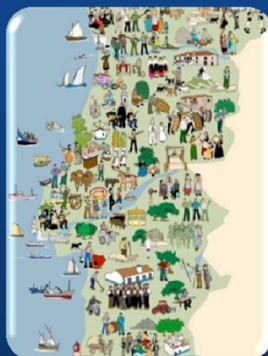
Lisbon Priorities



Algarve Priorities



Major trends on regional governance...



Devolution to regional and subregional level

- **More relevance of regional OP** (50% of ERDF and ESF in Portugal 2020)
- **More participation of subregional entities at management level** (ITI and SUD account around 10% ERDF and ESF in Portugal 2020)
- **More relevance of local integrated approaches** (LEADER/CLLD and Urban Policy) (5,3% in PT2020)



Capacity building of local and subregional stakeholders - the relevance of strategic planning

Lessons learnt ...




The need of persistent policies:


- Results takes time;
- Relevance of credibility, mainly in a “repeated game” of partnerships and contracts between levels of government;



The need to be selective

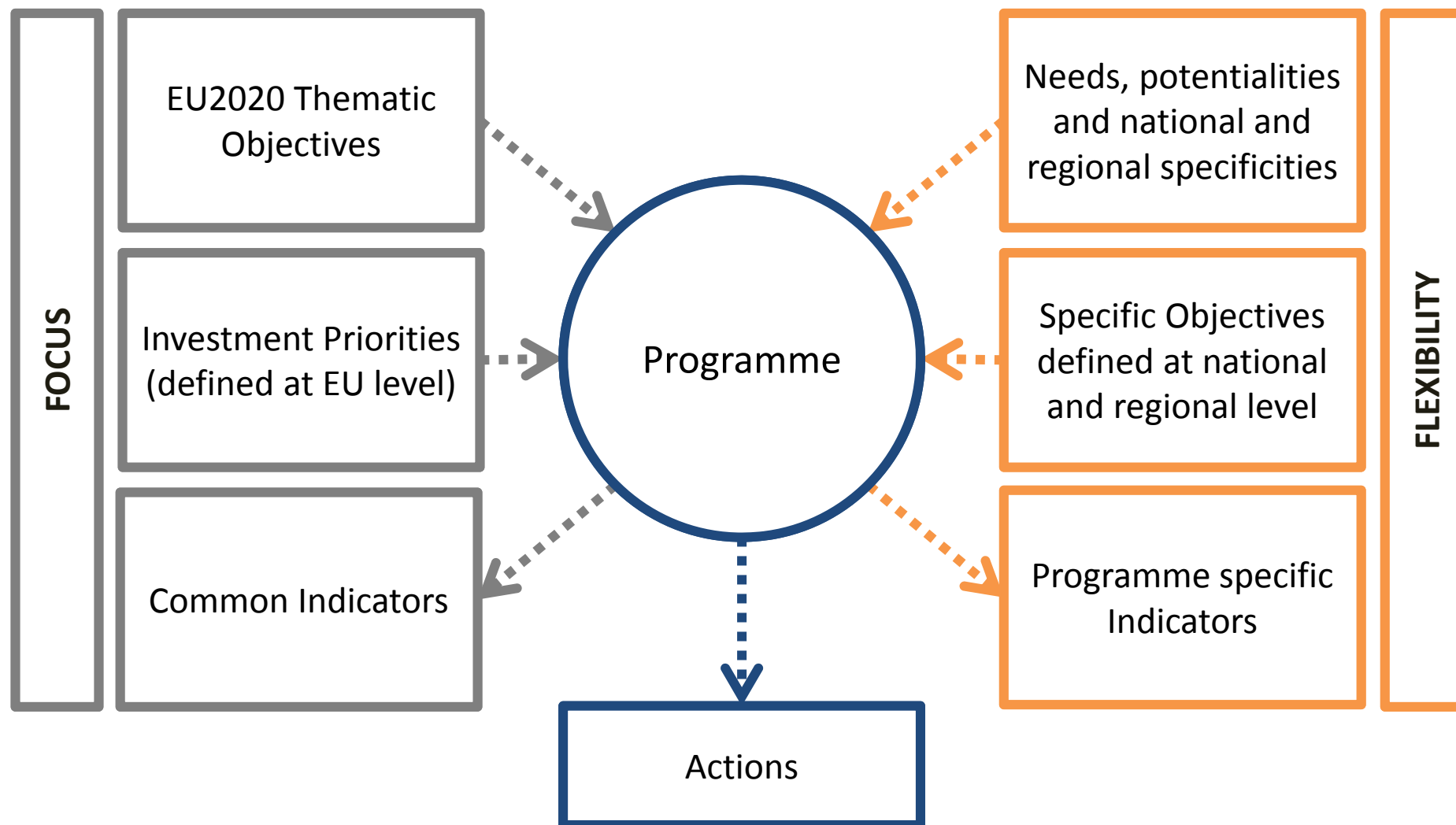


The need to evaluate the results (material/immaterial, short and long term)



The complexity to find the right balance between Focus (results, contribution to upper objectives – NRP, EUROPA 2020) **and Flexibility** (territorial synergies).

Balance between Focus & Flexibility



Source: EC



Gracias Thank You Obrigado

<http://www.adcoesao.pt/>

<https://www.portugal2020.pt/Portal2020>

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