

The logo for the University of Technology Sydney (UTS), featuring the letters 'UTS' in a bold, sans-serif font next to a stylized graphic of interconnected lines forming a grid-like pattern.

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The logo for the Institute for Public Policy and Governance, consisting of the text 'Institute for Public Policy and Governance' in a white, sans-serif font on a black rectangular background.

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Delivering Place- Based Regional Development

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The issue

- Inefficiency and social exclusion traps can arise in all places
- “One size fits all” policies are sub-optimal
- Purely subsidy-based interventions can be ineffective
- The redistribution of resources among places is not a sufficient condition for pursuing either economic or social development objectives
- There are serious risks of misallocating resources, creating a dependency culture and favouring rent-seekers



Does place-based development offer a practical regional development solution?



Old and new paradigms of regional development

	Old paradigm	New paradigm
Objectives	Compensating temporarily for locational disadvantages of lagging regions	Tapping underutilised potential in all regions for enhancing regional competitiveness
Unit of intervention	Administrative units	Functional economic areas
Strategies	Sectoral approach	Integrated development projects
Tools	Subsidies and state aids	Mix of soft and hard capital (capital stock, labour market, business environment, social capital and networks)
Actors	Central government	Different levels of government

Source: OECD

New paradigm: place-based development

- “Place matters”
- *All places* have untapped development potential
- Dual focus: economic potential and social opportunity
- Context-dependent nature of the efficiency and equity problems
- The design of integrated interventions must be tailored to places
- People versus place?



Place-based regional development

1. A long-term development strategy whose objective is to reduce persistent inefficiency and inequality in specific places
2. The production of bundles of integrated, place-tailored public goods and services, designed and implemented by eliciting and aggregating local preferences and knowledge through participatory political institutions, and by establishing linkages with other places
3. Promoted from outside the place by a system of multilevel governance where grants subject to conditionalities on both objectives and institutions are transferred from higher to lower levels of government



Principle 1: Long-term development strategy

- Moving beyond place as a territorial container
- Places are understood and defined from a functional perspective
- Places are defined/constructed *through* the policy-making process
- The region is defined by a set of conditions that are more conducive to development than either a smaller or larger area
- Multiple geographies of intervention, operating within the framework of one or more geographies of governance
- Longer-term focus due to enduring and systemic development challenges or traps.
- Promotes local capabilities and assets, but also outward-facing



Principle 2: Bundles of integrated, place-tailored public goods and services

- Expected to draw upon *appropriate* bundles of public goods and services
- A participatory and deliberative process to elicit, harness and marshal knowledge and *expertise*
 - Local and external actors
- Provides space for creativity and innovation to emerge
 - Triggering institutional change
- Open, inclusive and democratic
- A multi-actor approach
- Policies tailored to local contexts



Principle 3: A system of multilevel governance

- Bottom-up or top-down?
- A distributed architecture of regional development
- Federal/state government typically sets the “rules of the game”
- Local level implementation flexibility
- Provides *places* with more responsibility for policy design, whereby they operate within supportive, flexible and place-sensitive institutional frameworks
- Supported by both contractual relations and trust for securing reciprocal commitment
- Conditionalities are envisaged as a counterweight to subsidiarity/flexibility
- Conditionalities can include both ‘hard’ and ‘soft’ clauses



Implementation challenges

“[Place-based approaches] are complex policies involving different levels of government and private actors which are subject to several serious risks. Their chances of success depend on *how* they are implemented, how risk is reduced and what form of governance is adopted ... Even where the case for it might be accepted on theoretical grounds, it can be rejected, or at least, criticised, because of its implementation and design failures” (Barca, 2009: 40, original emphasis)



Lessons from implementing Principle 1: a long-term development strategy

- (Mis)interpreting the potential for all places to grow - the risk is that the growth objective is viewed as the first amongst equals
- Places expected to “help themselves”
- Backing perceived “winners”
- A preferential scale of governance/intervention
- Defining places through the policy process by applying functional criteria can be prone to political resistance



- Operating across functional geographies is fraught with challenges
- A depersonalised place-based approach can emerge, where individual specificities get “lost”
- Visionary plans can be divorced from the “actual strategy”
- Relatively few of these strategies are implemented over the full duration of the plan period



Lessons from implementing Principle 2: Bundles of integrated, place-tailored public goods and services

- It is extremely difficult to apply a place-based methodology to the provision of *all* public goods and services
- Place-based interventions tend to be administered alongside space-blind policies
- Common for some government departments to “opt out”, either formally or informally
- Places can also be hindered by external inflexibilities
- Sphere of influence of place-based regional strategies is critical
- In practice, most place-based strategies neglect as many facets of place as they consider



- Too many strategies have a singular, program specific focus
- Refocus on moulding existing strategies, plans and processes and bending these to place-based ways of thinking and operating
- Consider *the place* of any new strategy within the broader institutional environment
- Many places continue to imitate rather than innovate
- Low-value consultation exercises
- Self-interest and cronyism



Lessons from implementing Principle 3: A system of multilevel governance

- A policy approach that can apply to all regions can have the unintended consequence of higher levels of government treating specific places in much too similar ways
 - The adoption of uniform negotiations
 - Standardisation of governance architecture
- The tailored method of formulating place-based policies generates higher management costs and is resource intensive
- Top-down policy design and prescription pervades



- The capacity, skills and knowledge are not always available in every place/ tier of government/ department/ organisation
- Requires a rebalancing of the “carrots” and “sticks”
- Multi-level governance is an arduous process
- “Reciprocal commitments” can be extremely tenuous
- Even formal “deals” or “compacts” can unravel rapidly
- Need to establish the rules of the game at the outset and open-up the negotiation process to broader stakeholder debate and scrutiny



Summary

- Lots of interest and enthusiasm for place-based regional development
- Just as much, if not more, confusion
- No single model, but numerous place-based approaches
- Many of the key principles are widely accepted, but their practical translation is more problematic
- “New” practices and terminology can be used as a cloak for “old” ways of doing things
- Place-based strategies are highly contingent on the policies, actions and decisions of “others”
- An integrated social and economic policy needs to be pursued through distinct interventions
- Tensions between speed, transparency, commercial confidentiality and democratic engagement
- Fine line between oversight and an overbearing state
- Some regions will require more support, whereas others will require more flexibility



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