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An Ex Ante Approach to the Resilience and Recovery Plan's Impacts on Sustainable Tourism in Algarve and Alentejo

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Abstract: The European Union has been trying to adjust its tourism policy in response to the challenges posed by the recent COVID-19 pandemic. The funding of the EU Cohesion Policy has been one of the primary mechanisms guaranteeing that all regions can be prepared to receive tourists and cope with the sustainability challenges the pandemic has raised. The recovery and resilience plan (PRR) is the most recent instrument created to help economic growth in most European Union countries. The implementation of the PRR in Algarve and Alentejo has been fundamental to understanding the Portuguese tourism sector, as these regions are heavily dependent on tourism sector revenue and were hit hard by the consecutive lockdowns in recent years. Therefore, this policy, in brief, critically assesses the tourism-related projects that received funding from the PRR until November 2023 (ex ante) and their potential to guarantee long-term tourism sustainability in Algarve and Alentejo. Despite not achieving the expected efficiency results due to delays in project execution and low investment, the PRR is still a positive upgrade for tourism-related policy in Algarve and Alentejo.



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1. Introduction

The recovery and resilience plan (PRR) presented an opportunity to restructure the Portuguese economy after tumultuous times involving multiple lockdowns and financial stagnation (Oliveira, 2022). The PRR supported thousands of projects that applied for funding in six areas of sustainability: (1) green transitioning, (2) digital transformation, (3) smart specialisation, sustainable and inclusive growth, (4) social and territorial cohesion, (5) health, economic, social and institutional resilience, and (6) Next-Generation Politics. The PRR will run until 2026, and most projects' funding applications have already been analysed and approved or rejected (Pedro, 2022). This policy, in brief, aims to dive deeper into tourism sector projects in the NUTS II regions of Alentejo and Algarve, which have been heavily impacted by the reduction in tourism activity which occurred during the pandemic (Pirro et al., 2022).

The PRR presents an opportunity to restructure the tourism sector within a broader framework of economic transition in these regions (Hennebry, 2020), as digitalisation and efficiency become a priority for tourism in Alentejo and Algarve. In total, 8467 projects were

approved for the region of Alentejo and 3910 for the region of Algarve. Of those, 13 were considered by the policy brief's authors to have the potential to impact the tourism sector. It is essential to mention that, under the conceptual approach of this work, tourism-related activities were considered to have an industrial, innovative, or cultural potential to attract tourists (Camilleri, 2018).

This policy brief evaluates the tourism projects accepted by the PRR in Algarve and Alentejo. After the licencing processes are complete, national and regional stakeholders are responsible for developing and implementing these projects. Tracing the different stages of the PRR public policy cycle provides helpful information to future applicants, guaranteeing financing through European Union cohesion funding mechanisms (Zeitlin et al., 2024). This topic is particularly relevant, as Portugal has struggled, through previous EU funding programmes, to implement agreed-upon projects. This creates hard bottlenecks in the development of fully urban environments, such as Lisbon or Porto; it becomes even more concerning in less developed regions with lower levels of education, lower incomes, and older populations, such as Algarve or Alentejo.

Additionally, this article delves into the importance of European Union funding for the development of efficient public policy in the tourism sector (Stoffelen & Vanneste, 2017). It identifies the territorial needs in Alentejo and Algarve that must be addressed in future cycles. The structure of this policy brief is as follows: a sustainable tourism context that provides essential frameworks, mainly at the European level, for the development of the sector is provided; it is followed by a section that explains the cohesion policy's effect on tourism in Algarve and Alentejo before the pandemic (Valente & Medeiros, 2022a, 2022b); after that, there is an analysis, using clusters of tourism-related projects funded by PRR, which results in a discussion about the policy's potential impacts; the policy brief ends with diverse recommendations for public policy decision-making.

2. Sustainable Tourism—Historical Context at a European Scale

The concept of sustainable tourism has been around since the 1990s. The expansion of globalisation brought a sense of urgency to tourism regulation (Ivanov & Webster, 2012). The flux of tourists to regions already facing fragile economic, cultural, and environmental difficulties forced international institutions to build a framework of action that would guarantee the productivity of the tourism business while assuring a long-term commitment towards sustainable development goals. This resulted in the Charter for Sustainable Tourism (EUROPARC Federation, 1995), which was followed by the Global Code of Ethics (WTO, 1999) and Agenda 21 for a Sustainable and Competitive Tourism (EC, 2007), which provided guidelines for the development of European tourism. These frameworks were complemented by institutional efforts in specific sectors that directly influence people's mobility, which are fundamental for tourism activity, such as The Action Plan to Assist Tourism 1993–1995 (EC, 1992). The cultural landscape of tourism in the EU started to be promoted in annual exhibitions at different geographical locations, encouraging tourists to explore new, unusual European destinations (EC, 1996).

The massification of tourism in the European Union led to concerns about the growth of large enterprises that could forecast the formation of monopolies, considering the state of airlines and sightseeing companies worldwide. Therefore, regulations started to become tighter in order to cope with the appearance of hegemonic tourist destinations and the hegemonic companies associated with them, while developing incentives for the expansion of small and medium-sized enterprises, exemplified by the joint communication "Working together for the future of European Tourism" (EC, 2001).

The European Union's structural funds mitigate disparities between regions. In addition, the EU Cohesion Policy has been the main instrument in helping to cope with

tourism inequalities. Simultaneously, the EU Commission introduced the ETIS system to assess the key variables inside the European tourism sector: destination management, social and cultural impact, economic value, and environmental impact (Farinha et al., 2019). Achieving a proficient performance in all the indicators mentioned above requires a multilevel European, national and regional strategy that includes a place-based approach to execute peripheral guidelines such as the ones established by the Maritime Integrated Strategy, the Multiannual Financial Framework, the Virtual Tourism Observatory and the European Job Mobility Portal. The cumulative effect of these programmes turned southern European countries into some of the top performers in environmentally friendly tourism, led by Spain and Malta (Lozano-Ramírez et al., 2022).

The EU Operational Programmes for 2014–2020 have been getting acquainted with the instability of the Portuguese coastline. New plans are emerging to address the stability of the rocky structures in the Portuguese littoral and to strengthen the Natura 2000 network for the conservation of natural environments. However, the focus of the PRR post-COVID structural funding initiative shifted from a strong emphasis on environmental protection to prioritising investments in recovering the most detrimental sectors of the Portuguese regional economies, including tourism. At the national level, the Operational Programme for the Algarve Region and the Operational Programme for the Alentejo Region are the predecessors of PRR regarding the sustainability of the regions (EC, 2011).

Simultaneously, to promote endogenous resources, the wine and olive oil sustainability programme has also built the image of these regions as tourism destinations, which are known not only for their landscapes but also for the Mediterranean diet (Silva, 2022). The various inter-municipal plans for the sub-regions within the Algarve and Alentejo have helped to adapt the potential of endogenous resources to the tourism business opportunities of each sub-region. These sub-regional efforts are followed by an investment in ex post policy evaluations published at the national level or by the regional commissions for the development of the respective NUTS II in Portugal.

3. Building Regional Resilience Through the PRR

The structure of the regional economy is particularly important for strengthening the resilience of rural areas (Finn et al., 2019). Policymakers must address shortcomings in institutional quality, particularly in terms of the labour regulatory burdens, to successfully meet the targets of the recovery and resilience plans (Vlachos, 2022). The dynamics of resilience can support the entrepreneurial process by facilitating an appropriate interpretation of adversity and the development of coping skills (Margaça et al., 2021). Most communities do very little planning for recovery and struggle to pursue resilience goals unless significant state resources are made available (Baraero-Era & Rosario, 2020). Resilience should also be inclusive, allowing for the involvement of stakeholders at different levels (Miljević-Ridički et al., 2020).

The concept of “resilience” typically refers to the ability to recover quickly from setbacks. Understanding how to develop, implement, maintain, and evaluate this capacity is of significant interest and has become a priority with regard to the agenda of public policy (Betzler, 2023). Decisions about rebuilding in a more resilient manner require the engagement of community members to envision a different future and to make decisions that may feel less familiar and more abstract (Rosenberg et al., 2022). There is a current knowledge gap regarding the effective measurement and monitoring of sustainability performance in Portugal’s hospitality and hotel industry. This gap has been exacerbated by the disproportionate impacts experienced during the COVID-19 pandemic (Fernandes et al., 2022).

Good performance in the early stages is essential for tourism-related businesses to ensure continued viability, sustainable growth, smart specialisation and the creation of competitive advantage, especially in destinations that are highly dependent on the tourism and hospitality sector, such as Algarve (Solyukova et al., 2023). Portugal's more mature tourist areas lost value during the pandemic, while the more rural or isolated regions managed to maintain their value (Costa, 2022).

Climate change projections indicate that the Alentejo and Algarve regions in Portugal will endure more prolonged and intense droughts until 2070, increasing the vulnerability of their ecosystems to water scarcity (Andrade et al., 2021). Sustainable tourism is a key priority of European Union policies, and the effects of public investments financed through the EU Cohesion Policy in the tourism sector of the Algarve NUT2 region is an important area of study (Valente & Medeiros, 2022a). Practical strategies to enhance regional resilience require developing mathematical models for infrastructure recovery, quantifying resilience associated with the developed recovery process, and developing a computationally manageable approach for optimising resilience (Sharma et al., 2020).

4. The Cohesion Policy in the Portuguese Tourism Before COVID-19

4.1. Algarve

The Algarve region experiences a significant wage disparity among its inhabitants. On the one hand, the local population mainly works in the tourism or agricultural sectors and is often part of low-income households typical of the peripheral regions of Portugal. On the other hand, there has been a noteworthy influx of tourists in recent years, including retired individuals from northern and central Europe and incoming digital nomads (Ramos-Soler et al., 2019).

These citizens settle in the Algarve's largest cities, such as Portimão, Faro or Olhão. The gap between the incomes of locals and foreigners challenge the mechanisms of the EU Cohesion funds, which must consider two dichotomous realities when allocating regional funds (Gomes et al., 2017). On the one hand, the local population is struggling to find the resources to modernise their businesses and implement effective measures to mitigate the various environmental threats; on the other hand, the region's funding levels from EU programmes are harmed by the foreign share of the population, which earns high incomes and inflates the region's income values per capita.

It is safe to say that the Algarve region has not been a priority in recent EU cohesion fund interventions due to its wealth indicators (Valente & Medeiros, 2022a). Total income and purchasing power figures can be misleading due to the influx of wealthy tourists who settle in the region. However, the local population and many families living in the Algarve and Alentejo struggle to earn wages comparable to those in Portugal's main cities, such as Lisbon and Porto.

Regarding environmental sustainability, the last EU Cohesion Policy Programme (2014–2020) emphasised the elaboration of the Plan for Adaptation to Climate Change (PIAAC) in collaboration with the local Operational Programmes (Dias et al., 2019). The plans aim to make more efficient and communal use of public green spaces, the reduce water waste and CO₂ emissions in golf courses (Carpenter et al., 2019) and strengthen new solutions for intercity mobility. The PIAACs established a scientific and political framework for the region's development. This includes the promotion of greener vehicles and new bike lanes, the redesign of public spaces and a reduction in open-air waste landfills. After dealing with the consequences of COVID-19, the PRR maintained the local PIAACs' tendency to value research and skilled labour as one of the main factors contributing to a region's economic growth.

The reinforcement of the Natura 2000 network for environmental protection and mitigation of the region's natural vulnerabilities should also help to promote more sustainable tourism. In interviews conducted in the early months of 2022, while one of the authors of this paper was involved in a project for the ex post evaluation of EU Cohesion Policy in the Portuguese regions, the company ALGAR (a local enterprise for waste collection) explained the Algarve's success story based on the circular economy. In their words, the successful transition from a traditional waste management cycle to modern management with less polluting vehicles has helped to address several issues raised by tourists. However, all of the entities interviewed at the time, including local enterprises and policymakers, explained that the future operational programmes (including PRR) would play a decisive role in completing the projects started during the 2014–2020 period, with emphasis on reducing the waste in open-air landfills (Valente & Medeiros, 2022a). There was a widespread belief in these future programmes and a determined effort to finish the projects started during the 2014–2020 period, especially since there were considerable delays in the execution phase, which affected deadlines. The trust among stakeholders in the upcoming programmes is a structural challenge that Portugal's industrial landscape has been facing when it comes to implementing selected projects through EU cohesion and other funding mechanisms.

4.2. Alentejo

The Alentejo region has been developing plans to use alternative renewable energy sources (Mesquita et al., 2018). This initiative has contributed to the region's long-term sustainability; however, it has also raised tensions among the population due to the damage caused to the landscape by the construction of large fields of photovoltaic panels (Junqueira et al., 2017). As a result, recent operational programmes focused on awareness campaigns to inform the public about the risks of climate change in the region.

Based on the opinions gathered from stakeholders during the recent evaluation of the EU Cohesion Policy (Medeiros et al., 2022), the main challenges that future programmes must address include the increasing desertification of the region, which prevents the tourism sector from achieving levels similar to those seen in Algarve. To tackle this flux of people leaving the Alentejo region and heading towards more central areas of Portugal, the local stakeholders are responsible for developing infrastructures that improves health and sanitary conditions (Vizinho et al., 2021). This involves expanding existing water treatment centres or allocating funds for the construction of new facilities.

Nonetheless, there is a general feeling among the population that recent cohesion policy programmes need to focus more on the region's most peripheral towns (Lopes et al., 2019). According to interviews with stakeholders who have regular contact with public policies in more remote areas, the system for water distribution is either underdeveloped or outdated, hindering the average flow of water supply. Without completing the cycle of water distribution and sanitary conditions, it becomes increasingly difficult to put a strategy for tourism development in the region into practice.

5. An Ex Ante Approach to EU Funded Tourism-Related Projects

This policy brief adopts a practical public policy approach to evaluate significant tourism projects. The authors identified 13 projects funded by PRR in Portugal that could directly impact tourism in Algarve and Alentejo. These projects were categorised into three dimensions—*Infrastructural Change*, *Attract Investment*, and *Training and Reskilling* (Figure 1). Additionally, the nature of these selected projects allowed for a further subdivision within categories, with each project corresponding to a subcategory that addresses its primary purpose or challenge.

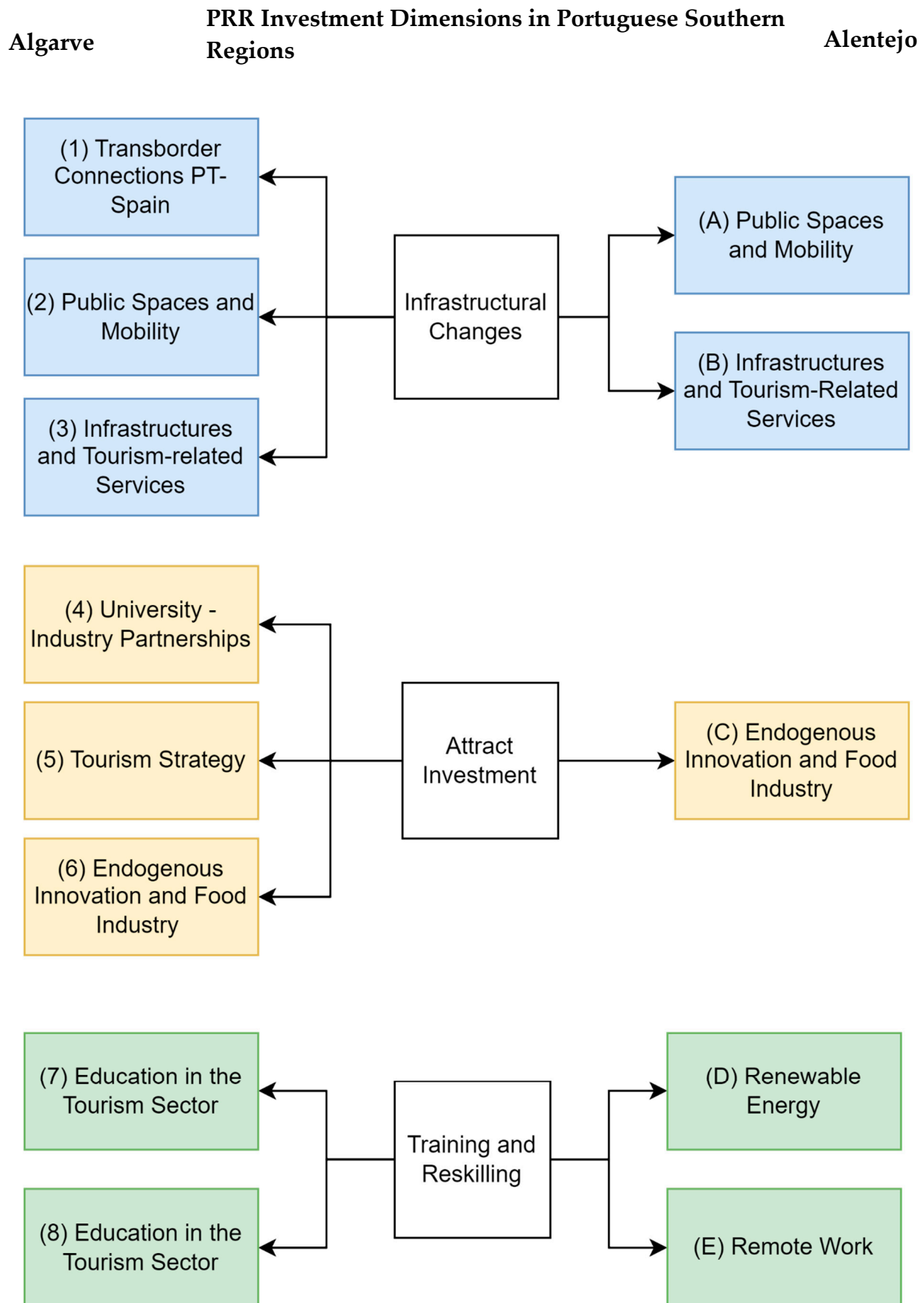


Figure 1. PRR tourism investment dimensions. Source: Own elaboration based on PRR data from dados.gov (accessed on 3 November 2024).

In the dimension of infrastructural change, distinct subcategories emerged for the Algarve and Alentejo regions. The projects in the Algarve primarily focused on organising public spaces and enhancing mobility, as well as developing infrastructures and tourism-related services. In contrast, the projects in Alentejo focused more on cross-border connections between Portugal and Spain.

The Attract Investment dimension exhibited distinct priorities in the Algarve and Alentejo regions. In Algarve, funding was allocated to initiatives aimed at promoting university–industry partnerships, enhancing the region’s tourism strategy, and supporting endogenous innovation, particularly in the food industry. Conversely, in Alentejo, the emphasis was on investing in local resources and the food industry, with a particular focus on local production and the exploration of forestry-related resources.

The Training and Reskilling dimension in Algarve places a strong emphasis on education in the tourism sector, reflecting a commitment to developing a skilled workforce. In Alentejo, more focus is directed towards structural changes that could lead to a transformation in the energy sector. This is illustrated by the introduction of the Renewable Energy subcategory and investments aimed at promoting remote work to digitalise the region’s economic activities.

Figure 1 depicts the overall organisation of the dimensions and subcategories discussed in this policy brief. Tables 1–3 outline the analysed projects, with each table corresponding to one of the main dimensions. One of the main contributions of the policy brief is focused on evaluating the possible impact of the projects based on the data available for the analysed regions.

Table 1. Infrastructural change projects.

1.	Infrastructural investment in the transborder connection between the Alcoutim Bridge and San Lucar del Guadiana
2.	Intervention in the public spaces of Portimão to help people’s mobility
3.	Replacement of machinery and equipment for more effective solutions in an ice cream store
A.	Rethinking the structure and use of urban public space in Évora
B.	Facilitating the population mobility inside a municipal swimming pool ground in Beja

Source: Own elaboration based on PRR data from dados.gov (accessed on 3 November 2024).

Table 2. Attract Investment projects.

4.	Polo HUB Azul Algarve, a collaboration between industries and universities to attract enterprises to the region and, potentially, the economy of the sea.
5.	Strategic tourism recapitalisation by investing in the Luna Hotels and Resorts Group, which owns touristic enterprises in Alvor.
6.	Creating an innovation campus in Tavira for valorising the Mediterranean diet and finding new solutions for adequate growth of the health food industry in the Algarve.
C.	Reinforcement of the organisations of forestry producers at the national and regional level

Source: Own elaboration based on PRR data from dados.gov (accessed on 3 November 2024).

Table 3. Training and Reskilling projects.

7.	KiPT is a consortium of public and private enterprises that aims at fomenting the learning of tourism workers in the region
8.	Creating science labs inside the Tourism and Hotel School of Portimão to help increase the natural resources potential of the region
D.	Data research for building a renewable energy community
E.	Acquisition of personal computers to facilitate remote work in the Alentejo Tourism public organisation

Source: Own elaboration based on PRR data from dados.gov (accessed on 3 November 2024).

6. A New Cohesion Chapter After COVID-19

The investment allocated to areas such as energy efficiency in public buildings, the training and reskilling of workers and initiatives aimed at reinforcing the position of local tourism as a key aspect of the region's development. However, the lack of funding for these initiatives hinders more solid investment in the tourism sector. The projects are categorised into three funding clusters, which are detailed in this policy brief to clarify the types of intervention associated with the PRR.

6.1. Policymaking Dimensions

The infrastructural change cluster consists of three projects in the Algarve region, with total funding of EUR 9,209,000. In Alentejo, two projects were funded by the PRR to increase the region's infrastructure with a financial allocation of EUR 53,000. One of these projects involves investment in a bridge connecting Portugal to Spain, which aims at expanding international tourism, particularly within the Iberian peninsula. The other projects delve into creating or renovating facilities for small-sized companies related to tourism and municipal services for the leisure of the population.

What do these data indicate about the evolution of infrastructures under the ongoing PRR?

The dimension of infrastructural change reveals a significant funding disparity between Algarve and Alentejo. While the PRR projects in Algarve are centred on large enterprises and include major investments like the transport connection between Portugal and Spain, the projects in Alentejo are smaller in size and focus on redefining public spaces. This disparity in investment can contribute to widening the gap between regions with regard to tourism infrastructures.

The number of tourism offices in Portugal highlights the existing inequalities within the country, emphasising the need for a robust cohesion policy that can harness the tourism potential of all regions, particularly the deep central areas of Alentejo (Figure 2). The NUTSII of Alentejo suffers from a lack of tourism infrastructures, as illustrated in Figure 2. This underlines the necessity of increased funding aimed at developing these essential tourism establishments.

The PRR aims at achieving the post-COVID-19 economic recovery of the country. To fulfil this goal, it has allocated EUR 8,200,000 to attract investment to the Algarve NUTSII and EUR 267,900 to the Alentejo NUTSII. Innovation policy and technological development are among the priorities of policymakers in Portugal. This focus is reflected in significant investments aimed at attracting both foreign and national capital to fully leverage the resources of these two regions. The funding is directed towards establishing new research centres and exploring resources related to the advantages of coastal areas, forestry resources, and the unique benefits of the Mediterranean diet. Funding has been allocated to support the recovery of tourism businesses from the stagnation imposed by the consecutive lockdowns caused by the pandemic.

What do the data tell us about the attractiveness of investment in the ongoing PRR?

Both these regions are heavily dependent on tourism and endogenous natural resources, although the focus of PRR is to fund the recovery of the economic sector in Portugal. As a result, it is understandable that Algarve has significantly higher amounts of funding allocated to it compared to Alentejo. Tourism in Algarve is also more profitable than in Alentejo. In Algarve, tourism is related to the coastal area and caters to individuals with medium to high income. In contrast, tourism in Alentejo has a different dynamic, with fewer hotel accommodations, as visitors often seek experiences such as rural camping or agricultural farming. Consequently, it is more challenging for Alentejo to secure

higher funding through EU mechanisms, given that it does not generate the flux of revenue expected from other regions of Portugal, like Algarve.

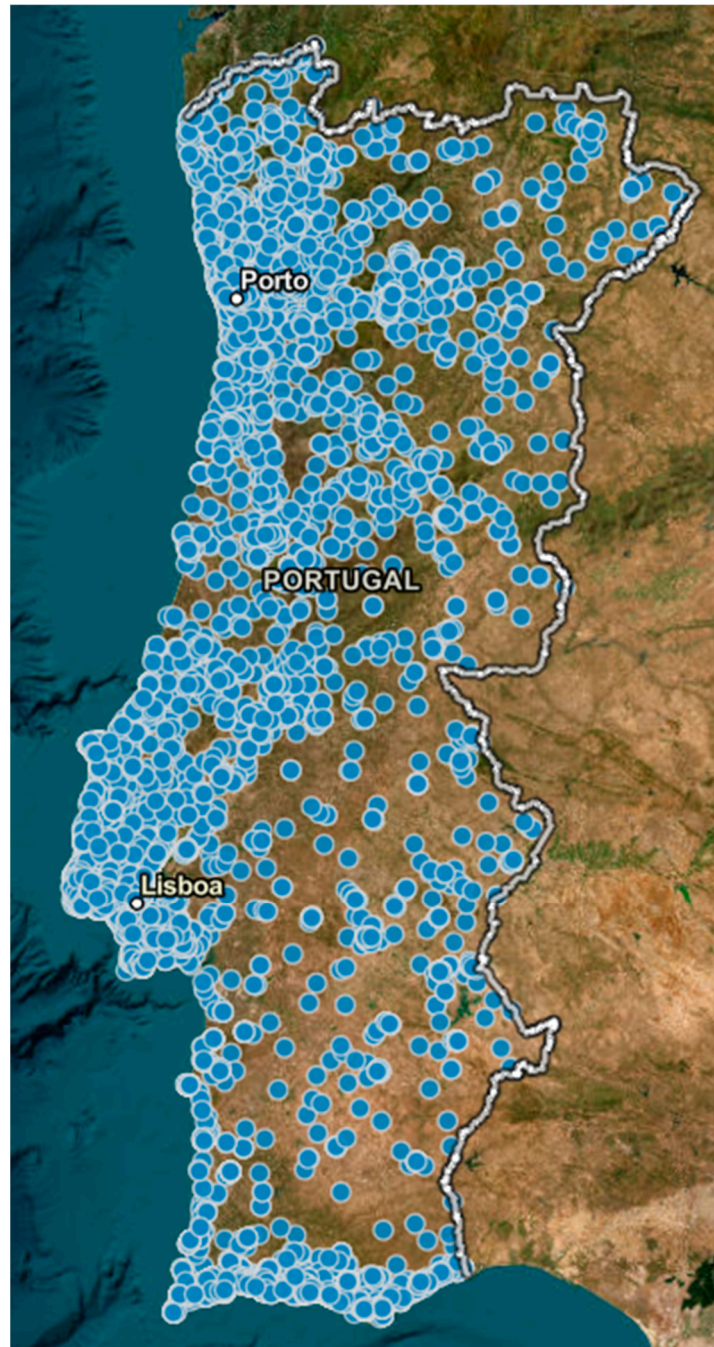


Figure 2. Tourism Offices in Portugal. Source: TravelBI by Turismo de Portugal.

Figure 3 illustrates that the growing investment in a revamped tourism strategy in the regions analysed has produced profitable results for accommodation businesses in Algarve and Alentejo. Overall, there is a positive trend associated with transitioning to more sustainable forms of tourism while also increasing the capacity to accommodate more visitors at profitable margins.

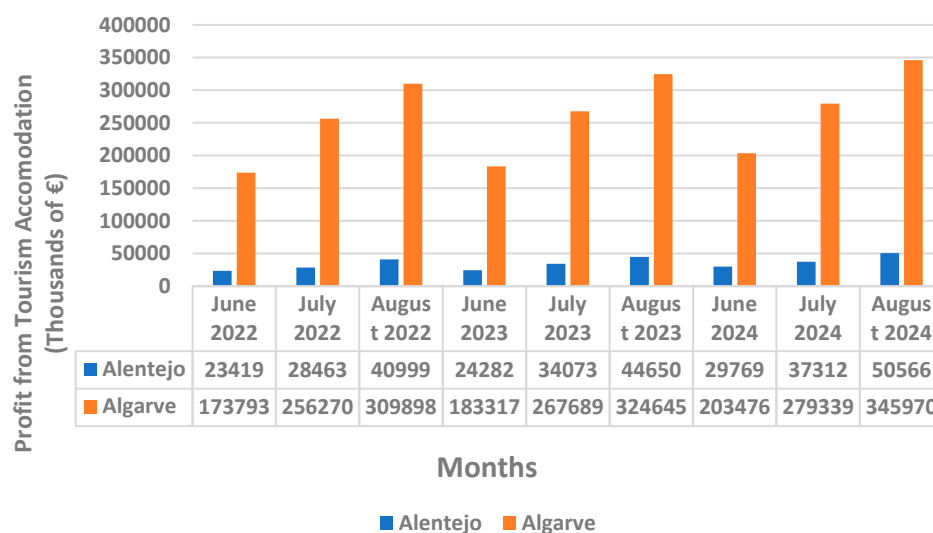


Figure 3. Profit from tourism accommodation. Source: PORDATA.

The graph (Figure 4) shows the increasing number of tourists arriving in the Alentejo and Algarve regions during August, which is the peak tourist season. This surge in visitors requires substantial investment in local resources, which is one of the main objectives of the Recovery and Resilience Plan (PRR). This plan includes allocating funds to develop local human resources, as the influx of tourists requires additional services and amenities. Therefore, training and reskilling initiatives within the PRR are essential for the period from 2021 to 2027.

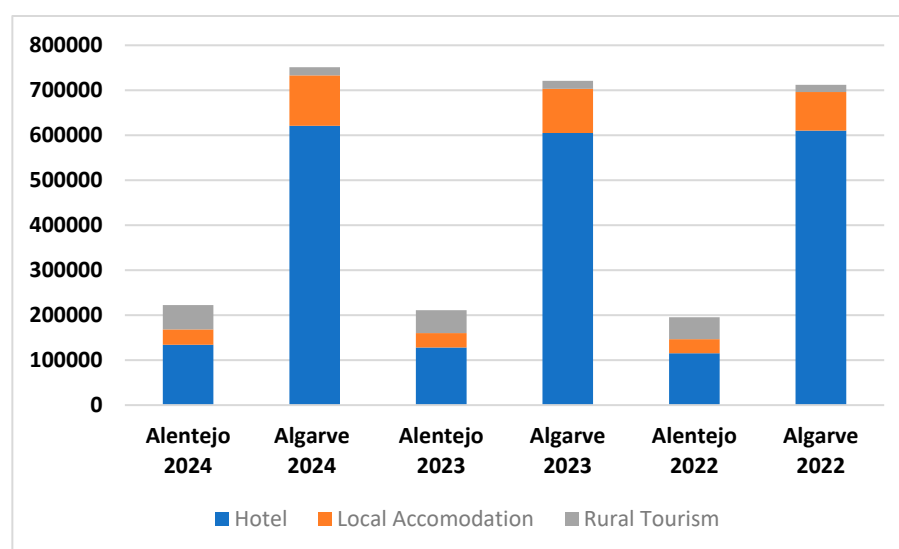


Figure 4. Amount tourists who visit Alentejo and Algarve in August. Source: PORDATA.

The industrial and enterprise investments from the previous phase were effectively complemented by a policy aimed at training tourism professionals to adapt to a new era of post-COVID tourism. To achieve this goal, EUR 948,000 was invested in Algarve, while EUR 157,300 was invested in Alentejo. Science labs started to emerge through public-private partnerships with formal education institutions, such as the Tourism School of Portimão. In Alentejo, merging data to define a long-term strategy for renewable energy has been one of the projects financed by the PRR. This initiative aligns with the EU Commission's objectives for better data collection to enhance our understanding of the impact of climate change and to facilitate the adaptation and exchange of this knowledge

(EC, 2021). Additionally, public employees in the tourism sector were provided with computers to enable them to work remotely during the COVID-19 pandemic. This shift towards digitalisation fostered a new working culture; there is an active promotion of digital services for tourists and the implementation of efficient technology-related communication channels within tourism enterprises.

What do the data tell us about training and reskilling in the ongoing PRR?

There is a structural issue regarding the distribution of tourism schools in Portugal. While Lisbon, Porto, Algarve, and the central region of Portugal are home to a significant number of institutions offering tourism-related courses and digital innovation in the field, Alentejo struggles to maintain a competitive infrastructure to support tourism education.

This difference is particularly evident based on the map above (Figure 5), which highlights the schools established to engage students in the development of tourism in Portugal. Despite an investment of EUR 157,300 in Alentejo (EUR 157,300), aimed at enhancing the sector with more comprehensive data on renewable energy and remote work, it is not expected to be very effective in changing the paradigm of tourism education in Alentejo.



Figure 5. Tourism schools' locations. Source: TravelBI Open Data by Turismo de Portugal.

Figure 6 illustrates that the number of youths applying to tourism courses has not steadily increased. Before the pandemic and before funding was provided by the PRR, Alentejo had around 80 candidates for its tourism schools, while Algarve had just over 300 candidates during the same period. There is a concerning trend that future European, national, or regional funding needs to address: the declining number of candidates for tourism schools. Although there was a slight increase in the 2021–2022 school year, the most recent data for 2023–2024 indicates that the number of candidates has decreased and is now even lower than it was before the pandemic. Investing in making tourism education more appealing and establishing schools throughout the Portuguese territory could help professionalise the tourism sector in Alentejo. Increasing the attractiveness of a career in tourism could attract more students to the limited number of schools dedicated to this field in Portugal.

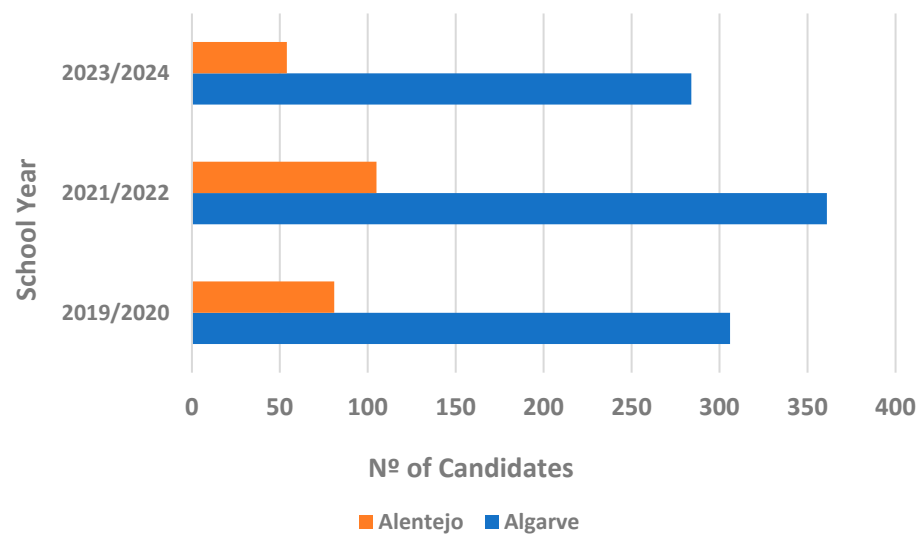


Figure 6. Nº of candidates for tourism schools in Alentejo and Algarve. Source: Own elaboration based on TravelBI Open Data by Turismo de Portugal.

6.2. PRR Projects Inside the Cohesion Guidelines

The PRR, as a programme tailored to cope with the effects of COVID-19 on the Portuguese economy, allocated funding to the sectors most affected by the pandemic (Almeida et al., 2022). That being said, and considering the Portuguese economy's dependency on tourism revenues, it is surprising to find that projects related to tourism in the Algarve and Alentejo regions account for less than 1% of the total projects funded by PRR.

Not only was the number of tourism-related projects limited, but the amount invested was also low, marking a break from the continuity seen in previous cohesion policy programmes. Of the EUR 607,000,000 allocated by the EU to the PRR for Portugal, only EUR 18,835,200 was directed toward the tourism sector. However, it is important to note that there were consistent investment in areas such as scientific awareness for environmental preservation and the reinforcement of the Qualifica network, which indirectly improved tourism services (Martins et al., 2021). Even though most projects did not directly target the tourism market, there is a strong possibility that the overall execution of this EU funding mechanism could have a positive impact on tourism (Brandano & Crociata, 2023).

The PRR took a step further in implementing the Cohesion Policy in Algarve and Alentejo by following a trend of innovation to attract regional investment. The initiative primarily focuses on increasing the research component, with a strong emphasis on digitalisation. It complements previous programmes aimed at improving living conditions in less accessible areas. However, the practical execution of last year's operational programmes

did not achieve the goals defined by the EU Commission. Therefore, the substantial investment in digitalisation and expertise established in the PRR could serve as a crucial foundation for the successful implementation of future cohesion programmes, encouraging new businesses to invest in these regions.

Nonetheless, the problems in the infrastructural conditions of these regions were addressed through a reorganisation of public leisure spaces in Portugal's most prominent southern cities. Simultaneously, tourism patterns changed in these areas (Samora-Arvela et al., 2024). Over the past few decades, cities have adapted to an influx of younger travellers that arrive in smaller groups of backpackers who explore the Portuguese coastline. In this context, it is important to highlight the EUR 75,000,000 Tourism Agenda funded by the PRR, which aims to assist municipalities across the country (including Madeira and Azores) in creating a unified customer journey that emphasises digital services. However, this initiative may also widen the inequality gap in tourism services, as the Lisbon region is expected to benefit the most from the Tourism Agenda funding.

The Commissions for Regional Development recognise the value of implementing regional projects and stimulating policymaking at all levels. One example of this added value is the exponential enhancement of local resources planned and selected by the PRR commission. Projects such as the development of the Hub Azul Algarve, the Tavira campus promoting the Mediterranean diet, support for forestry producers and the KiPT consortium for tourism will provide the region with a financial boost while raising awareness among tourists and locals about the importance of preserving local natural resources.

The weak regional support for the southern areas of Portugal is a structural problem linked to the strategy defined by the PRR for Portugal. The PRR prioritises revitalising the most influential sectors of the Portuguese economy while ensuring the long-term establishment of human and natural resources for sustainable development. If the operational programmes and local strategic plans fail to create conditions that lead to a consistent reduction in inequality between urban and rural areas. In that case, the PRR can inadvertently widen this gap. Investment from the PRR in the tertiary sector, with a notorious investment in tourism digitalisation in the largest cities in Portugal, will significantly enhance the potential of these urban areas. However, this may leave less developed regions with weak infrastructural conditions in a more fragile position. Therefore, this brief will conclude with policy recommendations for regional decision-makers who must navigate a complex landscape of EU, national, and local funding programmes. Effective management of these intertwined projects is crucial for the success of public policy.

6.3. Policy Recommendations

The expected overall positive impacts of the PRR, despite the current low execution rate, will contribute to enhancing national resources in Algarve and Alentejo. These efforts will also support the development of more robust and dynamic tourism strategies, driven by investments from local enterprises and supported by a solid foundation of research and digitalisation. However, policymaking decisions must consider southern Portugal's regional specificities to ensure these potential benefits are fully realised. This includes adapting future EU cohesion policy programmes to create a clear action framework on a centralised digital platform for project applications. Such a platform would empower local actors to address the unique challenges and opportunities in Algarve and Alentejo. Additionally, it is crucial to provide stakeholders with a consistent communication and application process with funding authorities throughout all stages of the projects.

A significant challenge remains with regard to the inadequate connection between the large share of projects aimed at fostering scientific and environmental awareness and the promotion of sustainable tourism in these regions. The lack of synergy between these

two critical areas of EU cohesion policy funding creates a structural gap that underestimates the immense potential of environmentally friendly tourism. This type of tourism could bridge the gap between protecting fragile ecosystems and supporting the growth of small- and medium-sized sustainable tourism enterprises. By integrating these sectors, southern Portugal could leverage its natural assets to develop a tourism model that aligns environmental stewardship with economic development, ultimately promoting long-term regional sustainability.

However, the starting point for these initiatives was less than ideal due to existing infrastructure deficits in the Algarve and Alentejo regions. Historical inefficiencies in implementing previous programmes, along with a lack of proactive focus during the national execution of the 2014–2020 phase, have raised concerns about the ability of the PRR to deliver meaningful progress in the tourism sector. Reflecting on Portugal's recent experience with EU cohesion policy, it is evident that while priorities were generally well defined, significant structural deficits—particularly in training and capacity-building—hindered the effectiveness of past initiatives in less developed regions.

The challenges associated with implementing previous operational programmes often stemmed from a lack of adequately skilled companies capable of executing funded projects. To overcome this challenge requires fostering expertise and building capacity among local enterprises. This is essential for achieving a paradigm shift in the delivery of EU policy in Portugal. However, training must extend beyond traditional methods; it should focus on equipping companies with innovative digital mechanisms designed to promote sustainability. Without this targeted emphasis, less developed regions may fall into a recurring structural bottleneck, hindering their ability to adapt tourism strategies to the complex challenges of climate change and global economic shifts.

To address these gaps, a new approach is necessary. This approach should encourage collaboration among local governments, enterprises, research institutions, and community stakeholders to align environmental, economic, and social goals. Incentives should be introduced to promote cross-sector partnerships, particularly those that integrate digital tools for monitoring and managing the balance between tourism activities and environmental preservation. Efforts must be made to strengthen regional innovation and entrepreneurship networks, enabling local actors to develop and scale solutions tailored to the unique needs of the Algarve and Alentejo regions.

The success of the PRR and its alignment with EU cohesion policy will rely on incorporating flexibility and adaptability into its implementation framework. This involves establishing mechanisms for continuous evaluation and adjustment to address the evolving needs of these regions. By fostering a culture of collaboration, innovation, and resilience, southern Portugal can close existing gaps and position itself as a model for sustainable development in Europe. This demonstrates how regions can thrive by integrating environmental conservation with economic vitality.

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