A FIRST STOCK TAKE: INTEGRATED TERRITORIAL APPROACHES IN COHESION POLICY 2014-20

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PREFACE

The research for this paper was undertaken by EPRC in preparation for the 37th IQ-Net meeting taking place in Chester. The paper was written by Arno van der Zwet, Stephen Miller and Frederike Gross.

The paper is the product of desk research and fieldwork visits during autumn 2014 to national and regional authorities in EU Member States (notably partners in the IQ-Net Consortium). The field research team comprised:

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The partners in the IQ-Net network are as follows:

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**Belgium**
- Enterprise Flanders Agency

**Czech Republic**
- Ministry of Regional Development

**Denmark**
- Danish Business Authority

**Finland**
- South and West Finland (Etelä- ja Länsi-Suomi)

**France**
- Commissariat général à l’égalité des territoires (CGET (ex-DATAR))
Germany

- Nordrhein-Westfalen (North Rhine-Westphalia), Ministry for Business, Energy, Industry, SMEs and the Craft Sector, EU Affairs Unit

Greece

- Management Organisation Unit of Development Programmes S.A., Ministry of Development and Competitiveness

Portugal

- Agency for Development and Cohesion

Spain

- País Vasco (Basque Country), Provincial Council of Bizkaia, Department of Economy and Finance

Slovenia

- Government Office for Development and European Cohesion Policy

United Kingdom

- Department of Communities and Local Government
- Scottish Government
- Welsh European Funding Office

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Disclaimer

It should be noted that the content and conclusions of this paper do not necessarily represent the views of individual members of the IQ-Net Consortium.
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<th>Abbreviation</th>
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<tr>
<td>Austria</td>
<td>AT</td>
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<tr>
<td>Belgium</td>
<td>BE</td>
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<tr>
<td>Belgium (Vlaanderen)</td>
<td>Vla</td>
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<tr>
<td>Czech Republic</td>
<td>CZ</td>
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<tr>
<td>Denmark</td>
<td>DK</td>
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<td>Finland</td>
<td>FI</td>
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<td>France</td>
<td>FR</td>
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<td>Germany</td>
<td>DE</td>
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<td>Germany (Nordrhein-Westfalen)</td>
<td>NRW</td>
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<td>Greece</td>
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<td>Spain</td>
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<td>Spain (Pais Vasco (Bizkaia))</td>
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<td>United Kingdom</td>
<td>UK</td>
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<td>United Kingdom (England)</td>
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<td>United Kingdom (Scotland)</td>
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<td>United Kingdom (Wales)</td>
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EXECUTIVE SUMMARY

Territorial approaches are a more prominent part of Cohesion policy in the 2014-20 period. Under the evolving urban dimension in European Structural and Investment Funds, the new regulations stipulate a ring-fenced budget of five percent of expenditure for Integrated Sustainable Urban Development (ISUD). New tools to implement territorial approaches have been introduced, including Integrated Territorial Investment (ITI) and Community-led Local Development (CLLD). These tools can be applied in urban areas but also in other territories.

The manner in which territorial approaches are programmed, funded, thematically focussed and implemented differs greatly across IQ-Net countries/regions:

- **ISUD.** In countries/regions where ISUD is implemented through a Priority axis, spending allocations range from close to five percent to almost 20 percent. Some programmes are solely focusing on large metropolitan centres, while others are also concentrating on smaller regional centres. Thematically, ISUD tends to focus on environmental protection and social inclusion. The governance arrangements require a significant level of delegation to the local level, but not all countries use Intermediate Bodies to achieve this.

- **ITIs.** These are used to implement ISUD but can also target other forms of territorial development. In some countries/regions, ITIs are expected to be a major delivery instrument. Geographically, ITIs tend to focus on urban areas but can also target sub-regional areas, interregional areas or regions with specific territorial features. ITIs are programmed to cover innovation and competitiveness, low carbon economy and renewables and social cohesion themes. Selecting ITIs either happens through pre-selection (based on indicators or a political process) or competitive selection. Local bodies will be significantly involved in the implementation of the strategies, taking on responsibilities concerning the development of strategies, animation and project generation, selection or pre-selection of project activities.

- **CLLD.** Funding allocations for CLLD will vary significantly across Member States and regions. Some use CLLD in a large range of geographical areas, including urban and peri-urban areas. Most Member States will implement CLLD across multiple OPs, contributing to a range of thematic goals. Most CLLD management approaches retain programme Managing Authorities (MAs) in a management role. CLLD can also be used on a cross-border basis.

The approach for 2014-20 is an extension of existing methods and fits within emerging domestic policy frameworks. Many authorities at Member State level recognise the value of, and show enthusiasm for, integrated territorial approaches and some consider them innovative and inspiring. Potential benefits include increased efficiency and more local power/influence in decision-making. However, MAs have the difficult task of having to establish structures and implementation mechanisms that satisfy local actors’ expectations but also adhere to regulatory requirements. Other challenges include local capacity issues in relation to implementing territorial approaches and questions concerning how thematic concentration and results-orientation align with ring-fenced territorial approaches.
Finally, due to the variety of ways in which territorial approaches can be implemented, the provision of guidance has been challenging. A workgroup, Territorial Cohesion and Urban Matters (TCUM), has been established to support implementation of the territorial and urban aspects of the regulations governing the European Structural and Investment Funds. In relation to ITIs, the drafting of scenarios should provide clarification and be a source of inspiration.
1. INTRODUCTION

Territorial approaches have gained in prominence in Cohesion policy as part of a shift to place-based policies. The 2009 Barca Report argued that such policy interventions are superior to spatially-blind interventions, which too often assume a top-down approach.\(^1\) In essence, place-based or territorial approaches rely on local knowledge, capital and control over resources as well as a locally developed strategic framework. According to the Territorial Agenda of the European Union,\(^2\) territorial development policies should address the following issues:

- increased exposure to globalisation and structural changes caused by the global economic crisis;
- new challenges for European integration and growing interdependence of regions, territorially diverse demographic and social challenges, and spatial segregation of vulnerable groups;
- climate change and environmental risks which have geographically diverse impacts;
- growing energy challenges threatening regional competitiveness; and
- loss of biodiversity, growing vulnerability of natural, landscape and cultural heritage.

The nature of these challenges requires an integrated mix of interventions in order to increase their impact and to exploit fully the development potentials of different types of territories. While the 2014-20 Regulations recognise the importance of integrated development strategies, the integration of funding streams is often problematic. The ever-increasing complexity of rules and regulations, differences in administrative structures and procedures and conflicting policy goals makes breaking down these ‘silos’ inherently difficult. In an attempt to promote integration across Funds and administrative boundaries, the European Commission is promoting specific tools for tackling complex development challenges, notably Community-led Local Development (CLLD), based on the LEADER initiative, and – a new tool – Integrated Territorial Investments (ITIs).

Across the EU, programme authorities are applying these approaches in various ways, in line with their specific needs and past experience. However, there remain questions in relation to governance frameworks, administrative and institutional capacity, and the way the results orientation and thematic concentration obligations are applied. The aim of this paper is:

- to share experiences of IQ-Net programme authorities in terms of developing and implementing territorial approaches for the 2014-20 period;
- to discuss potential benefits and challenges of different approach; and
- to reflect on future developments in relation to territorial approaches, particularly considering guidance being developed for ITI implementation.

The first part of this paper provides a short background overview of Integrated Sustainable Urban Development (ISUD), ITI and CLLD. This is followed by an examination of integrated approaches under development in IQ-Net countries and regions, specifically focussing on funding, geographical features, thematic foci and governance. Section 4 discusses the negotiation process, expectations and future developments of integrated territorial approaches. In Section 7, the main observations of

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\(^1\) Barca F (2009) An Agenda for a Reformed Cohesion Policy, A Place-Based Approach to Meeting European Union Challenges and Expectations, DG REGIO.

the paper are brought together as a basis for open questions for further discussion. Annex 2 provides details on five case studies of interesting approaches in IQ-Net programmes: ITI Limburg (Vlaanderen), ITI Six Cities (Finland), ITI/CLLD Bretagne (France), ITI Prague and Central Bohemia, and CLLD Tirol (Austria). Reflecting the interest of IQ-Net programme managers and the innovative nature of the instrument, the discussion of ITIs is more extensive than the other two approaches. However, many of the benefits and issues that are identified for ITIs can be applied to territorial instruments more broadly.

The paper is based on a mix of desk research and interviews with government officials working on the implementation of Cohesion policy programmes in the 12 Member States where managing authorities and programme secretariats are partners in IQ-Net. The surveyed programmes collectively account for more than one quarter of Cohesion policy spending and encompass a mix of ‘More Developed’, ‘Less Developed’ and Transition Regions. The desk-based research has focused on EU-level and programme documents. Interviews were conducted in October and November 2014 with managing authorities, programme secretariats and national coordination bodies.
2. BACKGROUND: TERRITORIAL APPROACHES IN 2014-20

2.1 The New Regulatory Framework

The new emphasis on integrated territorial approaches under EU Cohesion policy in the 2014-20 period follows from the formalisation of territorial cohesion as an objective for the EU in the Treaty on the Functioning of the EU (TFEU) and the subsequent regulations for European Structural and Investment Funds finally approved in 2013. It contrasts with the 2007-13 period, which was characterised by conceptual ambiguity surrounding the territorial dimension of strategic documents. In line with the Fifth Cohesion Report, the preamble to the Common Provisions Regulation (CPR)\(^3\) states that more attention will be given to the role of cities, functional geographies and sub-regional areas facing specific geographical or demographic problems.\(^4\) There is a particular focus on fostering sustainable urban development through integrated strategies in order to strengthen the resilience of cities.

Integrated territorial approaches in Cohesion policy can target different types of territories through different tools. Article 7 of the ERDF Regulation\(^5\) makes it a requirement that five percent of ESI Funds are allocated to ISUD. Figure 1 demonstrates that ISUD can be implemented through so-called mainstream approaches (i.e. in a similar way as other ESI Funds are implemented) either a separate Operational Programme (OP) or a separate Priority axis. ISUD can also be implemented through the new approaches, most notably an ITI but CLLD can also contribute towards ISUD requirements. Figure 1 also demonstrates that ITIs and CLLDs have a much broader application and can also target urban areas outside the ISUD context or other types of territory (rural-urban, sub-regional, rural, cross border, territories with specific geographic features) (see Figure 1).

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2.1.1 Integrated Sustainable Urban Development (ISUD)

As part of a wider development of an EU Urban Agenda (See Box 1), Cohesion policy is increasingly concerned with cities and urban development issues. The justification is that cities can play a key role in Cohesion policy and in meeting the objectives of the Europe 2020 strategy. Cities are centres of production and innovation; they play a key role in terms of achieving resource efficiency targets and given the disparities of wealth, concentration of the socially excluded and concentration of poverty in cities, they are essential to tackling the challenge of inclusive growth.

Box 1: EU Urban Dimension

On 17-18 February 2014 the European Commission organised a major Forum, ‘CITIES - Cities of Tomorrow: Investing in Europe’, to discuss how the urban dimension of EU policymaking can be strengthened, and how the cities’ key role in rolling out EU and national policies can be better recognised. The main aim of the forum was to initiate discussion on the development of an EU Urban Agenda which:

- fosters the role of the European Union as a facilitator of urban development;
- further integrates sector policies and making them better adapted to urban realities; and
- provides leverage to strengthen national urban agendas.


Cohesion policy regulations take into account this urban dimension by including a number of the thematic objectives that specifically target urban development, notably concerning environmental, regeneration and mobility issues. It also recognises that urban challenges are often thematically interconnected and require an integrated approach. In response to this, ISUD is based on two principles: ‘resources should be concentrated in an integrated manner to target areas with specific
urban challenges; and at the same time, ERDF-funded urban development projects should be integrated into the wider objectives of the programmes. The main elements of the new approach are summarised in Box 2.

**Box 2: Key elements of Integrated Sustainable Urban Development**

<table>
<thead>
<tr>
<th>The Commission published a Factsheet outlining the main elements of ISUD in 2014-20:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• support for the development of more holistic integrated urban development strategies;</td>
</tr>
<tr>
<td>• stronger focus on urban development at a strategic level;</td>
</tr>
<tr>
<td>• investment priorities that specifically tackle urban development challenges;</td>
</tr>
<tr>
<td>• tools to deliver integrated actions (such as ITI or CLLD);</td>
</tr>
<tr>
<td>• potential to use financial instruments to support urban development;</td>
</tr>
<tr>
<td>• a minimum of five percent ERDF ring-fenced funding;</td>
</tr>
<tr>
<td>• more decision power for urban authorities;</td>
</tr>
<tr>
<td>• support for innovative urban actions; and</td>
</tr>
<tr>
<td>• strengthening networking (Urban Development Network and European Territorial Cooperation).</td>
</tr>
</tbody>
</table>


One of the main novelties of the approach is the requirement to delegate implementation tasks for interventions that are programmed as part of the minimum five percent ERDF share to implement ISUD. It is important to note that for funding allocated beyond the five percent, this requirement does not apply.

### 2.2 Integrated Territorial Investment (ITI, Article 36 of the CPR)

ITIs allow EU Member States to combine funding from several Priority axes from one or several OPs (ERDF, ESF, Cohesion Fund and complemented by EAFRD and EMFF) to deliver multi-dimensional and cross-sectoral interventions. Although combining Funds is not compulsory, ITIs are intended to provide an efficient and flexible mechanism for formulating integrated responses to diverse territorial needs.

The key elements of an ITI are as follows.

- **A designated territory and integrated development strategy** – the territory of an ITI can be any geographical area (urban, urban-rural, sub-regional, or inter-regional). The ITI can also involve a cross-border area. In most cases it operates below the managing authority level but can also cross administrative units (for example in the context of city networks).

- **A package of actions to be implemented** – ITI activities have to contribute to both the development objectives of a territorial strategy and the thematic priorities of the relevant Priority axes of the participating Operational Programme(s).

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• Governance arrangements to manage ITIs – OP managing authorities bear the final responsibility for managing and implementing ITIs. However, intermediate bodies (local authorities, regional development bodies, NGOs) may be appointed to carry out delegated tasks. If the ITI implements integrated actions for ISUD, delegation of project selection responsibilities is obligatory.

Partnership Agreements need to outline the main territorial challenges and corresponding strategies. They also need to indicate whether there are plans to use ITIs and, where appropriate, the types of areas targeted, which Funds are used, and coordination mechanisms. If used to implement ISUD under Article 7, OPs also need to provide the indicative amount of ERDF funding and a description of the role of urban authorities in the implementation of ITIs.\(^9\)

Although ITIs are a new innovative tool for bundling funding and implementing integrated territorial/urban development strategies, there is already a considerable level of experience with implementing actions in urban areas using comparable approaches.

2.3 Community-Led Local Development (CLLD, Articles 32-35 of the CPR)

The main aim of CLLD is to provide a bottom-up approach to development policy. It is intended to be delivered by local partnerships, which design and implement integrated development strategies based on a community’s social, environmental and economic assets rather than focusing on its weaknesses.\(^10\) Although CLLD can be used in different territorial contexts, it is expected to resemble the LEADER approach and have a more rural character than ITIs.

CLLD builds on the experience gained through a number of local implementation initiatives, drawing heavily on the LEADER approach. Since its establishment in 1991, LEADER has been very successful in engaging communities and providing funding for the implementation of local initiatives. Over time, the available budget has increased significantly and the number of Local Action Groups (LAGs), which deliver the local development strategies, has also grown exponentially (see Table 1).

Table 1: Historic development of the LEADER approach

<table>
<thead>
<tr>
<th>Stage</th>
<th>Duration</th>
<th>Funds</th>
<th>Budget</th>
<th>Number of LAGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEADER1</td>
<td>1991-93</td>
<td>EAGGF, ESF, ERDF</td>
<td>€450 million</td>
<td>217</td>
</tr>
<tr>
<td>LEADER2</td>
<td>1994-99</td>
<td>EAGGF, ESF, ERDF</td>
<td>€1.7 billion</td>
<td>821</td>
</tr>
<tr>
<td>LEADER+</td>
<td>2000-06</td>
<td>EAGGF</td>
<td>€2.1 billion</td>
<td>893 in EU15 (+ 250 LEADER+ type measures in 2004-06 in 6 MS)</td>
</tr>
<tr>
<td>LEADER axis</td>
<td>2007-13</td>
<td>EAFRD</td>
<td>€5.5 billion (6% EAFRD funding)</td>
<td>2,200 in EU27</td>
</tr>
<tr>
<td>CLLD</td>
<td>2014-20</td>
<td>ESI Funds</td>
<td>Min. 5% of EAFRD</td>
<td>3,000?</td>
</tr>
</tbody>
</table>

Source: European LEADER Association for Rural Development.

CLLD also builds on local initiatives that have been used under other ESI Funds (see Box 3). Across the Funds, considerable experience has been built up on the engagement of partnerships and implementation of projects at the local level. For example, ex post evaluations of such initiatives


stress the importance of good programme design. There must be a clear division of responsibilities between programme actors from the outset, and delegation of authority to local partnerships. The ownership of local strategies by local partnerships is central to the success of the bottom-up method but local partnerships may rely on administrative support from programme authorities, especially in the early stages of delivery. A broad range of partners should be represented within local action groups, to ensure representation of a diverse range of interests. Further, experience has demonstrated that Member States and programme authorities must articulate guidance in a comprehensive manner, to minimise administrative burden for all stakeholders and ensure coherence and effectiveness of projects.

Box 3: Local initiatives relevant for CLLD

Axis 4 funding (EFF) – managed by Fisheries Local Action Groups (FLAGs), i.e. partnerships between fisheries actors and other local private and public stakeholders. Together, they design and implement a bottom-up strategy that fits and addresses their area’s needs to increase economic, social and environmental welfare.

URBAN Community Initiative – first launched in 1994 to encourage urban areas and neighbourhoods in crisis to design innovative, integrated urban development measures, mainstreamed in the 2007-13 period.

URBACT (ERDF) – part of the URBAN Community Initiative to promote the exchange of good practices; enables cities to find and share innovative, sustainable and integrated solutions to major urban challenges.

EQUAL (ESF) – funded in 2000-06 supporting innovative, transnational projects aimed at tackling discrimination and disadvantage in the labour market.

2.4 Comparing ITIs and CLLD

There are a number of differences between ITIs and CLLD (see Table 2). ITIs involve greater territorial coverage and more resources. Also, the ITI approach does not prejudge how decisions are taken on investment – the process may be top-down, or bottom-up, or a combination of the two. The key responsibilities lie with the public sector. In contrast, CLLD uses a strictly bottom-up approach. Local Action Groups (LAGs) are responsible for determining the content of local development strategies and the operations funded under them. As such, CLLD could, for example, be one component of an integrated urban strategy implemented through an ITI. CLLD also has an important emphasis on targeting ‘hard to reach’ areas that may not be effectively addressed through larger scale policy instruments. Although CLLD actions can cover the full range of thematic objectives, they tend to have a social dimension, particularly with regard to inclusion and community empowerment.


Table 2: Comparing Integrated Territorial Investments and Community-led Local development

<table>
<thead>
<tr>
<th>ITIs</th>
<th>CLLD / Local development strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Geography</strong></td>
<td></td>
</tr>
<tr>
<td>Sub-regional (urban or other defined territory – coastal, rural, fisheries, poverty areas etc.)</td>
<td>Sub-regional (urban, rural, coastal etc.)</td>
</tr>
<tr>
<td>Urban ITIs usually cover larger parts of urban areas</td>
<td>Urban CLLD usually cover neighbourhoods in urban areas</td>
</tr>
<tr>
<td>Usually only one single ITI for one city</td>
<td>Possibility of many CLLD in one city</td>
</tr>
<tr>
<td><strong>Approach</strong></td>
<td></td>
</tr>
<tr>
<td>More likely to be top-down but some flexibility</td>
<td>Bottom-up and ‘community-led’</td>
</tr>
<tr>
<td>Voluntary</td>
<td>Compulsory for EAFRD</td>
</tr>
<tr>
<td><strong>Funding structure</strong></td>
<td></td>
</tr>
<tr>
<td>Sizeable funding</td>
<td>Smaller funding</td>
</tr>
<tr>
<td>Most suitable ERDF and ESF</td>
<td>Most suitable EAFRD and EMFF</td>
</tr>
<tr>
<td>ITIs bring together funding from several priorities either from one or more programmes</td>
<td>CLLD is programmed under a single priority</td>
</tr>
<tr>
<td>If ERDF/ESF is used CLLD is programmed under TO9</td>
<td></td>
</tr>
<tr>
<td>Lead Fund can be used to finance running costs, animation and networking activities</td>
<td></td>
</tr>
<tr>
<td>Running-costs of up to 25% of total public expenditure incurred eligible</td>
<td></td>
</tr>
<tr>
<td><strong>Development</strong></td>
<td></td>
</tr>
<tr>
<td>Member States decide on criteria for ITI selection</td>
<td>Member States define criteria for the selection of local development strategies</td>
</tr>
<tr>
<td>Requires a territorial strategy</td>
<td>Requires CLLD strategies</td>
</tr>
<tr>
<td>ITIs can be selected a priori or through calls</td>
<td>Managing Authorities set up committee to select projects</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td></td>
</tr>
<tr>
<td>Implementation by managing authority or delegated to an intermediate body</td>
<td>LAG – either leads on administrative and funding matters or establishes a legally constituted common structure</td>
</tr>
<tr>
<td>Implementation of urban strategies expected to be delegated to city authorities</td>
<td></td>
</tr>
<tr>
<td>Poverty strategies can be geographical or target group orientated</td>
<td></td>
</tr>
<tr>
<td><strong>Decision-making and monitoring</strong></td>
<td></td>
</tr>
<tr>
<td>Monitoring by managing authority</td>
<td>A single interest group or public sector should not represent more than 49% of LAG voting rights</td>
</tr>
<tr>
<td>ITI is public sector led</td>
<td>LAG administer calls for projects, appraise applications and present them to relevant body for eligibility checks</td>
</tr>
<tr>
<td>ITI reports to ‘parent’ priorities from which it draws funding</td>
<td>CLLD can report all outputs and results against a single thematic objective</td>
</tr>
</tbody>
</table>

3. TAILORING INTEGRATED TERRITORIAL APPROACHES IN IQ-NET COUNTRIES AND REGIONS

Under the regulations, managing authorities have different options for implementing territorial approaches. At time of writing (November 2014), some partnership agreements and most operational programmes are still being negotiated, but early indications are that €20 billion is earmarked for ISUD activities across EU Member States. Out of these, €9 billion is channelled through ITIs in around 21 Member States, €10 billion through specific Priority axes, and €1 billion via dedicated OPs. It is important to note that ITIs are also used to target non-urban areas or can be used in urban areas but not in the context of ISUD. In terms of CLLD, current indications are that 16 Member States intend to use ERDF and ESF, i.e. going beyond the regulatory requirement to implement them with EAFRD.

Looking at approaches in IQ-Net countries and regions, none of them intend to implement ISUD through a separate programme. Five IQ-Net programmes work with Priority axis to fulfil the five percent funding requirement for ISUD; four with ITIs; and two use both. In the case of the United Kingdom, the five percent requirement is covered by England (London), therefore Wales and Scotland do not have a separate Priority axis or ITI for ISUD. In Spain the five percent requirement is also covered nationally and País Vasco will not contribute directly to it. In addition, six IQ-Net programme authorities have also decided to use ITIs for other territories. All Member States are required to implement CLLD in programmes funded by the EAFRD but six IQ-Net programme authorities intend to make use of CLLD for ERDF and/or ESF (see Table 3).

Table 3: ISUD Implementation mechanism

<table>
<thead>
<tr>
<th></th>
<th>Priority Axes for ISUD</th>
<th>ITI for ISUD</th>
<th>ITI for other territories</th>
<th>CLLD with ERDF/ESF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Czech Republic</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>England</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>France</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Finland</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Nordrhein-Westfalen</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>País Vasco</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Portugal</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Slovenia</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Vlaanderen</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Source: IQ-Net research.

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3.1 Implementing Integrated Sustainable Urban Development without using ITIs

3.1.1 ISUD use without ITIs

Although the Commission promoted the use of ITIs to implement ISUD, many Member States have decided to use a dedicated Priority axis instead. Programme authorities give the following reasons for deciding against the use of ITIs to implement ISUD:

- the approach is considered inflexible as funding is tied up for a whole programme period (Nordrhein-Westfalen) or cannot be easily aligned with other development strategies (Wales);
- managing authorities are keen to avoid duplication and increased administrative burden by creating a new implementation layer at the local authority level (Nordrhein-Westfalen, Denmark, Austria, Wales);
- the tool is deemed excessive/not applicable due to the limited levels of ESI Funds (Denmark, Austria, Wales, Scotland);
- ITIs only facilitate integration of Funds at the high-level and does not lead to integration of Funds in projects (Scotland);
- there are administrative challenges in relation to the pre-selection of ITIs both in terms of quantity and timing (Nordrhein-Westfalen); and
- there is no political support to use ESF for ISUD and the tool is therefore not considered appropriate (Denmark).

Some IQ-Net programme authorities also do not consider the tool to add value because similar integrated bottom-up approaches are already in place (Nordrhein-Westfalen, Wales, Denmark and Scotland). For example, in Scotland, strategic interventions under the national ERDF and ESF OPs will be tailored to the Transition Region ‘Highlands and Islands’ to allow a different allocation for thematic objectives than in the More Developed Regions and allows different remote delivery options as well as additional eligible activity. Also in Wales, the Managing Authority has an integrated and very joined-up approach to all stages of ESI Funds management and implementation.

3.1.2 Allocation of funding

While most IQ-Net programmes have not allocated significantly more funds to the dedicated urban priority than the required five percent of ERDF, there are cases of countries or regions (e.g. Portugal, Nordrhein-Westfalen and Vlaanderen) allocating considerably more (see Table 4). The rationale for this includes:

- historical precedent (i.e. in 2007-13 period there was already a strong urban dimension);
- the region/country has large urban centres with specific needs; and
- in smaller programmes there is a need to concentrate funding to achieve sufficient impact.

ISUD is mostly implemented through ERDF, and the only IQ-Net programme authorities making use of a multi-Fund Priority axis are those in Nordrhein-Westfalen and Portugal. In Denmark, the Commission had also suggested to apply a multi-Fund approach and include ESF in a Priority axis for ISUD. However, this was not considered politically viable in a small country with a limited ESI Funds budget.
Table 4: Integrated Sustainable Urban Development (outside ITIs)

<table>
<thead>
<tr>
<th>Country/region</th>
<th>Total budget (€million)</th>
<th>% of ERDF</th>
<th>ESI Fund(s) involved</th>
<th>Priority axis</th>
<th>Use of Intermediate Bodies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria: Vienna, Oberösterreich and Steiermark</td>
<td>34.9</td>
<td>6.5</td>
<td>ERDF</td>
<td>Priority 4 – Sustainable urban development and Priority 5 – City-regional development and local development strategies</td>
<td>No</td>
</tr>
<tr>
<td>Denmark</td>
<td>10</td>
<td>5</td>
<td>ERDF</td>
<td>Priority 4 – sustainable green urban development</td>
<td>Yes</td>
</tr>
<tr>
<td>Belgium: Vlaanderen</td>
<td>17</td>
<td>9.8</td>
<td>ERDF</td>
<td>Priority 4 – supporting Sustainable Urban Development</td>
<td>No</td>
</tr>
<tr>
<td>France</td>
<td>n/a</td>
<td>n/a</td>
<td>ERDF, ESF</td>
<td>n/a</td>
<td>No</td>
</tr>
<tr>
<td>Germany: Nordrhein-Westfalen</td>
<td>233 (ERDF)</td>
<td>19.2</td>
<td>ERDF, ESF, EAFRD</td>
<td>Priority 4 – sustainable urban development / preventative measures for social inclusion</td>
<td>Yes</td>
</tr>
<tr>
<td>England (London)</td>
<td>c.745</td>
<td>c.5</td>
<td>ERDF</td>
<td>SUD Priority axis</td>
<td>Yes</td>
</tr>
<tr>
<td>England (cities other than London)</td>
<td>Not yet known</td>
<td>n/a</td>
<td>ERDF</td>
<td>SUD Priority axis</td>
<td>No</td>
</tr>
<tr>
<td>Portugal</td>
<td>908 (ERDF) 96 (ESF)</td>
<td>8.4 (ERDF) 1.3 (ESF)</td>
<td>ERDF, ESF, CF</td>
<td>Priority axis in 4 ROPs (Norte, Centro, Lisboa, Alentejo)</td>
<td>No</td>
</tr>
<tr>
<td>Scotland</td>
<td>c.35</td>
<td>c.7.3</td>
<td>ERDF</td>
<td>May be funded under several priorities</td>
<td>No</td>
</tr>
<tr>
<td>Spain</td>
<td>c.950 + 500</td>
<td>5</td>
<td>ERDF</td>
<td>SUD priority axis in NOP; ‘individual’ sustainable urban development also targeted in TO4 low carbon economy</td>
<td>n/a</td>
</tr>
<tr>
<td>Wales</td>
<td>Not specified</td>
<td>c.10-15</td>
<td>ERDF only, in LDR only</td>
<td>Programme-wide, especially Priority 4 – Connectivity and Sustainable Urban Development</td>
<td>No</td>
</tr>
</tbody>
</table>

Source: IQ-Net research (based on draft OPs – subject to change).

3.1.3 Geographical features

The scope of urban areas that are included in ISUD varies considerably. Some IQ-Net programmes specifically target major cities, e.g. in Vlaanderen the urban development Priority axis involves the two largest cities – Antwerp and Ghent. England will mainly implement ISUD actions in London. In addition, the United Kingdom Government has invited urban authorities in England with a population in excess of 600,000 to submit proposals to deliver integrated actions for sustainable urban development. In Portugal, support for ISUD will target the two metropolitan areas Lisbon and Oporto (which together represent 43 percent of the population but only five percent of the territory) and other important urban centres as defined in the national spatial planning strategy.

Other programmes target a combination of major and smaller urban centres. In Nordrhein-Westfalen, the managing authority plans to launch a multi-Fund call for proposal for integrated urban
strategies to which a wide range of local authorities are likely to respond (urban and rural centres). In Denmark, all municipalities with cities of more than 30,000 inhabitants are eligible to apply for projects under the ISUD Priority axis. Similarly, in Spain, calls will be open to all municipalities, although it is expected that those whose population is below the 50,000 threshold will be required to submit their projects through local municipal associations. In the case of Austria, integrated urban development will be implemented in three Länder – in Vienna and Oberösterreich via Priority 4 (Sustainable urban development) and in Steiermark via Priority 5 (City-regional development and local development strategies). In Steiermark, measures will not only cover the Land capital Graz but also smaller regional centres.

### 3.1.4 Thematic focus

The number of thematic objectives (TO) that are covered by urban measures varies among IQ-Net programmes. In order to ensure an integrated approach, ISUD Priority axes have to include a minimum of two TOs. Examples of TO use for ISUD are as follow:

- **Denmark** initially intended to only focus on low-carbon economy (TO4), but at a later stage innovation (TO1) was also included.
- **Nordrhein-Westfalen** has selected environment (TO6) and social inclusion (TO9) with a focus on preventative measures around social inclusion (Prävention), which can be combined with other social, economic and environmental interventions.
- **Vlaanderen** has combined climate change adaptation (TO5) and environmental (TO6) measures with social inclusion (TO9).
- **Austria** implements ISUD through a mixed Priority axis consisting of four thematic objectives – RTDI (TO1), low-carbon (TO4), environment (TO6) and social inclusion (TO9).

Fundamentally, all urban development measures need to be linked to existing strategies (see Box 4). In England, for example, ERDF-funded urban development projects in London will be integrated with the wider objectives of city strategies. Other urban authorities have also been invited to submit urban strategies for approval by the managing authority. In Scotland and Wales, the choice has been made to work within the ‘ethos’ or ‘spirit’ of the ISUD provisions even without making use of a dedicated Priority axis. In this context, Scotland focuses on developing urban green investment and the development of an urban network consisting of seven Scottish cities. The approach in Wales will be centred on territorial strategies developed outside the ESI Funds context and instead various parts of the ERDF programme for West Wales and the valleys (LDR) are envisaged to support the integrated strategies for sustainable urban development.

**Box 4: Links with existing Land strategies in Nordrhein-Westfalen**

In Nordrhein-Westfalen the main aims of the ISUD are in line with existing Land and federal strategies for urban and local development, and with broader strategies which target preventative measures focused on social inclusion in relation to education, healthcare and employment (Prävention). In the context of Cohesion policy funded interventions, this overarching theme is likely to be combined with other social, economic and environmental interventions, largely because of the EU requirement that integrated urban development strategies must be linked to two different Thematic Objectives (rather than focused solely on e.g. social inclusion). The Land sees preventative measures for social inclusion as the main field where there is a need for support in urban areas.
The Land government of Nordrhein-Westfalen (which is a coalition of the Social Democrat Part and the Green Party) places a strong emphasis on social inclusion and the reduction of poverty (along with other themes, such as enterprise and innovation, and support for the energy transition to carbon-neutral approaches). In 2014, the Land government published an action strategy on poverty and social inclusion, which covers a range of themes, and also notes that poverty and social exclusion are often concentrated in urban areas. A related important theme for the Land government concerns child development, under the banner ‘Leave no child behind’ (‘kein Kind zurücklassen’).

The Land government set up a specific programme for integrated strategies/projects for urban development in 1993, with the ‘Social City’ (‘Soziale Stadt’) programme, in the context of the restructuring of the coal and steel industries, and since then has provided funding for over 600 urban areas in Nordrhein-Westfalen. Since 1999, the Social City programme has been co-funded by the federal government and has been implemented across the whole of Germany. Funding is provided for integrated strategies/projects that link physical regeneration (including infrastructure and housing) with local economic development and social inclusion measures. Federal funding for this programme was increased from €40 million in 2013 to €150 million in 2014.

In the case of Spain, three types of actions for Sustainable Urban Development are foreseen:

1) ISUD is similar to the approach taken by Spain in 2007-13 under its ‘URBAN Initiative’ (and the Urban Community Initiative in 2000-06), but with a stronger emphasis on TO4 Low-carbon economy (25 percent of ERDF under ISUD is ring-fenced to this TO).
2) Individual actions for Sustainable Urban Development in the area of low-carbon economy.
3) Urban development actions supported by the regions in ROPs (which may or may not contribute to the five percent requirement depending on the preferences of the regions).

At the level of the Spanish regions, ‘individual’ actions can be funded that are not part of an integrated strategy. In the case of País Vasco, measures for sustainable urban development will be funded under Priority 4 Low-Carbon Economy. While the País Vasco ERDF ROP will not contribute to the five percent ISUD requirement, municipalities in the region can also apply for ISUD-related funding under the NOP Sustainable Growth.

### 3.1.5 Programming and governance

One of the key features of the ISUD approach is the delegation of key functions (in particular in relation to project selection) to the local level. A limited number of IQ-Net countries decided nevertheless to work with IBs. One of them is England, where London will be designated as an Intermediate Body, reflecting its relative size and building on its IB role under the 2007-13 ERDF OP.

Some IQ-Net programme authorities have opted for a ‘shared management’ model whereby national/regional authorities deal with the financial management, monitoring and coordination, and local authorities have a role in project appraisal and selection to varying degrees:

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14 [http://www.nrw.de/landesregierung/regierungserklaerung-1](http://www.nrw.de/landesregierung/regierungserklaerung-1)
16 [http://www.nrw.de/vorbeugung/](http://www.nrw.de/vorbeugung/)
In Nordrhein-Westfalen, notwithstanding the above legal issues, a shared approach is being taken: after Commission feedback, the Land authorities decided to divide IB tasks between, on the one hand, the five de-concentrated offices of the Land government in Nordrhein-Westfalen’s regions – these will be responsible for financial management and final approval of project selection decisions. On the other hand, local authorities are responsible for designing and implementing the integrated urban development strategies and for selecting the projects. There are also legal considerations in Nordrhein-Westfalen, most of domestic co-funding for urban development strategies will be provided by the Land government, and local authorities do not have the power to decide on its use.

In Denmark, municipalities will apply to a dedicated ‘Nominating Committee’ at national level for projects they wish to implement, and project applications will then be approved and managed at municipal level, with municipalities acting as IBs.

Despite the insistence of the Commission to use IBs for the implementation of ISUD, several IQ-Net programme authorities have decided against the use of IBs (Austria, Vlaanderen, France, and Portugal). Indeed the Commission’s position regarding the use of IBs is considered surprising by some as there have been longstanding calls for a reduction of intermediate bodies in Member States. The following approaches are used to implement ISUD:

- In France, urban municipalities are not given IB status but the cities will be responsible for strategy development and project selection.
- In Austria, the Länder of Vienna and Oberösterreich (former managing authorities) are so-called Land bodies responsible for the programme and will work with urban municipalities to implement measures under Priority 4. Also Steiermark will work with urban municipalities, but under TO8 (employment) in Priority 5 (City-regional development).
- In Portugal, Municipalities Associations and Metropolitan Areas are responsible for developing strategies, project animation, generation and evaluation.

### 3.2 Integrated Territorial Investments

#### 3.2.1 Use of ITIs

Most IQ-Net programme authorities are intending to implement ITIs, including Czech Republic, Finland, France, Greece, Portugal, País Vasco, Slovenia and England. The key features of ITIs are meant to be flexibility in terms of programming and the scope to combine interventions under different Priority axes and Funds. Figure 2 provides a schematic overview of the potential approach that could be taken. ITIs establish ring-fenced funds from at least two Priority axes from ERDF, ESF and/or Cohesion Fund to implement an (urban) territorial strategy. This can be complemented with EAFRD and EMFF. The strategy can be implemented through an intermediate body at the urban/local level but this is not obligatory.

The voluntary and flexible nature of the tool means a wide range of different implementation approaches are emerging. This section will consider differences and similarities of ITIs in IQ-Net countries and regions particularly focussing on funding, geographical features, thematic focus, selection processes and programming and governance arrangements.
Figure 2: Potential structure of an ITI


3.2.2 Funding

According to initial information from IQ-Net programme managers, there are significant differences in terms of the proportion of ERDF funds allocated to ITIs (see Table 5). In some IQ-Net countries ITIs will be a major delivery mechanism for programmes whereas in others they play a relatively small role. For example, in Vlaanderen around 43 percent of ERDF are foreseen to be used to implement ITIs. By comparison, across the whole of the Czech Republic, the overall funding allocation for ITIs is 10.1 percent, with a further 1.6 percent allocated to implement Integrated Plans of Territorial Development, which are similar but target smaller regional centres.
Another difference in terms of funding is the extent to which a multi-Fund approach is used to resource ITIs. While most IQ-Net countries use both ERDF and ESF for ITIs, the majority of funding tends to come from ERDF. In Portugal, and potentially England and Greece will also make use of EAFRD. There are also differences within countries: in France, for example, only Bretagne intends to adopt a multi-Fund approach whereas in others ITIs will by mono-Fund.

In several IQ-Net countries, ITIs are used in different regional or thematic programmes (France, Czech Republic and Greece). In the Czech Republic, ITIs are implemented across the following OPs and Funds: OP Prague (ERDF and ESF), OP Research, Development and Education (ERDF and ESF); OP Enterprise and Innovation for Competitiveness (ERDF); IROP (ERDF); OP Employment (ESF); OP Environment (ERDF, CF) and Transport (CF). In countries like Finland and Slovenia, the ITIs are part of a single multi-Fund OP.

### 3.2.3 Geographical features

One of the key features of ITI is its geographical flexibility. The tool can be applied to a wide range of different areas and regions with different territorial features which include urban, urban-rural, sub-regional and inter-regional, territories with specific geographical features (e.g. islands or mountainous areas) as well as cross-border areas. IQ-Net programmes use ITI to cover a range of areas (see Table 6). In some cases, there is an overlap between different categories, for example in the case of ITIs that form a city network, which are both urban and inter-regional.

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**Table 5: IQ-Net countries and regions implementing ITIs**

<table>
<thead>
<tr>
<th>Country</th>
<th>ITIs</th>
<th>ERDF</th>
<th>ESF</th>
<th>CF</th>
<th>EAFRD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czech Republic</td>
<td>7 (and 6 IPTD)</td>
<td>Yes (12.4%)</td>
<td>Yes (4.3%)</td>
<td>Yes (12.4%)</td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>1</td>
<td>Yes (5%)</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Vlaanderen</td>
<td>3</td>
<td>Yes (43%)</td>
<td>Yes (limited)</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>10 regions</td>
<td>Yes</td>
<td>No (except 1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>9 regions 1 interregional</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes (not metropolitan)</td>
</tr>
<tr>
<td>Portugal</td>
<td>2 metropolitan, more in mainland</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (not metropolitan)</td>
</tr>
<tr>
<td>Spain – Pais Vasco</td>
<td>1</td>
<td>Yes (10.7%)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Slovenia</td>
<td>11</td>
<td>Yes (7.7%)</td>
<td>Yes (1.1%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom (England)</td>
<td>1</td>
<td>8% of total ESIF for Cornwall</td>
<td>-</td>
<td>Maybe</td>
<td></td>
</tr>
</tbody>
</table>

*Source: IQ-Net research (based on draft OPs – subject to change).*
### Table 6: Territorial typology of ITI use

<table>
<thead>
<tr>
<th>Country</th>
<th>Urban</th>
<th>Sub-regional</th>
<th>Specific Geographical Features</th>
<th>Inter-regional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vlaanderen</td>
<td>-</td>
<td>X</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Finland</td>
<td>X</td>
<td>-</td>
<td>-</td>
<td>X</td>
</tr>
<tr>
<td>France</td>
<td>X</td>
<td>X</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>X</td>
<td>-</td>
<td>-</td>
<td>X</td>
</tr>
<tr>
<td>Greece</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Portugal</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>-</td>
</tr>
<tr>
<td>País Vasco</td>
<td>-</td>
<td>-</td>
<td>X</td>
<td>-</td>
</tr>
<tr>
<td>Slovenia</td>
<td>X</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>United Kingdom (England)</td>
<td>-</td>
<td>X</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Most IQ-Net programme authorities intend to implement ITIs in urban areas** often in line with domestic urban development policies. Finland intends to implement one ITI – Six Cities – targeting the country’s six largest cities (Helsinki, Espoo, Vantaa, Oulu, Tampere and Turku). In Portugal, several ITIs are planned for the metropolitan areas Lisbon and Porto and for inter-municipal associations at NUTS 3 level (or spanning several contiguous NUTS 3 areas). In the Czech Republic, ITIs are proposed for seven metropolitan areas, while ITI-like initiatives will be implemented by six other regional centres.

ITIs can also target larger **sub-regional areas which can include a number of often smaller urban regional centres as well as rural territories**. While in France, most ITIs will also target urban centres, the Limousin and Bretagne regions intend to implement ITIs beyond urban areas to target regional parks and pays (i.e. self-constituted entities active in project development at the level of functional areas). Bretagne is a particularly interesting case, as ITIs will be implemented in combination with CLLD (see Case Study Annex 2). Also in Vlaanderen, in addition to the potential urban ITI, three ITIs are foreseen in provinces with particular structural economic problems (see Case Study Annex 2). In Portugal, ITIs are also planned in less densely populated areas in the mainland regions.

In terms of **areas with specific geographical features**, Greece intends to implement ITIs in order to promote island economies. There are also plans for an interregional ITI between Sterea Ellada and the Attiki region to tackle environmental issues (heavy industrial pollution in the neighbouring Asopos river basin) and to support social inclusion. In Spain, País Vasco will be included in an ITI spanning its Atlantic Coast (Blue ITI). It covers all the Spanish Atlantic regions: Galicia, Asturias, Cantabria, País Vasco, Canary Islands and Andalucia. The Portuguese Partnership Agreement also mentions the possibility of supporting a Maritime ITI in the Atlantic Ocean (the National Ocean Strategy 2013-20) through the ESI Funds.

In some IQ-Net countries, ITIs **target specifically structurally weaker regions/districts**. At least two urban regions in France foresee placing a particular emphasis on weaker areas, identified for

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18 Scotland is also using ERDF funds to support a Cities Alliance between seven Scottish cities, which aims to promote better multi-city working and for the cities to collectively become an ‘engine of growth’. 
special support under domestic urban policy. Also, in Vlaanderen there is an emphasis on regions that are facing longstanding structural difficulties, particularly in the case of Limburg (see Case Study in Annex 2) where recent factory closures have presented the region with structural economic challenges. England’s ITI in Cornwall targets the country’s only Less Developed Region which suffers from peripherality, low levels of innovation, process and product development; low levels of business investment; a structural bias towards low value-added and seasonal economic activity; a lack of graduate and higher skilled jobs; poor transport connectivity between key centres; and high levels of unemployment and pockets of severe deprivation.

3.2.4 Thematic focus

One of the key elements of an ITI is an integrated development strategy with a package of actions to implement. ITIs can be based on existing strategies, which are adapted to meet the requirements of the ITI and link it to the thematic objectives and investment priorities of the Operational Programme(s). In Finland, pre-existing individual strategies in the six cities formed the basis for the joined-up ITI strategy. In the Czech Republic, eligible areas are based on the existing Regional Development Strategy that designates urban areas as metropolitan, agglomerations and regional centres. In Portugal, ITIs will be underpinned by integrated strategies, so-called Pacts for Development and Territorial Cohesion. In all cases, the focus of the ITIs needs to be linked to the thematic objectives as set out in the relevant Operational Programme(s). As the majority of ITIs are implemented in urban areas, they mainly target urban issues such as pollution levels, energy consumption, urban sprawl and land use, and disadvantaged groups. Economic competitiveness, entrepreneurship and innovation are also major themes for many ITIs.

In some IQ-Net countries, ITIs have a broad thematic focus which can include:

- Innovation and competitiveness (Finland, France, Czech Republic, Vlaanderen, Greece)
- Environmental protection, climate change adaptation and (Greece, Portugal)
- Renewable energy and low carbon economy (France, Portugal, Bretagne, Slovenia)
- Social cohesion, regional disparities and employment (Greece, Czech Republic, Portugal, Slovenia)
- Delivery of public services (Portugal)
- Maritime challenges (País Vasco, Bretagne)
- ICT (France, Greece)

3.2.5 Selecting ITIs

A range of different methods are used to identify and select ITIs in IQ-Net countries. One method is to use criteria for identifying areas that can adopt an ITI. These can be based on (also see Box 5):

- top-down formulated indicators based on existing strategies and typologies based on socio-economic potential indicators (e.g. unemployment rate, annual incomes per inhabitant, etc.), geographical position indicators (e.g. position to main regional centres and arterial roads) (Greece and Czech Republic);
- bottom-up indicators in the form of public consultation (Greece); and
- geographical indicators, including economic, physical and environmental criteria – see Box 5 (Greece).
Box 5: Greece: Eligibility criteria

- Areas of application of Regulatory Plan or areas that have been defined as intervention areas for urban reconstruction in the Regional Frameworks of Spatial Planning and Sustainable Development, in the General Urban Plans or Plans of Integrated Urban Intervention according to Greek legislation.
- Areas defined on the basis of the borders of Municipal Unit or borders of General Urban Plan or Regulatory Plan with a population that exceeds 10,000 inhabitants (the possibility to use the derogation allowed by the Regulation will be examined in Greece).
- Areas that are facing intense challenges: economic/ environmental/ climate change/ demographic/ functional organisation of the city.
- Areas that include zones of deindustrialisation, areas that are tested by the economic crisis with the ensuing phenomena of urban poverty and high unemployment rates and social exclusion or areas of other land uses and illegal construction.

Source: Partnership Agreement Greece.

In other countries, ITIs are established through a more political process or competition. These processes can take a number of forms:

- snowballing – once a number of ITIs is proposed other local authorities also start to lobby for an ITI (Vlaanderen, Slovenia, Czech Republic);
- historical precedent – if regions have had a separate programme in the 2007-13 but not in 2014-20 they may want to implement an ITI to continue to enjoy ring-fenced funding (England);
- city rivalry – particularly when the ITI is a city network it can lead to competition for funding and interests (Finland, Slovenia, Czech Republic).

In a number of cases, the areas that will implement ITIs are not yet known because:

- countries can use calls to identify ITIs competitively as is done in Slovenia, France (partly) and Portugal (see Box 6);
- the option is being left open to create additional ITIs in the course of the programme period on the basis of the needs of regional actors (Finland).

Box 6: Competitive selection of ITIs in Portugal

In Portugal ITIs will be selected competitively. The first step will be the launch of a call for the ITI strategies by the managing authority specifying eligible interventions and evaluation criteria. Municipality associations and metropolitan areas will then propose ITI strategies, which will be approved by a committee comprising the relevant managing authority, the Regional Coordination and Development Commission, the national Agency for Development and Cohesion, as well as external experts.

3.2.6 Programming and governance

The strategic orientation of ITIs has a strong local focus. However, in terms of programming, it also needs to be linked to the overarching thematic objectives set-out in the Partnership Agreements and
national and regional OPs as well as domestic strategies and policies. Moreover, criteria for project selection are often determined centrally.

In all ITIs, local bodies will be significantly involved in the implementation of the strategies, taking on responsibilities concerning the development of strategies, animation and project generation, selection or pre-selection of project activities. However, approaches to governance of ITIs are diverse (see Annex 1 for details). In the first instance, the decision-making level depends on whether the ITI is implemented as part of the integrated urban development requirements set out in Article 7. In those instances where this is the case (e.g. Czech Republic, Finland, Greece, Slovenia) implementation responsibilities have to be delegated to urban authorities or specific intermediate bodies are established (Greece). In Finland, the cities act through a dedicated management group and are in charge of ITI implementation. They prepare project decisions for formal approval by an existing intermediate body (Helsinki-Uusimaa region). However, most IQ-Net programme authorities do not intend to implement ITIs through intermediate bodies. In other instances, implementation responsibilities delegated to sub-regional administrative bodies are more limited and do not include final decision-making responsibilities (Portugal (see Box 7) and Vlaanderen).

**Box 7: Management arrangements of ITIs in Portugal**

In Portugal, the management arrangements of the ITIs will be formally agreed by the municipality associations/metropolitan areas and the respective OP Managing Authorities through formal contracts. The ITI contracts will identify the powers delegated by the Managing Authority (which will not include project approval), the financial allocations and temporal profile of commitments, goals and outcomes and governance mechanisms relating to leadership, partnership, accountability, monitoring, evaluation and audit. The main responsibilities of the municipal associations and metropolitan bodies relate to drafting the ITI strategy and project generation and appraisal, drawing on advisory support from Strategic Councils for Inter-municipal Development and for Metropolitan Areas.

ITIs are involved in the wider coordination arrangements of ESI Funds that Member States have adopted. In Vlaanderen, an annual high-level coordination meeting is planned, bringing together Monitoring Committees of different Funds in which ITIs are represented which will also monitor ITI progress. In the Czech Republic a National Permanent Conference (and regional Permanent Conference) coordinates ITIs and the wider territorial dimension among ESI Funds.

### 3.3 Community-Led Local Development

#### 3.3.1 Use of CLLD

The use of CLLD incorporating ERDF and/or ESF\(^\text{19}\) is not planned in all Member States. Six IQ-Net countries – Austria, the Czech Republic, Greece, Portugal, Slovenia and the United Kingdom (England) – will implement CLLD in 2014-20. Denmark, Finland, France, Nordrhein-Westfalen, Bizkaia (País Vasco) and Vlaanderen will not make use of CLLD using ERDF or ESF.

In the Member States and regions in which CLLD will not be implemented, a barrier to its adoption is the scale of administrative reorganisation that it would necessitate. This is the case, for example, in

\(^{19}\)This report provides information on the use of CLLD only where it incorporates ERDF and/or ESF funding, unless otherwise specified.
the Austrian Länder other than Tirol, and in Denmark. Similarly, in Scotland there is a motivation to avoid increased levels of administration. Other barriers include the following.

- **Insufficient added value.** Some programme managers consider that CLLD offers little or no added value to existing ESIF delivery mechanisms, particularly with regard to the bottom-up aspect of strategy development (Nordrhein-Westfalen, Finland). For example, in Nordrhein-Westfalen, existing approaches to urban/territorial strategies already include extensive consultation with community-level actors, so this aspect of CLLD is not seen to represent anything new.

- **Lack of strategic alignment.** The scale and strategic orientation of the CLLD method is considered less suitable for the delivery of ERDF/ESF funding (Denmark, Nordrhein-Westfalen, Bizkaia, Vlaanderen). For example, in Denmark ERDF/ESF OPs are generally focused on growth and jobs through larger scale intervention. The smaller scale focus of CLLD does not align with this strategic emphasis. Similarly, in País Vasco the preference is to use ERDF to focus on Europe 2020 objectives, notably RTDI and competitiveness.

- **Unsuitable community context.** There are doubts over whether the CLLD method would be suited to urban environments in which community cohesion may be low, (Nordrhein-Westfalen). The possibility of community ‘burnout’, given that a number of administrative structures are already in place, was recognised in Scotland.

Despite these barriers to the adoption of CLLD as a formal instrument, a number of IQ-Net programme authorities are aiming to strengthen delivery methods which draw upon the ‘bottom-up’ community-led principle. In Finland, for example, the Mainland OP will support civic actor-led development in urban areas (see Box 8). In France, there is strong consensus that the integrated territorial approach is important. Therefore, whilst CLLD will not be supported through ERDF or ESF, the number of LAGs is expected to expand. In the Bretagne region, CLLD will be implemented in coordination with (ERDF-funded) ITIs through a complementary territorial approach (see Case Study in Annex 2).

**Box 8: Civic actor-led development in Finland**

| Neither ERDF nor ESF funding will be used to support CLLD in Finland in 2014-20. However, CLLD principles will be put into practice through an alternative approach. Civic actor-led development in urban areas will be integrated into the Mainland Finland (multi-Fund) OP without earmarking any specific funding for this purpose. Civic actor-led development in urban areas will implement activities that are in line with the objectives, as well as investment priorities and specific objectives of the OP. The types of activities can vary, but the common trait is that they are bottom-up and civic actor-led local development activities. The activities need to be open, wide-range and inclusive. Strategic orientation is emphasised throughout the planning phase. The activities are based on a common development plan developed by local actors. The key objectives are the promotion of employment and income-generation opportunities, as well as the increase of social capital and collaborations. |

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20 Three regions in Spain will fund CLLD through ERDF (Aragon, Cataluña, Baleares).
3.3.2 Funding

Funding allocations are currently being decided, as many OPs are at the draft stage. Indications are that funding allocations for CLLD will vary significantly across Member States and regions. In some cases, fixed amounts of funding have been earmarked (see Table 7). For example, in Slovenia CLLD will be supported by a ring-fenced total budget of €76.8 million, consisting of ERDF (€30 million), EAFRD (€41.8 million) and EMFF (€5 million). However, the nature of CLLD means that funding allocations are often open to change. The exact volume of demand for CLLD funds cannot usually be known in advance, and will develop over the course of programme implementation. For example, in Austria (Tirol), there is an upper limit of €38.3 million of combined ERDF and EAFRD funding to CLLD; in England, the Local Enterprise Partnerships (groups of local authorities) engaged in CLLD must each spend a minimum of £3 million (€3.8 million21) of total public sector investment – therefore approximately £124 million (€157.5 million22) could be earmarked for CLLD, though the final figure may differ.

Table 7: Characteristics of CLLD in IQ-Net countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Number/coverage of CLLDs</th>
<th>ESI Funds to be used</th>
<th>ERDF allocation</th>
<th>ESF allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>4 (subject to change)</td>
<td>ERDF, EAFRD</td>
<td>€12.3 million (€7.8 million RCE ERDF + €4.5 million ETC ERDF)</td>
<td>n/a</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>170-180</td>
<td>ERDF, ESF, EAFRD</td>
<td>4.95%</td>
<td>2.17%</td>
</tr>
<tr>
<td>France*</td>
<td>More than 223</td>
<td>EMFF, EAFRD</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Greece</td>
<td>7 draft OPs have foreseen ERDF and ESF funding. The number of CLLD is not yet specified.</td>
<td>ERDF, ESF, EMFF, EAFRD23</td>
<td>(Not yet specified in draft OP)</td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td>(Unspecified)</td>
<td>ERDF, ESF, EMFF, EAFRD</td>
<td>€50 million</td>
<td>€70 million</td>
</tr>
<tr>
<td>Slovenia</td>
<td>33</td>
<td>ERDF, EMFF, EAFRD</td>
<td>€30 million</td>
<td>n/a</td>
</tr>
<tr>
<td>United Kingdom  (England)</td>
<td>(Unspecified)</td>
<td>ERDF, ESF, EAFRD</td>
<td>Up to €158 million*</td>
<td></td>
</tr>
</tbody>
</table>

Source: IQ-Net research.
* funded by EAFRD and EMFF only, but included as relevant.
+ based on draft OPs and subject to change.

As shown in Table 7, both ERDF and ESF funding will be combined in CLLD in several IQ-Net countries/regions. However, the decision to use mono- or multi-Fund approaches is made by the LAGs themselves, rather than national or regional authorities, and the extent of multi-Fund take-up will not become clear until the first round of local development strategies is submitted.

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21 Based on European Central Bank conversion rate, 30 October 2014.
22 Ibid.
23 In the draft Rural Development Programme, 45 CLLD are foreseen, covering by less than 60 percent of the rural areas of the country.
3.3.3 **Thematic objectives and geographical features**

Commission regulations allow the use of CLLD in a variety of sub-regional area types, including cities and urban contexts. The CLLD approach is highly adaptable to territorial needs, and accordingly the planned geographical focus of CLLD relates closely to intended thematic focus.

Some IQ-Net countries, such as Austria, the Czech Republic, and Slovenia intend to deliver CLLD with a strong focus on rural area development. This is partly because the use of CLLD is often a continuation of the LEADER approach used in previous funding periods, and also because existing LAGs already have a rural focus. The use of rural-focussed CLLD is also seen as a complementary instrument alongside the mostly urban-focussed ITIs (for example, in Austria and France, though the latter will not use ERDF or ESF to support CLLD).

However, some countries will use CLLD in a greater variety of geographical areas, including urban and peri-urban areas. In Portugal, for example, CLLD will target rural, urban and coastal areas. In Greece, for example, CLLD supported by ERDF/ESF will be implemented in urban areas with ‘special characteristics and challenges’ as well as peri-urban areas in which urban-rural connectivity is particularly important or problematic. CLLD-eligible areas have been determined in part through functional criteria such as high unemployment. This geographical variety reflects the territorial challenges and thematic foci identified in the Greek PA. For example, in urban hinterlands the thematic aims include economic diversification, the development of human capital and the mitigation of rural-urban migration.

Similarly, in England CLLD under ERDF and ESF will be programmed under Thematic Objective 9 and will address issues of: social exclusion and poverty in urban areas; urban/rural areas; or non-LEADER rural areas. Coverage includes geographical areas affected by industrial decline. It is of note however that CLLD is afforded the flexibility to contribute towards a broad range of thematic objectives in many countries. In England, Local Development Strategies will be able to deliver activities under other Thematic Objectives, subject to justification in LEP ESI Fund Strategies. In the Czech Republic, the thematic orientation of CLLD in the national-level IROP is quite broad, and can apply to issues such as sustainable transport, environment, social inclusion or education. However, it is anticipated that in reality only a few topics will be of real interest to small municipalities. Therefore there may be a gap between CLLD thematic objectives as articulated in PAs and OPs, and the engagement with these objectives by LAGs.

3.3.4 **Establishing CLLD**

As noted, initial decisions over whether to include CLLD (supported by ERDF/ESF) in Partnership Agreements have been strongly influenced by prior familiarity and experience with LEADER (Austria, Czech Republic, England, France, Greece, Portugal and Slovenia). In all Member States, extensive consultation took place as part of the PA drafting process, and the views of potential CLLD stakeholders were necessarily a deciding factor. At the programme level, another factor in decisions to make use of CLLD (i.e. within individual OPs) is the provision for increased co-financing as

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25 Integrated Regional OP.
specified in Article 120(6) of the Common Provisions Regulation. This was a motivating factor in the decision to incorporate CLLD at Priority axis level in the Czech Republic IROP, for example.

The establishment of CLLD-eligible territories has been shaped by the rules on population coverage. The area covered by a CLLD strategy must have 10,000-150,000 inhabitants by default, although derogations are permitted where justified. In some Member States, such as France, the use of CLLD in island regions below the 10,000 inhabitant threshold is planned. In Portugal, adjusted population criteria have been voluntarily established to help define various CLLD areas (such as rural areas or fisheries areas). Some IQ-Net programme authorities, such as the Czech Republic, intend to implement CLLD covering the majority of the country. In other countries such as England and Slovenia, territorial eligibility is determined on a de facto basis by the existing or anticipated coverage of LAGs and is more limited in relative spatial coverage.

3.3.5 Programming and governance

The strategic orientation and thematic focus of CLLD are jointly defined through the Partnership Agreements, the national and regional OPs, as well as other domestic strategies where relevant. In most countries, CLLD is being programmed across multiple OPs. In the Czech Republic, for example, CLLD which includes ERDF/ESF will be implemented in three programmes: 1) Priority axis 4 (Community-led Local Development) of the ERDF-funded Integrated Regional OP; 2) Priority axis 4 (Nature and Countryside Protection) of the ERDF-funded Environment OP; and 3) Priority axis 2 (Social inclusion and poverty reduction) of the ESF-funded Employment OP. In Greece, current provisions are that CLLD will be implemented in seven of 13 regional OPs supported by ERDF and/or ESF, whereas in Portugal provision for CLLD is being incorporated into all mainland ROPs.

The ESIF regulations enable considerable flexibility in the organisation of CLLD management and governance. The ESI regulations enable considerable flexibility in the organisation of CLLD management and governance. Member States or regions implementing CLLD can adopt two governance approaches:

- Managing authority-led CLLD: in which the ‘standard’ programme management structure is adopted, i.e. the programme-level managing authorities retain responsibility for key CLLD functions such as management, monitoring and financial control. Most countries will adopt the MA-led approach in CLLD; established managing authorities will be responsible for CLLD management alongside their other functions (Czech Republic, Greece, Portugal, Slovenia, United Kingdom). For example, in the Czech Republic, the Ministries will each manage CLLD in their respective OPs through a vertical governance approach. Similarly, the national MA for ERDF will take the lead for CLLD organisation in England. In Portugal, where CLLD will be integrated into regional OPs, the regional managing authorities will be responsible for CLLD management.

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26 Specifically, the maximum co-financing rate can be increased by ten per cent where the whole of a Priority axis is delivered through CLLD.
28 For the Rural Development OP. Regional OP governance arrangements are not yet determined.
• **IB-led CLLD**: Member States and/or regions exercise the option to delegate CLLD management to IBs at programme or Fund level, or as a joint IB for all CLLD.\(^{29}\) A LAG can also be designated as an IB, where this is in line with Fund-specific regulations. Based on current information, the IB-led approach will be used to a much more limited degree than will the MA-led approach. Austria is the only IQ-Net country in which the delegated management option will be exercised for CLLD;\(^{30}\) the Länder will play an intermediate role between projects and the MA at national level (ÖROK), though the formal decision to approve local development strategies will be taken by a joint nationwide selection committee chaired by the MA of the EAFRD programme (Federal Ministry of Agriculture, Forestry, Environment and Water Management – see case study for further information).

Mechanisms for simplification and multi-Fund coordination, such as the use of joint structures for CLLD coordination between Funds, have been encouraged by the Commission. IQ-Net programme managers are planning a range of simplification and coordination approaches.

• **Slovenia**: there are plans to establish a ‘Coordinating Committee’ for CLLD, which would be made up of the three managing authorities responsible for the OPs which will incorporate CLLD. A key function of the Coordinating Committee will be to develop a common national implementing act to set out in detail the tasks, relationships and responsibilities of the Funds concerned, as well as the criteria for the selection of CLLD strategies. A similar approach will be adopted in Greece, establishing new committees for the coordination of Funds.

• **Czech Republic**: a supporting and coordinating contribution (such as providing recommendations on the timing of calls for proposals) will be made by the National Permanent Conference.\(^{31}\) The approach in this instance will be to make use of an established organisation (the National Permanent Conference) rather than creating a new and specific joint coordination structure.\(^{32}\) Similarly, in Portugal, public bodies responsible for the implementation of relevant policies will support the managing authorities and assist in CLLD strategy development.

• **United Kingdom** (England): Lead Funds will be designated in the case of multi-Fund CLLD. It is expected that in the interests of simplification, where a local development strategy is funded by more than one Fund, the integrated use of ESI Funds might take place at local development strategy level rather than at project level. This in practice might mean that each project would be funded by only one of the ESI Funds and the local development strategy would in turn ensure that all projects align and complement each other.

• **Austria**: In the Tirol, programming actors will implement CLLD through the INTERREG V (European Territorial Cooperation) Italy-Austria OP in addition to the national ERDF programme. The cross-border element presents some unique governance challenges, such

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\(^{30}\) There are indications that this approach may also be adopted in Greece, but governance arrangements remain to be finalised at the time of writing.

\(^{31}\) The National Permanent Conference in the Czech Republic is an established organisation which ensures coordination between the state and the regions during delivery of integrated instruments, and implementation of the Partnership Agreement and operational programmes co-financed by the ESI Funds.

\(^{32}\) Based on current information – may be subject to change.
as the need to ensure Italian representation in community-led local development strategy selection. In Austria, the Tirol selection committee will be responsible for selecting local development strategies funded under the mainstream ERDF programme. Cross-border CLLD will be managed through the Italy-Austria cross-border OP, the Managing Authority for which is based in Bolzano, Italy (see case study for further details).
4. NEGERIATION AND IMPLEMENTATION OF INTEGRATED TERRITORIAL APPROACHES

The successful use of different territorial approaches in the 2014-20 period depends on aligning multiple interests at different levels (EU, national, sub-national) and ensuring compliance with regulations. In this section, the first part identifies some of the key issues raised in the negotiations with the Commission. The second part looks at the balance between expected benefits and challenges of implementing territorial approaches. In the last part, some of the latest developments concerning the drafting of ITI guidance are discussed.

4.1 Negotiating Integrated Territorial Approaches

This section sets out the main negotiation issues regarding territorial approaches. Discussions on territorial approaches are taking place in the wider context of Partnership Agreement and Operational Programmes where negotiations are still ongoing.33 In the case of ISUD, many of the regulatory requirements are obligatory. The Commission’s role is to check whether these requirements have been met. ITIs and CLLD do not require Commission approval and the voluntary nature of these tools suggests that they are used where they are considered to add value and provide a basis for high commitment from stakeholders. As Member State authorities can decide whether to use integrated territorial approaches, the Commission’s role has been to advise, rather than to insist, and should facilitate positive engagement and flexibility.

However, the voluntary nature and flexibility of the tools has also created uncertainties. Furthermore, in many cases the Commission has taken an active role in the development of the ITI approach, particularly as the decision to use ITIs can be part of the overall intervention logic and thus can be a relevant part of the programmes submitted to the Commission.34 Table 8 summarises the key negotiation points.

34 European Commission (2014) op. cit.
### Table 8: Key negotiation issues

<table>
<thead>
<tr>
<th>Country/region</th>
<th>Issue</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>Late approval of Regulations leading to changing positions in negotiations</td>
<td>Yes</td>
</tr>
<tr>
<td>Denmark, Nordrhein-Westfalen</td>
<td>Necessity to include two thematic priorities for ISUD</td>
<td>DK adopted a second TO without public consultation, NRW – has adopted two TO but would have liked flexibility to implement</td>
</tr>
<tr>
<td>Denmark, Nordrhein-Westfalen, France, Czech Republic</td>
<td>Delegation of responsibility to sub-regional bodies</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Denmark</td>
<td>Multi-Fund adoption</td>
<td>Yes – Commission was responsive to argument</td>
</tr>
<tr>
<td>Austria, Portugal, Slovenia, Vlaanderen, Finland, France</td>
<td>Scope of territory being targeted</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Austria</td>
<td>Lack of added value CLLD</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>
The negotiations on integrated approaches are being influenced by several factors. The lack of clarity of the requirements and guidance in relation to integrated territorial approaches has been a cause of frustration in the negotiation process. In particular, timing has been an issue as many OPs were developed in parallel with agreement of the Regulations, and the developing interpretation of the Regulations by the Commission, which influenced the late changes made. For example, in Denmark negotiations were already in an advanced stage when the requirement to include two thematic priorities for an ISUD Priority axis was communicated in the Commission’s comments. Danish authorities were keen to avoid another round of domestic political negotiations on a second thematic priority which was added without going through the consultation processes again.

The insistence on the use of two thematic objectives has also raised questions in Nordrhein-Westfalen, which has selected Social inclusion (TO9) and Environment (TO6). Some towns in Nordrhein-Westfalen are facing serious issues relating to social exclusion – and it is very difficult to insist that environmental issues are addressed to the same extent. The Managing Authority would have preferred to have allowed each local authority to address issues relating to either or both of these TO but not to insist that they cover both.

Delegation of responsibilities to sub-national authorities has also been an important negotiation topic, particularly in urban areas (Denmark, Nordrhein-Westfalen, France). A number of IQ-Net programme managers have expressed concerns about the Commission’s demands that local authorities should have the status of intermediate bodies, particularly as this seems to be against the Commission wishes to reduce IBs. In Nordrhein-Westfalen one of the key questions was which entities should take on the role of IBs (see Box 9). Furthermore many local authorities do not wish to take on such a role because of the associated administrative burden. In the Czech Republic there were concerns about the legal positions of the ITI holder (see Box 9).

Box 9: Intermediate bodies in Nordrhein-Westfalen and the Czech Republic

In the case of Nordrhein-Westfalen most of the co-funding will be provided by the Land authorities. If the local authorities were IB, they would have the power to decide on how Land funding would be used – but under domestic law, local authorities do not have the power to decide how Land funding should be used – only the Land can do this. A pragmatic compromise was reached which is that once a Land-level committee has selected the strategies, the relevant local authorities will be able to select projects – but the final formal decision will be taken by the Land’s 5 de-concentrated offices in Nordrhein-Westfalen’s regions (Bezirksregierungen).

In the Czech Republic there have been concerns about the precise legal position of the holder of the integrated sustainable urban strategies in the context of ITIs. In those cases where the ITI crosses administrative boundaries it could mean that decisions on development issues of one city are taken by the other (lead) city in the ITI. Such issues required clarification.

The adoption of a multi-Fund approach has also been an issue in the negotiations with the Commission. In Denmark the Commission suggested a multi-Fund Priority axis for ISUD and the inclusion of ESF funds in the Urban Development Strategy but this would not be viable in a small country with a limited Structural Funds budget.
The scope of the territorial approach has also been raised in the negotiation process. This can involve a number of different issues:

- In Austria, the Commission questioned the urban character of the proposed ISUD measures.
- In Slovenia, there were interpretation differences in relation to the selection of the most suitable investment priority in the OP; the plan was to focus on ‘urban renewal’, but the Commission understands this environmentally, while Slovenia interprets it in a much broader sense, e.g. repopulation of parts of cities, including area that are not polluted.
- In Finland, the Commission has been interested but also cautious about linking six cities in a single ITI, particularly the issue of a coherent common strategy was raised. The view in Finland is that the six cities have their specific challenges, but that overall the cities have also similarities and as such there is potential to deliver the ITI strategy together.
- In Vlaanderen, concerns have been expressed about the lack of concentration of resources and need for critical mass. Initially twelve cities were eligible for the ISUD after discussions this was reduced to the two largest cities in order to concentrate funding.
- In Portugal, one concern was the broad territorial coverage of the ITI approach (covering the entire mainland territory of Portugal) as ITIs are intended to target specific territories.

The added value of CLLD in some regional contexts has come under scrutiny. For example, the Commission expressed reservations over the contribution of CLLD to objectives set out in the Austrian PA and OPs. In Tirol, the only Austrian region intending to implement CLLD, it was initially considered by the Commission that development challenges were not highly specific, but were rather general and comparable to those faced by other regions in Austria in which the same regional management offices (Regionalmanagements) operate as LEADER LAGs. In Wales (where CLLD supported by ERDF/ESF will not be used), programming authorities decided that CLLD would not fit with the current orientation of the programmes towards more strategic and results-based interventions targeting fewer areas for greater impact.

4.2 The potential of integrated territorial approaches

During the 2007-13 programme period, considerable experience has been built up with regard to implementing territorial approaches. Many IQ-Net programme managers note that the approach for 2014-20 is an extension of existing methods and fits within emerging domestic policy frameworks. For example, in France recent years have seen an increasing number of different types of functional ‘project territories’ (notably at inter-municipal level) in urban, peri-urban and rural areas being implemented. This is based on the belief that it is crucial to take into account the reality of project territories in order to improve policy effectiveness and by adapting intervention methods to specific territorial needs and problems. Nordrhein-Westfalen also has significant experience in funding integrated urban/territorial development strategies, including via ESIF OPs. In Portugal, the ITI approach will be based on and develop existing global grants methods for inter-municipality associations that are currently used to manage parts of regional programmes in 2007-13. In Austria and the Czech Republic, past experience with LEADER means that expertise in delivering bottom-up

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35 In Austria, major importance is given to the regional (sub-Land) level, and the support of regional management offices (Regionalmanagements) is one of the characteristic elements of Austrian regional development policy. Their role is to support the development of their respective region. Currently, there are 45 Regionalmanagements at sub-Land level, which form an intermediate level located between the municipalities and the Land.
development initiatives is already well established, not only within public sector authorities but also amongst local actors.

The principle of the ITI approach – e.g. a more integrated approach between multiple funding streams – is considered very valuable by most IQ-Net programme authorities and some of those implementing ITIs point out it could lead to efficiency savings (Greece). Most IQ-Net programme managers aiming to implement ITIs expressed confidence that the tool will be an effective way to address urban development challenges. As the regulations allow for ITIs to be set up after programmes have started, future success could lead to an expansion of the tool by potentially channelling further funding from the ESI Funds to new ITIs.

Some IQ-Net programme managers expect that ITIs and (particularly) CLLD will lead to more local empowerment. The earmarked multi-annual funding envelope provides opportunities for forward and strategic planning for sub-regional partners. Additionally, ITI and CLLD approaches have the potential to provide a framework for better relations across administrative borders (Finland, Austria). The decentralisation of funding also presents sub-regional authorities with an opportunity to take ownership of local development challenges (Finland, Greece). In the Czech Republic, the CLLD negotiation process broadened and strengthened local actor participation through promoting balanced discussion between actors from the public sector, the private sector and the third sector. However, in the case of ITIs, which retain a more significant top-down element, it remains to be seen whether local actors also consider themselves ‘owners’ of process.

Finally, in some countries and regions the ITI and CLLD tools are considered innovative. It was noted that the challenges that are addressed through ITIs and CLLD are not new but the manner in which they are approached is different and that it leads to a different mind-set; an alternative way of approaching difficult issues. Also from the Commission perspective, the ITI tool has led to a number of interesting and innovative approaches that can be inspiring and that can potentially lead to further diffusion of these approaches. Similarly, in Finland it was noted that new operating models created through the ITI strategy can be copied by all cities and municipalities, and could potentially also include a cross-border or transnational dimension. Although Finland will not implement CLLD supported by ERDF/ESF, its civic actor-led development initiative draws heavily upon CLLD principles.

4.3 Challenges for implementation

Of course, the use of territorial approaches also presents certain challenges. Difficulties in 2007-13 period in terms of coordination between Funds are generally well-recognised. Coordination has often focused on establishing dividing lines in order to avoid overlap between Funds whereas establishing complementarities has been difficult due to differences in: institutional setup; use of definitions (actions, objectives, operations, measures, investment priorities, etc.); lack of comprehensive strategies (e.g. missing rural component). A 2013 study in France based on ITI and CLLD-type approaches in 2007-13 points to several challenges (see Box 10).

36 Aika – Avoimet ja älykkääät palvelut – strategia, 9 June 2014.
37 Zuber, P (2014) How can ITI and CLLD be used in practice for integrated strategies in urban and territorial development?, presentation Open Days Brussels 6-9 October 2014.
Moreover, some countries and regions have significant domestic experience of supporting bottom-up integrated local development strategies. Nordrhein-Westfalen, like other German Länder, have for a number of years used domestic and ERDF funding to finance local strategies drawing on consultation with local stakeholders and citizens and aimed at supporting holistic – economic, social and ecological – forms of development (e.g. via the International Building Exhibition Emscher Park in 1989-99 and subsequent Land-wide local strategies).

**Box 10: Main challenges coordinating ERDF and ESF in integrated urban projects**

- different operating and implementation rules: timing (ESF: calendar year, ERDF: multi-annual approach); rationale (ESF: target groups, ERDF: target territory); different and uncoordinated decision-making and management circuits; exaggerated requirements and formalism under ESF…;
- compartmentalisation between managing services at all levels (Commission, central State, managing authority, appraisal services);
- insufficient promotion of value and opportunities of using ESF and information deficit on practical application of complementary approach;
- no reserved or earmarked ESF envelope earmarked for urban actors;
- lack of knowledge regarding ESF among urban actors.

**Source:** DATAR (2013) Analyse préalable des approches territoriales intégrées dans les programmes européens 2014-2020, Finalités, valeur ajoutée et conditions de mise en œuvre.

For the 2014-20 period, IQ-Net programme managers have identified a number of challenges for implementing territorial approaches. Although some of the issues mentioned apply to a specific approach (e.g. ISUD, ITI, CLLD) in general the themes of issues are similar across the different approaches.**Error! Reference source not found.** Figure 3 provides an overview of the main issues.
First, there are some concerns about institutional and administrative capacity particularly as responsibilities for implementation are delegated to local bodies which often have limited expertise or resources to implement projects. These concerns about capacity are also linked to the perceived increased complexity of the regulations. This is particularly the case in smaller countries or where local development is more difficult.

- In Finland, human resources are limited in cities and regional councils made more difficult due to the newness of ITI as a tool. This has already led to some delays. However, the ITI strategy office (Six Cities) has a good number of highly-skilled people involved.
- In Denmark it may be difficult to set up an administrative structure to cope with the ISUD especially in cases where the administration has limited experience with similar management of funds.
- In Slovenia it was noted that it may be difficult for smaller cities to draft integrated strategies for ITIs. However, ITIs also present an opportunity to build up capacities.
- In Greece, the additional complexity of the regulations makes the new institutional environment particularly challenging for weak beneficiaries that have barely adapted to the 2007-13 requirements.

Portuguese officials consider that capacity in existing CLLD LAGs is already adequate in terms of management requirements, but that capacity building for ‘new’ CLLD actors may be necessary as this is where challenges could arise. Newly established Local Action Groups are at a particular
disadvantage because they face a steep learning curve, and must quickly develop familiarity and expertise in design and implementation. The CLLD method recognises that LAGs must include a range of partners. However, partners which have the greatest familiarity with local development issues (such as third sector organisations) – and therefore strong potential for contribution – may be less well-resourced and have less expertise/capacity than local authorities. In contrast, in Austria the implementation of CLLD is expected to increase the administrative burden for the (national) MA, but a notable proportion of responsibility will be assumed by the former Tirol MA as ‘Land body responsible for the programme’.

Second, there are challenges in relation to the scale of funding allocations for territorial approaches. In most Member States, the level of funding allocated to ITIs or CLLD is low, raising questions about whether there is sufficient critical mass, and about how the remaining funds will be coordinated. Previous research has suggested that limited funding increases the risk of political interference in the choice of eligible territories/strategies (France). Furthermore, some IQ-Net programme managers question whether territorial approaches are appropriate in those cases where funding envelopes are small (Vlaanderen, Austria). The Czech Republic is an exception, in that from the perspective of the LAGs, the size of funds to be allocated through CLLD is very large. This has led to planned administrative measures to alleviate the administrative burden on LAGs and promote streamlined financial procedures (see Box 11).

Box 11: Managing relatively large scale funding allocations for CLLD in the Czech Republic

The relatively large scale of funds allocated to CLLD in the Czech Republic presents a challenge to programming authorities and (particularly) the LAGs, in terms of the resultant administrative burden and the efficiency of financial flows. It is anticipated that each LAG will, on average, manage allocations of approximately CZK 150 million (€5.5 million). Accordingly, the MA of the Integrated Regional OP (IROP) plans to allocate 20 per cent of resources for CLLD to administration and animation, in order to support LAG administrative capacity and to avoid community burnout. A minimum financial threshold for CLLD projects, currently estimated at CZK 500,000 (approximately €18,500) will also be established in order to ensure lasting impact and to limit the number of projects. Further, whilst national public co-financing will not be made available upfront, staged payments will be permitted. The use of simplified cost options is being considered but is not yet confirmed.

Source: IQ-Net research.

Third, in a number of countries the risk of political interference and urban rivalry in territorial approaches was highlighted. For example, potential rivalry between cities in the Finnish ITI was noted due to disagreement on common approaches to development. There are concerns that the larger cities in the ITI network may take too much of a lead and drive their agenda. In Slovenia, a certain level of competition between cities is expected as not all will be able to implement ITIs (no decision has been taken on how many there will be). In Greece it was pointed out that strategic interest at the regional and/or local authority level may shift due to electoral changes which may cause challenges.

Fourth, a number of challenges in relation to the governance of territorial approaches were also highlighted. Where the approach involves working across administrative borders increased complexity

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38 Article 34.3(b) of the CPR specifies that ‘at least 50 percent of the votes in [LAG] selection decisions [must be] cast by partners which are not public authorities’.
of governance and monitoring systems is expected (Greece). This applies in particular to countries with regions having different eligibility status (e.g. LDR, TDR, MDR) as is the case in Czech Republic and Slovenia.

Importantly, the delegation of responsibilities can lead to tensions between local and central level administrations. For example, in England tension between the Growth Delivery Teams (GDT) (the de-concentrated offices of the managing authority) and the ITI may emerge in terms of how the ITI will be run. The GDT will have to ensuring that eligible projects contribute sufficiently to the national Growth programme’s agenda, and resist the tendency towards funding the ‘same again’, which may be the preference of local partners. Furthermore, other cities in England could demand increased responsibilities in line with the ITI for London. Legal uncertainties with regard to implementation bodies (Czech Republic) and risks of automatic de-commitment (Greece and France) are also considered important governance issues.

Fifth, there are some concerns in relation to the potential incompatibility between thematic concentration and territorial approaches (Finland, Denmark, France, Portugal). Particularly the aforementioned requirement to delegate certain responsibilities to lower levels of government raises questions about how funds can be controlled and how the contribution to OP thematic objectives can be ensured. The extent to which strategic orientation/effectiveness can be achieved depends on the quality of the existing local development strategies. Hence the selectivity and approval of ITIs and CLLD on the basis of internally and externally coherent strategies is vital.

An additional factor in Portugal to improve strategic coherence is that the performance reserve will be used to incentivise performance. In the case of ITIs, the ring-fenced funding for urban development is (in some cases) viewed as additional funding rather than existing funding that is implemented in an innovative way (Finland). Although one of the benefits of earmarking resources for territorial approaches is that it stimulates long term planning, this is to a certain extent undermined because ESF funding is not being earmarked. Lastly, monitoring and evaluation tools to measure the contribution of projects to the territorial strategy will need to be adapted and implemented. In England, accountability is expected to be one of the main CLLD challenges. Monitoring is also expected to be a challenge, and will be resource intensive for the Managing Authority team at the GDT.

Finally, managing authorities are concerned about delays in approving Partnership Agreements and Operational Programmes as well as the limited guidance available for implementing territorial approaches. Particularly in relation to ITIs, guidance is often considered vague and insufficient (see Section 4.4). The delays in approving programmes are concerning some IQ-Net programme managers. Delays in approval may lead to N+3 challenges in later stages, particularly in those cases where ISUD is implemented through a single Priority axis. The guidance available for CLLD is generally considered to be more comprehensive and useful than that which is available for ITIs, but in Greece the view of national administrators is that the Commission should assume a more proactive role in supporting CLLD, and interact with the Member States in order to resolve issues.

**4.4 Guidance and Future Developments**

As noted, a number of IQ-Net programme managers consider the guidance in relation to integrated territorial approaches fairly limited or inapplicable. Part of the challenge is the broad range of very specific implementation arrangements in different Member States which makes identifying generic
approaches and therefore guidance more challenging. In order to facilitate the negotiations for 2014-20 PA and OPs, DG Regio commissioned studies in some countries to provide background analysis. In Spain this included a study on ISUD which provided a series of specific recommendations (see Box 12).

**Box 12: DG Regio Study on Sustainable Urban Development in Spain 2014-20**

<table>
<thead>
<tr>
<th>Recommendation from the Commission regarding</th>
</tr>
</thead>
<tbody>
<tr>
<td>• set a common general and branded objective for URBAN projects;</td>
</tr>
<tr>
<td>• require a mandatory vision of the future for the neighbourhood;</td>
</tr>
<tr>
<td>• an institutionalized strategic framework at the level of the Central Government that provides guidance to other administrative levels;</td>
</tr>
<tr>
<td>• create a ‘permanent Task Force for sustainable urban development between ministries to develop annual work plans that promote ISUD’;</td>
</tr>
<tr>
<td>• recommended to continue with the current approach of a national competition on Urban Development projects and only use ITI model in exceptional cases;</td>
</tr>
<tr>
<td>• promote the use of JESSICA funds;</td>
</tr>
<tr>
<td>• DG Regio and the Managing Authority organise dissemination and information activities;</td>
</tr>
<tr>
<td>• adapt the intensity of assistance that will be provided to municipalities and managers;</td>
</tr>
<tr>
<td>• establish a database with a repository of good practices; and</td>
</tr>
<tr>
<td>• enhance the Network of Urban Initiatives (RIU) by adopting a moderator and change activities.</td>
</tr>
</tbody>
</table>

**Source:** Study on Sustainable Urban Development in Spain 2014-20: Strategic Guidelines and Investment Priorities.

The lack of guidance in relation to ITIs was noted by some IQ-Net programme authorities as a significant challenge (Greece, Czech Republic, France) whereas others are more positive (Finland, Slovenia). Currently the only guidance published is a draft guidance fiche for desk officers. They mentioned include the following:

- existing guidance and fiches are too vague and generic (Greece);
- a need for practical guidance in terms of real examples of what can and cannot be done (Finland);
- legal uncertainties in relation to the local authority that is responsible for the implementation of the ITI strategy and other municipalities/cities that are part of the ITI. It means that one city/town decides to a certain degree on some developmental issues of other cities/towns and municipalities (Czech Republic); and
- the timing of guidance (Czech Republic).

As noted, assessments of the quality and usefulness of the guidance for CLLD have generally been more positive than for ITI guidance (Austria, France, Slovenia). The Commission has published separate and comprehensive guidance documents for Member States and programme authorities, and for local actors. However in Greece, it has been a concern that the Commission has placed insufficient emphasis on the implementation of CLLD as well as ITIs, and that a more proactive stance would be beneficial.

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A workgroup, Territorial Cohesion and Urban Matters (TCUM) has been established consisting of representatives of the Member States from relevant national institutions involved in the issues of territorial cohesion, urban development and spatial planning and led by the European Commission (DG Regio). The work group’s role is advising the European Commission and the Coordination Committee for European Structural and Investments Funds (COESIF) as regards implementation of the territorial and urban aspects of the regulations governing the Structural and Cohesion Funds.

The work group is developing comprehensive examples ‘showing the use of the ITI mechanism in a practical way but at the same time underlining its connection and relevance to the wider concept of territorial integrated approaches’. Currently, four scenarios are being drafted to promote ITIs as a mechanism for integrated territorial approaches in order to demonstrate some options to addressing the complexities of combining Funds. The scenarios are currently in draft form and are expected to be published towards the end of the year. Figure 4 provides some initial details of the characteristics of two draft scenarios that were presented in October at the Open Days. The first is the case of a metropolitan region. The second involves a district in a city in a more developed NUTS 2 region.

**Figure 4: Proposed imaginary scenarios ITIs (draft)**

<table>
<thead>
<tr>
<th>ITI for Functional Urban Area of Metropolis X</th>
<th>ITI for deprived area(s) in a city</th>
</tr>
</thead>
</table>

Source: Zuber (2014) How can ITI and CLLD be used in practice for integrated strategies in urban and territorial development?, presentation at Open Days 6-9 October 2014, Brussels.

The scenarios consider different stages in the development of an ITI. Figure 5 provides an example of the processes at different stages of establishing an ITI. Stage 1 relates to preparatory processes including where necessary establishing cooperation between local authorities and preparing the urban development strategy. In stage 2 the scope of the ITI is defined involving negotiations with the Member States and developing an implementation plan. Stage 3 considers the responsibilities for management and implementing tasks. In the final stage the ITI is fully operational, management and implementation tasks have been agreed, audit requirements have been fulfilled, and monitoring, reporting and evaluation plans are in place.

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Figure 5: Stages leading to the establishment of an ITI

<table>
<thead>
<tr>
<th>Stage I</th>
<th>Prep: Establishing cooperation between local authorities</th>
<th>Milestones: ITI Implementation Plan</th>
<th>Source: Zuber (2014) How can ITI and CLLD be used in practice for integrated strategies in urban and territorial development?, presentation at Open Days 6-9 October 2014, Brussels.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Work on programming documents</td>
<td>ITI formally set</td>
<td>The scope of the ITI agreed.</td>
</tr>
<tr>
<td></td>
<td>Checking formal requirements for setting the ITI by MS and MA</td>
<td>ITI formally set</td>
<td>Use of additional instruments defined.</td>
</tr>
<tr>
<td></td>
<td>Negotiations with Members State (MA) on the content of the ITI</td>
<td>ITI formally set</td>
<td>Coordination system with other OP and MA's defined.</td>
</tr>
<tr>
<td></td>
<td>Assessment of the institutional capacity of the proposed ITI's structures by MS and MA</td>
<td>Written description of the tasks delegated to the ITI</td>
<td>Content of the relevant OPs adapted.</td>
</tr>
<tr>
<td>Stage IV</td>
<td>Fulfilment of audit and control requirements</td>
<td>Management and implementation of the agreed tasks</td>
<td>Tasks and procedures to be delegated described.</td>
</tr>
<tr>
<td></td>
<td>Monitoring, reporting and evaluation</td>
<td>ITI fully operational</td>
<td>Contribution to the OP annual and final implementation report.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Provision of information to the MA.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Assessment of the efficiency of the ITI.</td>
</tr>
</tbody>
</table>
5. CONCLUSIONS

Integrated territorial approaches planned for the 2014-20 period are often based on experiences with similar approaches in previous programme periods. Nevertheless, the new approaches also contain new elements which have had a considerable impact on programming and governance structures, and will also affect management and implementation of ESI Funds. It is too early to comment with certainty on whether these approaches will also lead to new, and better, results. However, IQ-Net programme managers generally regard them as innovative, and they are mostly accepted as ‘a good idea in principle’. Concurrently, the emerging practical implications of integrated territorial approaches can serve to hinder their efficient adoption. This paper contributes to the debate by identifying the diversity of approaches taken by IQ-Net programmes in terms of implementing territorial approaches, their expected benefits, and the anticipated challenges and immediate shortcomings.

In general, the relatively high rate of adoption of what are ‘voluntary’ tools (ITIs and CLLD) confirms that authorities at Member State level recognise their value, and have a certain level of enthusiasm for integrated territorial approaches. However, this enthusiasm is perhaps not always shared by Managing Authorities. One of the underlying findings of this research is that managing authorities are often ‘caught in the middle’ between the Commission on the one hand, which is ‘pushing’ for the use of integrated approaches in order to coordinate ESI Funds, and local actors on the other hand, who are keen to use territorial approaches in order to secure ring-fenced multi-annual funding. These two interpretations of the new tools are not compatible and leave managing authorities (and Member States) with the difficult task of having to establish structures and implementation mechanisms that are not always in line with local actor expectations, or which may conform to the letter – but not the spirit – of the regulations. Both thematic concentration and local responsibility for integrated development strategies are considered positive but there is an inherent tension between the two.

The research also draws attention to the differences between IQ-Net programme authorities in adopting territorial approaches. These differences often relate to the level of funding where, for example in Vlaanderen territorial approaches now account for more than 50 percent of the ERDF programme (43 percent ITI and 9.8 percent ISUD) whereas in other countries the impact is limited to the five percent requirement for ISUD. Additionally, the extent to which territorial approaches really constitute a multi-Fund approach as intended by the Commission varies considerably across IQ-Net countries. Moreover, development strategies may implement multi-Fund integration at the programme or Priority level but may only use a mono-Fund approach at the project level which raises questions about whether these tools truly support integration between Funds.

The impact of territorial approaches also much depends on the size of Operational Programmes. Similarly, the type of territory that is targeted also differs within and between Member States. Evidently, in relation to ISUD there is a strong urban focus but there is no homogenous approach in terms of what constitutes an urban area; some IQ-Net programmes target a few metropolitan cities, others focus on a larger number of smaller urban areas. Similarly, whilst the regulations for CLLD permit flexibility in terms of territorial application, this has raised questions about what added value and impact CLLD can bring in addition to existing methods, particularly in peri-urban or urban areas.

A major element of programme implementation in 2014-20 will be the result-orientation and thematic focus, and territorial approaches have to link to programmes’ overarching intervention logic.
Questions have been raised as to whether monitoring systems and governance systems for territorial approaches will be robust enough to **ensure contributions to the operational programmes** and whether there are risks of fragmentation.

The **delegation of responsibilities to lower level government and local stakeholders** is an important feature of integrated territorial approaches, and in almost all cases the benefits of local ownership are appreciated. This value is particularly well recognised in CLLD, but managing authorities have some practical concerns to managing authorities. There are questions about the administrative and institutional capacity of local actors and their limited knowledge and resources of implementing ESIF programmes. Coordination, monitoring and financial control will represent major challenges. Depending on the number of local actors involved and the ambition of programming actors, the extent to which Technical Assistance will effectively be able to address this issue is likely to vary.

Finally, due to the variety of ways in which territorial approaches can be implemented, **the provision of guidance has been challenging**. CLLD has the benefit of being able to draw from extensive past experience associated with LEADER. However, for ITIs, formal detailed guidance that goes beyond the published draft fiche is not planned. This has resulted in uncertainty among Member States and programming authorities. However, a workgroup is preparing a set of four ITI scenarios, from which programme managers will be able to draw inspiration and use for developing their own management structures.
## ANNEX 1: ITI GOVERNANCE AND DISTRIBUTION OF RESPONSIBILITIES

<table>
<thead>
<tr>
<th>Country/region</th>
<th>Number of ITIs</th>
<th>Managing Authority and key responsibilities</th>
<th>Implementing body, status and key responsibilities</th>
<th>Other organisations/fora and key responsibilities</th>
</tr>
</thead>
</table>
| England        | 1             | Department of Communities and Local Government (DCLG)  
- Oversight, monitoring, evaluation  
- Project appraisal and approval (sub-national Growth Delivery Team) | None | Cornwall Local Enterprise Partnership  
- Invites projects  
- Regional sub-committee to national PMC  
- Endorses projects approved by MA |
| Vlaanderen (Belgium) | 4 | Flemish Enterprise Agency and Ministry of Spatial Planning  
- Design of project calls, project selection  
- Oversight, monitoring, evaluation | Sub-regional level  
- Animation and project generation  
- Involved in pre-screening of projects | Annual high level coordination meeting bringing together MC of different Funds in which ITIs are represented |
| Czech Republic | 7 | Sectoral ministries (MAs)  
- Approval of integrated strategies (compliance with OP priorities)  
- Project selection, assessment, payment, monitoring | City councils – Intermediate Bodies  
- Strategy design, implementation and publicity  
- Animation, pre-selection of projects, monitoring, reporting | Ministry of Regional Development:  
- Methodological and organisational leadership  
- Approval of formal aspects of integrated strategies after compliance assessment by MAs  
National Permanent Conference (in cooperation with Regional Permanent Conference):  
- Coordination of ITIs and territorial dimension of ESI Funds  
- Monitoring of ITI absorption progress |
| Finland        | 1             | Ministry of Employment and the Economy  
- Designation of participating cities  
- Approval of strategy  
- Can participate in discussions (e.g. providing feedback) during ITI implementation | Management group (one representative for each participating city)  
- Strategic coordination and monitoring together with the funding body; final decision on projects  
Steering group (representatives of the cities, funders and experts)  
- Project appraisal and proposals for the management group  
Funding bodies (regional council of Uusimaa for ERDF (IB); ELY-centre of Håme for ESF) formally approve projects | 6AIKA-Strategy Office, which supports strategy management and implementation |
<table>
<thead>
<tr>
<th>Country/region</th>
<th>Number of ITIs</th>
<th>Managing Authority and key responsibilities</th>
<th>Implementing body, status and key responsibilities</th>
<th>Other organisations/fora and key responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>ITIs in 10 regions</td>
<td>Regional Council: all responsibilities, minimal delegation of project selection responsibilities in line with regulations</td>
<td>Urban authority – involvement in project selection, no management responsibilities (no intermediate body status)</td>
<td>n.a.</td>
</tr>
</tbody>
</table>
| Greece        | ITIs in 9 regions | ROP Managing authority  
- Overall management responsibility  
- Final definition of target areas  
- Assessment, selection, approval and funding of ITI strategies  
- Delegation of funding after consultation with MAs of other contributing OPs  
- Participation of other sectoral OP authorities  
- Financial monitoring (in the case of interregional ITI with a Joint Guidance Committee) | For urban type ITIs, responsible municipal authorities:  
- Submit Integrated Urban Development Strategies  
- Approve at least individual actions/projects  
- Project generation/animation | Other municipal, socio-economic partners and local authorities |
| Slovenia      | 11 | MA of the future multi-Fund OP (ERDF, ESF and CF), i.e. Government Office for Development and European Cohesion Policy (GODC), has overall responsibility | The urban municipalities, the MA and the Ministry of the Environment and Spatial Planning will conclude an agreement to give urban municipalities the responsibility for project selection, and – depending on their competence – for monitoring and control | |
| Portugal      | tbc | OP Managing Authorities, Monitoring Committee and National Committee:  
- Approval of strategies, projects  
- Oversight, monitoring and evaluation | Municipality Associations and Metropolitan Areas  
- No Intermediate Body status  
- Develop strategies, project animation, generation and evaluation | Strategic Council for Municipal Development and for Inter-municipal Development has advisory role |
## ANNEX 2: SELECTED PARTNER APPROACHES TO IMPLEMENTING ITI AND CLLD

1. ITI Prague and Central Bohemia – a Functional agglomeration .................................. 47
2. ITI Six cities in finland – Open and Smart services (6AIKA) ........................................ 49
3. ITI Limburg, Flanders – Targeting Economic Recovery ............................................. 51
4. Combining ITI and CLLD in Bretagne, France, based on Partnership contracts ........ 53
5. Domestic and cross-border CLLD in Tirol, Austria ................................................. 56
1. ITI PRAGUE AND CENTRAL BOHEMIA – A FUNCTIONAL AGGLOMERATION

Prague and Central Bohemia is one of seven agglomerations that have been identified as it is (the others are Brno; Ostrava; Plzeň; Hradec Králové and Pardubice agglomeration; Ústí nad Labem; and Chomutov agglomeration). A key feature of the Prague and Central Bohemia ITI is that it combines a ‘More Developed’ region – the city of Prague, and its economic and administrative functions – with the ‘Less Developed’ Central Bohemia – its hinterland. The Prague metropolitan area has approximately two million inhabitants (i.e. one fifth of the population of the Czech Republic) living in 14 municipalities with extended authority. The Prague hinterland has been classified into two categories (the outer and the inner hinterland), based on the linkages between municipalities and the capital. At the time of writing, a first draft of the ITI strategy had been submitted for consultation to the Ministry of Regional Development and other sectoral ministries.

Rationale for ITI

The overall objective of the Prague Metropolitan Area (i.e. the area within which the ITI Prague and Central Bohemia will be delivered) is to further develop the interconnection of the core and periphery of the Prague agglomeration into a functional entity with an effectively distributed public service infrastructure. The ITI will be delivered with ERDF funding.

Thematic focus

The integrated strategy of the Prague Metropolitan Area aims to address the following three priorities:

- **Priority 1 Intelligent transport** – aims to develop an accessible and interlinked metropolitan area, in line with the needs of the population in terms of environmentally friendly and integrated public transport. Planned interventions focus on strengthening the appeal of public transport, connecting it to the TEN-T network, and developing infrastructure for cyclists.
- **Priority 2 Protection from environmental risks** – concerns the development of environmentally friendly solutions in the metropolitan area via modern systems for environmental risk prevention in order to protect the population. The intervention pays particular attention to flood control.
- **Priority 3 Available and high-quality education** – aims to create a metropolitan area supporting accessible high-quality education, reflecting the challenges of the knowledge-based economy and the needs of a dynamic labour market. It has two fundamental interventions areas: firstly, increasing the capacity of nurseries and primary schools; and secondly, improving infrastructure in educational systems with an emphasis on technical fields of study.
Governance

The responsibilities for ITI governance are foreseen to be distributed as follows:

<table>
<thead>
<tr>
<th>National Permanent Conference (NPC)</th>
<th>Ministry of Regional Development</th>
<th>Managing Authority</th>
<th>ITI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coordination of ITIs and territorial dimension of ESI Funds at national level</td>
<td>Methodological and organisational leadership (guidelines, timing of preparation and implementation of ITIs)</td>
<td>Approval of integrated strategies (compliance with OP priorities)</td>
<td>Status of Intermediate Body</td>
</tr>
<tr>
<td>Recommendations on timing and other aspects of project calls</td>
<td>Formal approval of integrated strategies</td>
<td>Definition of selection criteria, preparation and publication of project calls under integrated strategies</td>
<td>Strategy preparation, animation, pre-selection (conclusion of contracts with applicants), monitoring, reporting</td>
</tr>
<tr>
<td>Discussion of ITI strategies; monitoring of ITI implementation</td>
<td>Discussion of NPC recommendations with managing authorities</td>
<td>Project appraisal, selection and monitoring</td>
<td>Establishment of working groups and a committee for strategy preparation</td>
</tr>
</tbody>
</table>

The National Permanent Conference is composed of bodies in charge of ITIs, representatives of regional and local authorities, the Ministry of Regional Development and the National Coordination Authority. Managing Authorities are represented as permanent guests. It receives inputs from the Regional Permanent Conference, which brings together regional and local authorities, socio-economic partners, representatives of civil society and the Agency for Social Inclusion.

Benefits and challenges

The most important expected benefit concerns the functional interconnection and joint development of both regions and the solution of shared problems. The designation of this functional area (i.e. spanning the traditional administrative borders of two regions) and the initiation of real cooperation between Prague and the Central Bohemia region on matters of common strategic development can already be considered as one of the first real benefits. More practical benefits are expected to be realised as projects are delivered. While the majority of actions will be implemented in the Central Bohemia region the direct benefits for Prague will consist mainly of the alleviation of some public services that are operating at or near capacity (especially on the outskirts).

The ITI is anticipated to be an effective means of tackling urban development challenges, as it increases actor participation. As a result of this more intensive participation, the efficiency, effectiveness and quality of projects may be improved. On the other hand, ITIs are not perceived by all as a flexible response to diverse territorial needs, because the preparation of integrated projects is considered more complicated than individual projects (for example all actors must have prepared all project elements by the same point in time).

Looking at the country as a whole, the implementation of ITIs is expected to be delayed, especially as a result of delays in preparation for the 2014-20 programme period and approval of methodological guidelines at the national – but also at the EU – level. Other delays are expected due to the need to coordinate the activities of the two involved councils. For example, milestones must be approved by both the Prague council and the Central Bohemia council. It is thus expected that real implementation of the ITI will begin approximately one year after approval of the OPs.
2. ITI SIX CITIES IN FINLAND – OPEN AND SMART SERVICES (6AIKA)

Finland will implement a single ITI strategy covering the country’s six largest cities: Helsinki, Espoo, Vantaa, Oulu, Tampere and Turku. The strategy has three themes:

- **Open innovation platforms** – to enable the creation and testing of new products and services in urban environments and innovation platforms by utilising, for instance, new types of procurement processes;
- **Open data and interfaces** – to help cities open their databanks (e.g. data on environment, transportation, economy, statistics). In accordance with the ITI strategy, the cities make the data more compatible and accessible through joint public channels; and
- **Open participation** – to create a better opportunity for citizens to participate.

The ITI has already started preparing for implementation and the first call for funding under the two specific objectives within Priority 2 - Creation and utilisation of latest information and knowledge - expired on 30 September 2014. However, calls for other priorities have not yet been launched.

**Rationale for ITI**

The ITI strategy ‘The Six Cities – open and smart services’ has a significant role domestically, as the participating six cities represent 30 percent of the total population of Finland. These six cities are also the main centres for research, development and innovation activity in the country. In Finland, it is particularly important that the cities network and work together due to relatively small population sizes. Another key benefit of the ITI is that it allows the integration of multiple funds. In addition to the earmarked funding, there is potential to channel further funding from the mainstream programmes towards their implementation.

**Thematic focus**

The strategy, which was developed by the cities on the basis of their own integrated strategies, was approved by the Ministry of Employment and the Economy. The common challenges for the six cities are to develop better services, to promote competitiveness and to have open and sustainable operational models. The primary purpose of the ITI strategy is to strengthen Finland’s competitiveness by using the largest cities as development and testing grounds for innovation. The strategy is not industry-specific but offers new opportunities to, for example, ICT firms, the security sector, location-based service firms, sensor technology developers, transport service developers, clean- and green-tech solutions, the media sector, and other creative sectors as well as different service sectors.

**Budget**

The earmarked ERDF funding for the ITI is €39.46 million. This is matched by an equivalent amount of domestic funding (consisting of approximately 33 percent of municipal (city) funding and 17 percent State funding). ESF funding is not earmarked. Rather, decisions on ESF funding will be taken by the

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42 http://www.uudenmaanliitto.fi/files/13906/6Aika_infokutsu.pdf
43 Ibid.
regional management committees in the individual regions as part of the implementation of their regional strategic programmes.

**Governance**

ERDF projects are first appraised by a Steering Group, consisting of representatives of the cities, experts, and funding bodies. It scores applications in accordance with programme selection and call-specific criteria. Project proposals are then presented to the Management Group, i.e. the ITI strategy’s highest decision-making body. It is composed of one representative from each participating city. After this, project proposals are submitted to the Helsinki-Uusimaa region (acting as intermediate body), which is responsible for making the technical funding decision on the basis of the decision of the management group.

ESF projects are processed in accordance with mainstream project procedures with the funding body taking all the decisions (i.e. the ELY-centre in Häme). ERDF and ESF activities are, however, dealt with jointly in the ITI management group and the OP funding bodies work together with regard to the monitoring of ITI objectives.

The Six City Strategy Office is responsible for the operational aspects of the ITI, namely by supporting the management and implementation of the strategy. Within the individual cities, ITI activities are coordinated between a representative of the Management Group, the Steering Group and the coordinator of the Six City Office. Each city is responsible for organising its activities in accordance with its specific organisational model.\(^{44}\)

The strategy’s implementation plan for the first three years provides more concrete information on themes and budgets. The second phase of the strategy will last two years, as will the third phase. A mid-term evaluation will be carried out by external experts between the different phases (indicators for the projects and the strategy are defined at the start of each phase).

**Challenges**

Although the benefits of the ITI strategy are generally agreed on, it remains to be seen to what extent the cities will be able to work effectively on common matters rather than primarily pursuing their own interests, since their operating environments differ considerably. There are also questions over the extent to which the need to conform to the thematic objectives and other criteria will make it more difficult to bring city-specific issues to the fore. Having sufficient levels of capacity in the different bodies involved in ITI implementation is another potential challenge. Human resources are limited in the cities as well as in the regional councils, which is also part of the reason why the development of the key projects has been delayed. At the same time, the Six City Strategy Office is well resourced with highly skilled personnel. The integration of ESI Funds at the level of the ITI is not expected to be a major challenge, as there is a clear division between the funds.

\(^{44}\) 6Aika – Avoimet ja älykkäät palvelut – strategia, 9 June 2014
3. ITI LIMBURG, FLANDERS – TARGETING ECONOMIC RECOVERY

The ITI Limburg is one of three (possibly four) proposed ITIs in Vlaanderen. It covers the whole province of Limburg in the North East of Belgium. The province has a mixed urban-rural character with a total population of around 850,000 and a number of medium-sized cities, of which Genk and Hasselt are the largest.

Since an announcement in October 2012 that the car manufacturing Ford intends to close its plant in Genk, the region has faced substantial pressure in terms of job creation and economic prosperity. As the region’s largest employer, the closure of Ford Genk will have a major impact on the economic fabric and social structures in Limburg. It provided an impetus for immediate action, but many of the economic challenges of the region are deeper rooted. Key challenges in Limburg are as follows:

- employment and prosperity are under pressure;
- the talent pool does not match labour market needs;
- there is a lack of innovation and entrepreneurship as well as insufficient export-orientation;
- there are inaccessibility challenges (road / water / rail); and
- a lack of company finance is a barrier to regional convergence.

In response, the Flemish Government established a council of experts to draft a strategic action plan for the region (Strategisch Actieplan voor Limburg in het Kwadraat – SALK) which includes short, medium and long-term recommendations to enhance economic recovery and support sustainable job creation. The plan was presented to the Flemish Parliament on in February 2013. Subsequently, at the EU Council meeting, it was announced that EU funding would contribute to fund the action plan for the region.

Rationale for ITI

There is widespread recognition that an integrated development approach is needed to address the challenges faced by Limburg. The SALK has received strong political backing at the Flemish and the provincial level. The Flemish Government decided to use the ITI tool to channel EU funding and to ensure close coordination with the SALK strategy.

Thematic focus

The actions identified in the SALK include short and long-term measures. They are an extension of existing policy frameworks in Flanders, such as Flanders in Action (Vlaanderen in Actie - VIA) and the New Industrial Policy (Nieuw Industrieel Beleid), and place related objectives in the specific context of Limburg. Those actions set out in SALK that are in line with the thematic objectives of the Flemish ERDF and ESF programme can be supported through the ITI.
### ERDF and ESF thematic objectives under the ITI Limburg

<table>
<thead>
<tr>
<th>ERDF</th>
<th>ESF</th>
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<td>- Strengthening research, technological development and Innovation</td>
<td>- Promoting employment and supporting labour mobility</td>
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<tr>
<td>- Enhancing the competitiveness of SME</td>
<td>- Promoting social inclusion and combating poverty</td>
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<tr>
<td>- Supporting the shift towards a low-carbon economy in all sectors</td>
<td>- Investing in education, skills and lifelong learning</td>
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ERDF resources will be used to support initiatives within the framework of SALK in the fields of: manufacturing, energy and cleantech, creative industry, construction, healthcare, leisure, entrepreneurship, and technology and science parks.

### Budget

At the EU Council meeting on 7-8 February 2013, it was agreed that €71 million would be provided. EU funding consists of €45.2 million ERDF and €26.7 million ESF. The combination of ERDF and ESF resources is expected to lead to increased leverage. The Flemish Government provides the same amount to co-finance the selected initiatives.

### Governance

The Provincial Technical Committee Limburg will, in cooperation with actors from Taskforce Limburg, prepare, implement, and monitor projects within the SALK framework. ERDF project applications will follow mainstream OP procedures in terms of submission and selection. The Monitoring Committee is responsible for final project approval. The Managing Authority will liaise with local actors and remains responsible for launching project calls and checking eligibility. Coordination between ERDF and ESF Managing Authorities will take place via an annual high-level forum, which includes all partners.

### Challenges

The introduction of ITIs in Vlandeeren has raised concerns regarding increased administrative burden. The Flemish ERDF OP is relatively small and a large proportion of its funds will be channelled through ITIs. As the approach is quite experimental, its impact cannot yet be completely understood. The preparation of ITI Limburg has influenced other regions, which have also expressed an interest in establishing ITIs. Whereas, in Limburg, there are clear governance structures and a strategic framework (thanks to the SALK), in other areas this is not always the case and may lead to implementation difficulties. Further, from a programme perspective there must be scope for actions covering the whole of Flanders. By ring-fencing resources for ITIs, less money is available for wider actions which, in the case of innovation, for example, can be more appropriate than local actions.

**For further information:**

- Partnership Agreement: [http://ec.europa.eu/contracts_grants/agreements/index_nl.htm](http://ec.europa.eu/contracts_grants/agreements/index_nl.htm)
4. COMBINING ITI AND CLLD IN BRETAGNE, FRANCE, BASED ON PARTNERSHIP CONTRACTS

Sub-regional ‘project territories’ (pays) have a long history in Bretagne. Since 2005, the regional council has been working with these entities to develop partnership arrangements and to align regional and local strategies. In 2013, diagnoses were developed with the pays based on development challenges identified by the region. Discussions also covered the main priorities of the 2014-20 OP. A contractual framework was adopted in December 2013 as a basis for a coherent approach across different regional development initiatives (including nature parks and spatial planning schemes). It follows a number of principles:

- territorialisation as a source of policy effectiveness;
- contractualisation around high quality projects;
- equalisation in order to promote territorial equity;
- participation; and
- support for territorial capacity-building.

The 21 pays and two métropoles (Brest and Rennes) can use ITIs (as well as CLLD in case of the pays) in the framework of partnership contracts concluded with the EU level and the regional council.

Strategic approach

The partnership contracts are structured around three pillars as follows:

A call for expressions of interest was launched in June 2014. Draft contracts need to outline how regional and ESI Funds will be coordinated; all interventions have to fit with the three pillars.

Thematic focus

ITIs will draw on Priorities 1 and 3 of the ERDF envelope of the OP through four Actions:
### Priority 1: ICT usage
(Envelope c.€4 million)

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<th>Metropolitan ITIs</th>
<th>Pays ITIs</th>
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<td>Action 1.2.1: Promote the development of ICT practice and culture (administration, training, insertion, culture, health)</td>
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### Priority 3: Energy and ecological transition
(Envelope c.€34 million)

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<td>Action 3.1.1: Promote the development of production and distribution capacity of renewable energy</td>
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<tr>
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<td>Action 3.2.1: Upgrade existing housing stock and improve new construction (renewable energy and thermic complements)</td>
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<th>Metropolitan ITIs</th>
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<td>Action 3.3.1: Promote the development of inter- and multi-modality</td>
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### Budget

Bretagne is one of the few French regions earmarking significant levels of EU funding to territorial approaches. Partnership contracts may involve several funding streams:

- regional funding (€266 million);
- ERDF implemented via ITIs (€38 million for 21 pays and €26 million for two métropoles); and
- EAFRD via CLLD/LEADER (€36.8 million) and EMFF (to be confirmed).

The final distribution of funding between the pays will be specified following the analysis of the draft contracts. To keep things flexible, three sevenths of funding must be committed for the 2014-16 period and the remaining four sevenths for the 2017-20 period (funding not committed by 2016 can be used in 2017-20). At project level, the funds are implemented separately but in line with the local development strategies. Projects that are eligible for an ERDF ITI are not eligible for LEADER funding, except when ITI funding has been used up.

### Governance

Implementation will be based on individual contracts concluded between the regional council, the two métropoles (Brest and Rennes) and each of the 21 pays. Regional and EU funds will be coordinated via a single programming committee at the level of each pays. The programming committee is responsible for selecting projects mobilising ERDF and LEADER-related funding (in line with Article 34 of the CPR) and will provide an opinion on projects involving regional funding. It will be chaired jointly by the pays and the regional council. LEADER programmes will be managed by the pays and cover all or part of the pays. Management arrangements will be integrated into the partnership contracts. Dedicated selection committees will be set up for the two métropoles. While the urban authorities are in charge of project selection, funding applications will be appraised by the regional council.

### Challenges

Anticipated challenges mainly relate to the single programming committees in terms of their:

- composition, ensuring sizeable representation and good representativeness of private actors as well as acceptability by local elected representatives;
- functioning, avoiding the burden linked to high numbers of project applications; and
- coordination, promoting coordination between the funds, understanding of dividing lines and alignment of funding applications despite differences in regulations for the different funds.
In addition, a shared understanding of challenges needs to be reached at the level of the pays. Fundamentally, regional and EU funding needs to be used to deliver territorial strategies rather than building strategies to serve the funds.
5. DOMESTIC AND CROSS-BORDER CLLD IN TIROL, AUSTRIA

Tirol is the only Land in Austria, which delivers CLLD using ERDF in addition to EAFRD. Tirol’s intention to make use of CLLD was announced as early as March 2013 through the Konzept Regionalmanagement 2020 strategy, which forms the basis for regional development at the sub-Land level. CLLD in Tirol will be supported by ERDF through Priority axis 5 – City-regional development and local development strategies – of Austria’s national Investment in Growth and Employment OP. The OP draft of November 2014 specifies that the ERDF-supported element will form a pilot approach to developing functional spaces and urban-rural cooperation.45

Tirol will also implement cross-border CLLD as part of the ETC cross-border programme Italy-Austria. CLLD will be implemented through a dedicated CLLD Approach Priority Axis 5. The intention is to set up four cross-border CLLD regions as follows:

- Terra Raetica: Tirol (LAGs Landeck and Imst), South Tirol and Unterengadin (Switzerland);
- Wipptal: Tirol (LAG Wipptal) and South Tirol;
- Dolomiti Live : Tirol (LAG Ossiari), South Tirol and Veneto; and
- an additional region between Land Carinthia and Friuli (this region does not include Tirol).

Rationale for CLLD

The decision to implement CLLD in Tirol was taken because preconditions were felt to be ideal: The region has extensive and positive past experience with LEADER, and already has an established network of eight sub-regional offices (Regionalmanagements), which will act as the Local Action Groups (LAGs) for CLLD in 2014-20. The decision to deliver Priority Axis 5 of the ETC OP through CLLD was based in part on the geographical and economic diversity of the designated regions, and the recognised value of local actor expertise in determining and implementing integrated local development strategies. Further, CLLD is seen as means of strengthening cross-border integration in areas with strong shared social and cultural history, norms and values.

Thematic focus

Although the sub-regions in Tirol are already active in thematic areas beyond rural development, the ERDF element of the forthcoming CLLD approach means that activities can be expanded to include SME support and cooperation between cities and their surrounding territories. The OP also highlights that the pilot CLLD approach will represent a means of policy learning. More generally, CLLD will contribute to innovation; SME development; energy, natural resources and climate change management; equal opportunities; and accessibility.46 In the Italy-Austria ETC OP, three measures will be implemented under Priority 5 (CLLD): implementation of small (pilot) projects (100 is the set target); creation and networking of thematic working groups; and projects to diversify the regional economy.47

Budget

46 Ibid., p. 98.
CLLD in Tirol will benefit from approximately €38.3 million, made up primarily of an EAFRD allocation of c.€26 million. ERDF funding will be allocated from the national ERDF OP (c.€7.8 million) and the Italy-Austria ETC OP (€4.5 million for Tirol, of a total OP CLLD allocation of €11.1 million). ESF funding is not earmarked.

**Governance**

In Tirol, the architecture of regional development at the sub-Land level is different from most other Länder, as the LAG function will be carried out by established regional management offices (Regionalmanagements), which have already been active in LEADER. Regionalmanagements act as one-stop-shops for various domestic and European funding schemes, including ERDF. There are eight Regionalmanagements (i.e. LAGs) in Tirol, which are currently co-funded by LEADER with 40 percent of Regionalmanagement costs being covered by the sub-regions.

The cross-border element of CLLD demands a differentiated set of governance arrangements in order to manage the integration of funds from Italy, and the involvement of Italian stakeholders. To achieve this, there will be separate governance arrangements for domestic CLLD strategies (i.e. strategies with no cross-border element) and cross-border strategies, as follows:

- There will be up to eight domestic CLLD strategies – one for each of Tirol’s LAGs.
- There will also be an anticipated four cross-border CLLDs, which will be drafted jointly between the Regionalmanagements and Italian partners.\(^{48}\)

Therefore, each individual LAG in Tirol may be involved in one or two community-led local development strategies. For example, LAG Osttirol can implement its own domestic strategy as well as being part of a cross-border strategy for the ‘Dolomiti Live’ cross-border region.

For both domestic and cross-border CLLD, selection will be entrusted to a joint committee which includes both Austrian and Italian stakeholders, including the managing authority for the Italy-Austria OP (based in Bolzano, Italy). The (draft) Italy-Austria OP also notes that the existing Tirol-South Tirol-Trentino European Grouping of Territorial Cooperation may have an observer role in the management of cross-border CLLD.

**Challenges**

CLLD is expected to increase the administrative burden for the national ERDF managing authority (ÖROK), although a substantial degree of responsibility for management and implementation will be assumed by the Tirolean Land body responsible for the programme. Despite the complexity of the integrated approach, transparency and auditing are not expected to present challenges, as all Länder involved in the delivery of the Austrian ERDF programme are committed to maximum transparency, as are the Regionalmanagements. Simplified costs will be used in financial procedures. In order to mitigate the challenges anticipated for the LAGs, a budget of €3 million per sub-region has been allocated in support of administrative capacity over 2014-20. Funding will be made available upfront by the Land Tirol.

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\(^{48}\) Three of these four cross-border CLLDS can include LAGs from Tirol – the Kärnten-Friuli region is separate.