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WORKING DOCUMENT

Commission for Territorial Cohesion Policy and the EU Budget

**Integrated territorial investments – a challenge for EU cohesion policy after
2020**

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This document will be discussed at the meeting of the **Commission for Territorial Cohesion Policy and EU Budget** to be held **from 11 a.m. on Wednesday 27 September to 1 p.m. on Thursday 28 September 2017.**

Reference document

Working document of the Commission for Territorial Cohesion Policy and EU the Budget – Integrated territorial investments – a challenge for EU cohesion policy after 2020

Cohesion policy goals and a place-based approach

EU cohesion policy must be adapted to the actual conditions of each specific territory if it is to contribute more effectively to achieving the EU's objectives and creating European added value, improve social and economic conditions for EU citizens across the board and help eliminate inequality. It must therefore not only address a region's problems sustainably, but also make the most of its potential and specificities. Most importantly, it should put regional policy and development at the forefront of its concerns. Its current configuration, which is far-reaching, sometimes distances it from its real objective. Its comprehensiveness and complexity are becoming a fundamental hurdle to the effective and creative implementation of cohesion policy at local and regional levels.

If we genuinely want to make cohesion policy more effective and make the most of a region's potential, the system for configuring ESIF needs to be changed significantly, in such a way that when it comes to achieving future EU goals and creating European added value, a regional and local approach based on local circumstances (a "place-based approach") takes precedence over a national approach and national priorities.

Elements of the subsidiarity principle and shared management should also be effectively employed in the context of cohesion policy. Based on these principles, the EU should limit itself to establishing general objectives (what it wants to achieve), but how these are achieved should be determined at local and regional levels depending on the specific conditions and potential of the territory.

Reinforcing the place-based approach requires strengthened cooperation between Commission policy-making, audit services and national bodies on the one hand, and leading role of local and regional bodies on the other. It requires a move away from generic models that, while making management and oversight cheaper and simpler, significantly distance cohesion policy from its main beneficiaries. Implementing integrated territorial approaches is having a tangible impact in terms of creating European added value as well as clear benefits for EU citizens. Promoting the values and importance of EU directly to EU citizens must be the priority for the Commission, all EU institutions and Member States.

Integrated territorial investments and the current programming period

Integrated territorial investments (ITI) appear to be the most effective tool for implementing an approach based on local conditions and have already been employed in some Member States in a range of circumstances in the current programming period.

In the preparations for that programming period, several first-rate papers were published which highlighted the fact that an integrated territorial approach based on local conditions should be adopted in order to make EU funds more effective and more focused on the results of projects. These papers put forward actual principles of approach implementation. Unfortunately, however, these principles have not always been implemented systematically and in the current programming period a national and highly sectoral approach has prevailed, which may be more economical for the Commission in

administrative terms, but does not achieve the required effect, as is clear from recent debates on the state of cohesion policy.

The most important of the papers mentioned above is "**An Agenda for a Reformed Cohesion Policy - A place-based approach to meeting European Union challenges and expectations**", known as the **Barca Report**, which was published in April 2009. This highlights integrated territorial and place-based approaches as the cornerstone for revitalising cohesion policy, and calls for "a place-based development strategy aimed at both core economic and social objectives".

The European Commission/DG Regio has also drawn up a very good paper in collaboration with experts: "**Scenarios for Integrated Territorial Investment**", which was published in January 2015. This proposes four scenarios for the implementation of ITIs on the basis of different conditions and requirements. The proposals set out in the paper have been applied only to a limited extent in the current programming period, not least due to the late publication of the paper (i.e. not until 2015). It would be useful to take this as a starting point in discussions about the future of ITI.

In the current programming period some 20 countries have participated in the implementation of ITI, either in the context of the application of Article 7 of the ERDF regulation, or in the context of "non-Article 7" thematic ITIs. According to Article 7 of the ERDF Regulation, at least 5% of the ERDF resources allocated at national level under the "Investment for growth and jobs" goal should be earmarked for integrated strategies for urban development.

In addition, DG Regio published a paper in May 2015 entitled "Guidance for Member States on Integrated Sustainable Urban Development (Article 7 ERDF Regulation)" and it was only on the basis of this that a start was made on developing the architecture needed to implement the ITIs in Member States, tracing the boundaries of urban areas and identifying the procedures for approving policy documents on urban development, as well as these policy documents as such.

In March of this year (2017), the CoR held a workshop with the European Commission on the state of implementation of Sustainable Urban Development (SUD) and Integrated Territorial Investment (ITI).

Nearly everyone at the workshop reported the following elements as positive:

- fixed resources for implementing strategies for urban areas,
- the creation of synergies between projects,
- approaches based on local conditions and potential – i.e., a genuine application of the place-based approach;

and these as problems and shortcomings:

- The main problem with the implementation and drafting of policy documents for urban areas with regard to ITIs was that in most countries the operational programmes (OPs), along with their indicators and management systems had already been approved at the beginning of the preparation phase for ITI implementation, without taking the ITI into account. Urban strategies

therefore had to adapt to the various pre-existing OPs and indicators, which greatly limited the flexibility of the strategies and their real synergetic effect.

- In some cases the compulsory allocation of OP resources to ITIs has not taken place, thus effectively rendering meaningless the whole notion of implementation and the achievement of effects of synergy by means of an ITI.
- Delays to implementation and the creation of unnecessarily complex ITI management structures in which, even at the level of urban areas, intermediary bodies need to be set up to select projects, whereas in reality project selection mostly takes place at the level of the managing authorities of each OP. These structures seem disproportionate in some cases given both the small amount of resources allocated to ITIs and the very limited powers of these intermediary bodies. Such complex management systems make the whole process unduly complicated in such cases.

The way forward after 2020 – proposals for the next programming period

In order to know how best to implement ITIs after 2020, we should build on the experience gained from their implementation thus far. DG Regio will publish a study on this in September this year.

However, it is not enough simply to modify the current (and for the Member States voluntary) system for implementing ITIs for the next programming period. Current experiences should be seen merely as the test results of pilot projects, which should be used as a basis for genuinely driving the evolution of EU cohesion policy into a policy based on regional development and an integrated territorial and place-based approach that will truly make the most of the region's potential and address its economic and social problems and challenges, for the visible benefit of EU citizens and the EU as a whole.

The paper entitled "Scenarios for Integrated Territorial Investment" should form the basis of the next programming period and be applied as extensively as possible. The ITI approach should be implemented more widely focussing both on urban areas and on functional territorial areas defined in different ways on the basis of local conditions, as outlined in the four scenarios set out in that paper.

To facilitate this in the future programming period, ITIs should be covered by only one OP and should be granted maximum flexibility when it comes to achieving their objectives. When approving the relevant OP, each body involved in the implementation of an ITI should discuss and approve, together with the OP's managing authority, an agreement with the Commission (a direct tripartite agreement (local and regional, national and EU level) between the bodies carrying out the ITI, the OP managing authority and the Commission is essential for successful implementation). This would specify the implementation methods and establish indicators that focus on the real impact of the strategy.

Recent experience with the implementation of ITIs and EFSI has generally shown that, to ensure stability and the resulting impact, the management and financing of an ITI must take place on the basis of a global grant that clearly defines the objectives, indicators, resources and responsibility for implementation.

ITIs should be reserved exclusively for local and regional authorities, as they alone can ensure that the strategies will be implemented. They should be granted maximum flexibility, both in the selection of

activities and interventions needed to achieve the objectives, and in the degree and focus of support, so that they can effectively combine EU, own, national and private resources in order to achieve the greatest possible synergetic effect for the strategy. They should also be allowed to change the degree and focus of the support during the implementation of the strategy in response to the territory's changing socio-economic conditions, so as to achieve the objectives as effectively as possible and maximise European added value.

Questions for the consideration of COTER members (following on from Round Table 3 – Future Ambitions – of the CoR workshop on ITI in March 2017):

- What are the key lessons learned and best practices developed for ITI to date?
 - How could greater simplification of the ITI approach be achieved?
 - How could the ITI approach be strengthened in Cohesion policy post-2020? (for example, should the use of an ITI be "rewarded" in order to promote this tool? for instance, with additional funds?)
 - How could the visibility of regional ITI strategies be reinforced at European level (i.e. dedicated website, specific forum, etc.)?
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