



**Local & Regional
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ITI and CLLD

The use of integrated territorial tools in cohesion policy

Implementation analysis from the perspective of municipalities,
regions and their associations

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Contents

List of abbreviations used	2
ITI & CLLD: key tools for the implementation of EU Cohesion Policy	3
Integrated territorial tools	3
Methodology.....	5
Overview of the use of territorial instruments for EU Cohesion Policy	7
Funding & Objectives: single-funding or multi-funding?	9
Selection, implementation & monitoring of ITI-CLLD projects: role of the LRGs and their associations.....	13
Added value and difficulties identified.....	15
CEMR key recommendations for the future	17
Thanks	19

List of abbreviations used

CEMR: Council of European Municipalities and Regions
CLLD: Community-Led Local Development
CPR: Common Provision Regulation
EAFRD: European Agricultural Fund for Rural Development
ENRD: European Network for Rural Development
EMFAF: European Maritime, Fisheries and Aquaculture Fund (2021-2027)
EMFF: European Maritime and Fisheries Fund (2014-2020)
EPRC: European Policies Research Centre
ERDF: European Regional Development Fund
ESF: European Social Fund
ESIF: European Structural Investment Funds
EC: European Commission
ITI: Integrated Territorial Investment
JRC: Joint Research Centre of the European Commission
LRG: local and regional government
MA: Managing Authority
OP: Operational Programme
PA: Partnership Agreement
PO: Policy Objective
TFEU: Treaty on the Functioning of the European Union
TO: Thematic Objective

ITI & CLLD: key tools for the implementation of EU Cohesion Policy

Integrated Territorial Investments (ITI) and Community Led Local Development (CLLD) are the main mechanisms used to implement European Cohesion Policy funding in an integrated and place-based manner. As such, they are highly valued tools by the local and regional governments using them since they are directly involved in the governance and implementations of these methods.

Introduced in 2014, they have been further strengthened in the regulations for the 2021-2027 period. CEMR had previously analysed the programming of these tools in 2014 and 2015. The beginning of the new programming period for EU funds is therefore a good moment to take stock on how ITI and CLLD have been effectively implemented during the 2014-2020 period and what evolutions we can already observe for the upcoming period. Besides, at least 8% of the European Regional Development Fund (ERDF) at national level will be spent for sustainable urban development, and the ITI is one of the instruments that can be used in order to fulfil this obligation.

The **Cohesion Policy** is the European Union (EU)'s policy for fostering economic, social and territorial cohesion among European countries, regions and territories and reduce inequalities between them. For the current (2021-2027) and previous (2014-2020) programming periods, around one-third of the EU's budget has been devoted to this policy. With EUR 392 billion set aside for the current period, the Cohesion Policy will address the following broad Policy Objectives (POs):

- a more competitive and smarter Europe (PO1),
- a greener economy transitioning from low carbon towards net zero carbon and a resilient Europe (PO2),
- a more connected Europe by enhancing mobility (PO3),
- a more social and inclusive Europe (PO4),
- and a **Europe closer to citizens** by fostering the **sustainable and integrated** development of all types of territories (PO5).

With PO5 in particular, the EU has increasingly emphasised the uptake of integrated territorial strategies to achieve its Cohesion objectives.

Integrated territorial tools

One of the first references to a 'territorialised' approach (to address the Cohesion Policy's objectives) was back in April 2009, when the [Barca Report](#) for a reformed Cohesion Policy was published. Alongside an assessment of the Union's achievements under this Policy, Fabrizio Barca envisaged a **place-based development approach** to break the constant inefficiency and social exclusion cycle, which still undermines the potential of certain EU territories.

"A place-based policy is a long-term strategy aimed at tackling persistent underutilisation of potential and reducing persistent social exclusion in specific places through external interventions and multilevel governance. It promotes the supply of integrated goods and services tailored to contexts, and it triggers institutional changes."

The report argues that a 'territorialised' approach was the best way to narrow the disparities between European territories and support their 'harmonious development', as provided by Article 174 of the TFEU.

The integrated approach goes one step further, underlining the need for improved coordination between the spatial, sectoral and temporal aspects of territorial development policies and putting local authorities at the centre of the governance.

The territorial instruments considered in this analysis are **Integrated Territorial Investments** (ITI) and **Community-Led Local Development** (CLLD), which were both brand-new tools introduced in the scope of the 2014-2020 Cohesion Policy to implement Cohesion Policy at the local level in urban, rural and functional areas. These instruments are regulated by the Common Provision Regulation (CPR) for each programming period. This analysis concentrates mostly on experience and lessons learnt during the 2014-2020 period, but also look forward to what is foreseen in the new 2021-2027 period.

These tools can be implemented through the various European Structural and Investment Funds (ESIF) such as the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Just Transition Fund (JTF) (2021-2027) and the European Maritime, Fisheries and Aquaculture Fund (EMFAF) (in particular CLLD). In the new period 2021-2027, the European Agricultural Fund for Rural Development (EAFRD) is no longer included under CPR, but use of EAFRD to finance CLLD in combination with other Cohesion policy funds remains theoretically possible. The LEADER method for local development (linking rural economy and development actions) **is even compulsory in the EAFRD for rural development programmes at national or regional level.**

Chapter II of the [Common Provision Regulation](#) (2021) – articles 28-34 provide that the promotion of sustainable and integrated development of all territories must be delivered through territorial tools, namely Integrated Territorial Investments (ITI), Community-Led Local Development (CLLD) **or ‘any other integrated territorial tool designed within a national strategy’**. Overall, these instruments are intended to facilitate a bottom-up approach for a territorial development by involving local and regional governments (LRGs) (including in the initial design of programmes), by facilitating dialogue between the various stakeholders and by increasing cooperation between the public and private sector, as well as by fostering cooperation and the transfer of information between the top and bottom levels of government. “Territorial authorities” should be responsible of the territorial strategies or at least be involved in the selection of projects to be financed by these tools, in cooperation with the Managing Authority.

Furthermore, within the main objective of responding to place-specific needs, ITI and CLLD are designed to ensure greater flexibility and multi-dimensionality, allowing the use of multiple policy sectors and priorities and the combination of multiple programmes and sources of funding. Last but not least, ITI and CLLD are intended to be key instruments to address the PO5 of a “Europe closer to citizens”.

In ERDF regulation 2021-2027, articles 9 to 11 provide more details about integrated approach. In particular 8% of ERDF funding at national level must be allocated to sustainable urban development in the form of ITI, CLLD or any other integrated territorial tool. This was an increased compared to only 5% earmark in the previous period.

Integrated Territorial Investments (ITI) is a tool created to simplify the design and implementation of territorial strategies that require a **multi-funding approach**. Moreover, it seeks to encourage greater involvement of local and regional governments. In the guidance document [‘Scenarios for Integrated Territorial Development’](#) provided by the European Commission in 2015, the ITI instrument is defined as the ‘financing of urban or other territorial

strategies through combined investments from more than one priority axis of one or more programmes'.¹

Hence, the ITI tool can potentially target any geographical area with particular territorial features. This means that eligible areas can be urban neighbourhoods, urban and metropolitan, urban-rural and functional urban areas– i.e. beyond traditional administrative border of a municipality. Apart from some cases of ITIs being used in 'less urban' frameworks, evidence from the 2014-2020 period shows that ITI instruments are typically used in urban contexts for integrated and sustainable urban development strategies.

Accordingly, ITI is one of the preferred instruments for implementing the mandatory minimum 8% earmark of the national ERDF allocation for sustainable urban development. In the period 2014-2020 a number of countries however chose not to use ITI for the urban earmark but a dedicated urban priority axis within their Operational Programme.

Community-Led Local Development (CLLD), was introduced on the basis of the former [LEADER instrument](#). Similarly, to ITI, its main aim is to support the uptake of integrated bottom-up approaches by local communities. Hence, CLLD is intended to encourage local communities to participate in multi-level governance policy-making and to play a role in building community ownership and capacity. It also contribute to strengthening synergies between local actors from both public and private sector, matching the particular needs of the local area. In general, evidence from the previous period shows that CLLD instruments target smaller rural areas, with a comparatively low take-up across urban areas.

According to the [Final Report](#)² of the European Policies Research Centre (EPRC), difficulties during the previous period 2014-2020 included, in particular, a lack of awareness and capacity at the local level, together with the perception of a heavy bureaucratic burden and slow absorption of funds. These questions will be further explored in this study.

Methodology

The Council of European Municipalities and Regions (CEMR) already published two analyses in [2014](#)³ and [2015](#)⁴, on the implementation of territorial strategies by Member States. This present analysis is therefore a follow up exercise, looking in particular at the effective implementation of these tools in the 2014-2020 period, and analysing how they are expected to be used - in the current programming period of 2021-2027.

For this study, CEMR first analysed the existing literature on the implementation of territorial strategies during the 2014-2020 period, in particular the two recent Handbooks produced by the Joint Research Centre of the European Commission (JRC) : [Handbook of Sustainable Urban Development Strategies](#) and [Handbook of Territorial and Local Development Strategies](#), as well as the various resources available online, such as the European Network for Rural Development ([ENRD](#)) and the studies conducted by the European Policies Research Centre ([EPRC](#)).

¹ European Commission (2015, October), '*Scenarios for Integrated Territorial Investments*', Regional and Urban Policy

² European Policies Research Centre (EPRC) (2017, December), '*Integrated territorial and urban strategies: how are ESIF adding value in 2014-2020?*'

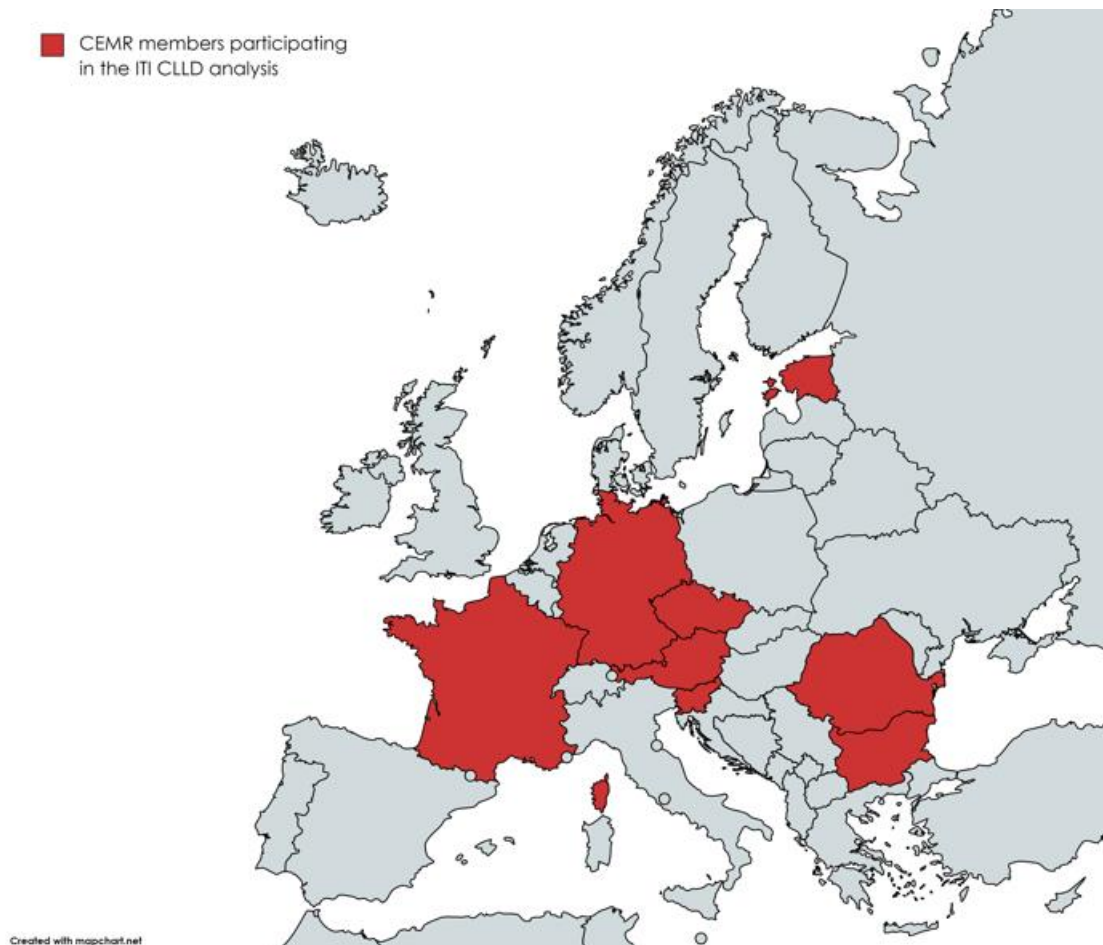
³ Council of European Municipalities and Regions (CEMR) (2014, June), 'The use of Integrated Territorial Investments (ITI) by Member States - CEMR overview'

⁴ CEMR (2015, October), 'The implementation of the Integrated Territorial Investments (ITIs) by Member States – CEMR overview'

As the next step, in accordance with the main purpose of **collecting information on the role played by local and regional governments in the implementation of territorial strategies**, CEMR decided to focus on the experiences of its members, namely the national associations of local and regional governments. Indeed, the main objective was to understand the degree to which municipalities, regions and their representative associations were involved during the various stages of implementation of these territorial instruments. This includes their participation in the programming, selection and monitoring of ITI and CLLD projects, together with any obstacles and difficulties they may have faced. For this purpose, CEMR sent out a written questionnaire and organised interviews with selected associations.

CEMR would like, in particular, to thank the following associations for their contribution to this analysis:

- Austrian Association of Municipalities (AAM) and Austrian Association of Cities and Towns (AACT),
- National Association of Municipalities in the Republic of Bulgaria (NAMRB),
- Union of Towns and Municipalities of the Czech Republic (SMO CR), and the municipalities and agglomerations who also took time to participate to the interviews: Bozanov municipality, Techobuz municipality, Liberec-Jablonec agglomeration (ITI), Ostrava metropolitan area (ITI), Olomouc agglomeration (ITI) and Brno metropolitan area (ITI)
- Association of Estonian Cities and Municipalities (ELVL),
- French Association of the Council of Municipalities and Regions (AFCCRE),
- German County Association (DLT),
- National Union of County Councils of Romania (UNCJR)
- Association of Urban Municipalities of Slovenia (ZMOS)



The countries were selected based on geographical diversity, their experience in the use of ITI and CLLD in the previous period, as well as the interest on the part of the associations. The associations (and cities and municipalities) that responded to the questionnaire or participated to the interviews were invited to report on the implementation of integrated territorial strategies during the 2014-2020 period first, and then to share some insights regarding programming for the 2021-2027 period. The questions were aimed at looking into the amount and type of ITI and CLLD implemented in each country, their funding strategy (single-funding or multi-funding), their objectives, the actors in charge of the selection and monitoring of ITI and CLLD projects, as well as to assess the involvement of the associations and local and regional governments in the use of these instruments. At the time of this analysis not all countries have adopted their Operational Programmes 2021-2027, so insights regarding foreseen use of ITI and CLLD may still be subject to changes.

Overview of the use of territorial instruments for EU Cohesion Policy

In **Slovenia**, integrated territorial strategies have been used in both 2014-2020 and 2021-2027. During the 2014-2020 programming period, one ITI programme, one CLLD programme and a separate national mechanism for regional development were implemented. For the sole ITI programme implemented, Slovenia followed the usual trend of urban ITI strategies, since only urban municipalities were eligible. Bearing in mind that Slovenian cities are smaller than the average EU size – they range between 18,000 and 300,000 inhabitants – 11 urban municipalities were included.

Regarding CLLD and rural areas, implementation during the 2014-2020 period was covered by the Slovenian Rural Development Plan. The sole CLLD programme covered the whole territory of the country – apart from the urban municipalities already included in the ITI strategy. The targeted territories included villages, groups of settlements, municipalities and groups of municipalities.

During the 2014-2020 period, Slovenia also developed an additional mechanism for regional development, with all 212 Slovenian municipalities being potentially eligible.

For the current programming period (2021-2027), a similar scheme – consisting of one ITI programme, one CLLD programme and one plan for regional development – has been adopted with a few minor changes (for example, the new ITI programme covers 12 urban municipalities since an additional city acquired the status of urban municipality for this new period).

The Slovenian mechanism for regional development which was used in the previous period outside of Cohesion policy could this time be fully incorporated into the Operational Programme of Slovenia thanks to the possibility to use ‘any other integrated territorial tool designed within a national strategy’ introduced in the CPR regulations for this new period.

In **France**, the uptake of integrated territorial strategies followed a different scheme for the two programming periods considered and varied by region. In France, the regions are the Managing Authorities, which means that they are in charge of designing how territorial instruments will be used in their Operational Programmes.

For instance, Nouvelle-Aquitaine Region, the largest French region, is a rare example of CLLD strategies being implemented not just in rural, but also in urban areas. Bretagne Region, a predominantly rural area, even used ITI for the implementation of its whole Operational Programme in the 2014-2020 period. However, there has been a change in approach for the new period due to the heavy administrative burden. Bretagne Region will continue to adopt a territorial approach, but without formalising it under ITI programmes.

Austria did not use ITI as a tool for territorial development in 2014-2020 and nor has it planned to use it in 2021-2027. **Only the CLLD** tool has been implemented during the two periods concerned, starting as a pilot in 2014-2020 in the province of Tyrol. Due to the successful implementation of CLLD in Tyrol, it will continue in the period 2021-2027 and even be supplemented by another CLLD in Lower Austria, focusing on mobility.

As regards the results and outcomes of the CLLD programmes in Austria, the association reported on the existence of an Annual Report for the self-evaluation of the Local Action Groups (LAGs). It is an exercise to increase self-reflection about the quality of internal processes, financial controlling, cooperation in the committees (board, project selection committee), as well as awareness-raising and mobilisation in the region. In the 2018 self-evaluation Annual Report, LAGs recorded a ‘very satisfactory quality’ for CLLD.

For the 2014-2020 period, only CLLD programmes were implemented in **Bulgaria**. There were 35 CLLD programmes, covering 57 municipalities located in rural areas.

It should be noted, however, that in 2013 – as reported in the 2015 CEMR Overview ‘The implementation of the integrated Territorial Investments (ITIs) by Member States’ – Bulgaria planned to implement an ITI programme in the north-western region, the poorest region in the EU-27. This project was not finalised as, following consultations with the European Commission, the responsible national authorities decided to postpone its implementation until the following period.

Accordingly, for **2021-2027**, the **ITI tool is foreseen to be used** in Bulgaria. Moreover, compared to the previous period, the number of foreseen CLLD projects has increased, with the number now amounting to 90, covering 220 municipalities. However, it should be noted that programmes are still in the programming phase and have not been approved yet. They are expected to be approved towards the end of the current year (2022).

Concerning the third possibility of 'any other territorial integrated instrument', three regional strategies for the green transition in the coal regions are foreseen under the Regional Development Programme.

A sign of success of the territorial strategies under the Rural Development Programme is the Bulgarian government decision **to increase the national co-financing for CLLD programmes**. While in the past, the national government used to support these territorial strategies with the minimum national co-financing required under the regulations.

For the 2014-2020 period, **Estonia** used **neither ITI nor CLLD instruments**. Estonia decided against uptake of these integrated territorial tools because it found the traditional schemes to be adequate for achieving the goals of the Cohesion Policy in the country. Furthermore, as will be explored later, the Association of Estonian Cities and Municipalities remarked that the rules for implementation were unclear.

For the current period, 2021-2027, Estonia decided to open up its territorial strategies and it has programmed **one CLLD**.

Czech Republic made use of **ITI and CLLD strategies in both considered periods**. During 2014-2020 period, seven ITI strategies and six integrated plans for urban development have been implemented. The six integrated plans worked in the same way as the ITIs in smaller regional centres, with the only difference that they were built on a special national strategy, had limited range of eligible interventions and were established outside the Partnership Agreement. Both ITI strategies and integrated plans for urban development targeted urban areas (metropolitan areas or agglomerations). As for CLLD, 179 CLLD strategies were implemented in 2014-2020 period, targeting only rural municipalities up to 25 000 inhabitants and their rural hinterland.

For 2021-2027, Czech Republic decided to transform the six integrated plans for urban development of the previous programming period into ITI strategies, resulting in 13 ITIs in total. As for CLLD, they will implement one more strategy, for a total of 180 CLLD strategies.

In **Germany**, the majority of managing authorities **have not made use of CLLD and ITI** in 2014-2020 or 2021-2027. While LEADER/CLLD remains mandatory for EAFRD and is widely considered a successful instrument, the majority of managing authorities deem their use in CPR funds to be too complicated and fear legal uncertainty. Two regions have created individual integrated territorial instruments ("RegioWIN" in Baden-Württemberg (2014-2020 & 2021-2027) and "Zukunftsregionen" in Lower Saxony (2021-2027)) on the basis of Art. 28 c) CPR.

Funding & Objectives: single-funding or multi-funding?

Although multi-funding, (i.e., using different EU funds for integrated projects at the local level that address several Policy Objectives), is one of the main purposes of the territorial integrated tools, in practice the use of multi-funding may still appear difficult in some countries, especially

since in the current period the EAFRD (rural development) is no longer- included in the CPR and will therefore require specific measures to align the rules of EAFRD and of other Cohesion Policy funds. However, on the side of Policy Objectives, it seems ITI and CLLD are indeed enabling local and regional governments to finance truly integrated projects, covering various thematic and policy objectives.

Overall, all three territorial strategies implemented in **Slovenia** during the 2014-2020 programming period have taken a multi-funding approach.

The specific combination of structural funds used for the three different territorial strategies varied according to the type of programme – i.e. ITI, CLLD or the additional mechanism for regional development – and also the objectives addressed.

Among the 11 different Thematic Objectives⁵ for 2014-2020, the ITI strategy prioritised increasing energy efficiency in public housing, sustainable urban mobility and urban regeneration. To that end, Slovenia chose a multi-funding strategy, consisting of the ERDF and the Cohesion Fund.

The CLLD strategy for rural development was on the other hand funded through a combination of the EAFRD, the ERDF and the EMFF. In terms of its objectives, the Rural Development Plan (RDP) of Slovenia funded action concerning five Rural Development Priorities: (i) Knowledge transfer and innovation in agriculture; forestry and rural areas; (ii) Competitiveness of the agro-sector and sustainable forestry; (iii) Food chain organisation, including processing and marketing of agricultural products and animal welfare; (iv) Restoring, preserving and enhancing ecosystems related to agriculture and forestry; (v) Local development and job creation in rural areas.

The third mechanism for regional development was funded by a combination of the ERDF and the Cohesion Fund. It mainly supported projects on connected bike networks between cities, business zones, wastewater treatment, public infrastructure for drinking water supply and flood prevention.

Despite the initial request made by the Slovenian Association of Urban Municipalities for a multi-funding strategy in order to respect the integrated nature of the ITI tool, the ITI programme for 2021-2027 will be funded solely by the ERDF. The main objectives addressed through this strategy relate to a Greener Europe (PO2) and a Europe closer to citizens (PO5).

The CLLD programme will be funded through a multi-funding strategy combining the ERDF, the EAFRD and the EMFAF. The third mechanism for regional development will be funded by the ERDF and the Cohesion Fund.

In **France**, a variety of practices can be observed in terms of single-funded or multi-funded ITI and CLLD projects, but ERDF single-funding is predominant in both the 2014-2020 and 2021-2027 periods.

In line with the European Commission's initial intention, territorial strategies in France will be implemented under the PO5 in particular. This gives the Managing Authorities considerable leeway. Many ITI programmes focusing on energy renovation and improvement of social building will, for instance, address PO2 (Greener Europe) and PO5 at the same time.

⁵ Research & Innovation; Information & Communication Technologies; Competitiveness of SMEs; Shift towards a low-carbon economy; Climate change adaptation & Risk prevention and management; Environmental protection & Resource efficiency; Sustainable transport & Removing bottlenecks in key networks infrastructures, Employment & Supporting labour mobility, Social inclusion & Combatting poverty; Education, Skills & Lifelong learning; Institutional capacity building & Efficient public administrations

France has gone beyond the minimum earmark requiring 5% of the ERDF (2014-2020) to be allocated to sustainable urban development and has allocated in the previous period around 15% of its national ERDF resources to this field. For this, France partly used ITI and partly dedicated urban axis in the operational programmes.

In **Austria**, in the period 2014-2020, the majority of CLLD projects were implemented as part of the National Rural Development Programme of Austria. Hence, CLLD projects had to address the three strategic objectives of: (i) increasing value creation; (ii) consolidation or sustainable development of natural resources and cultural heritage; (iii) strengthening structures and functions important for the common good. The first strategic field targeted agriculture and forestry, tourism, economy, trade, SMEs and energy production. The second field focused on nature, the ecosystem and culture. Finally, the third strategic field concerned the provision of services, local supply, regional learning and participation.

Special priority was given to social innovation during the 2014-2020 period. A large majority of CLLD projects had a social goal, such as the preservation and creation of jobs, as well as the improvement of social relations and living conditions of the regional population.

During the previous period, a multi-funded approach was encouraged, especially by **simplifying the procedure for integration of the ERDF and the EAFRD** (in the implementation of multi-funded CLLD projects) in the provinces of Tyrol and Carinthia.

For the current 2021-2027 period, an integrated, cross-sectoral and multi-funded approach will be pursued again in the province of Tyrol in order to increase the coherence between funds and programmes at each level. The implementation of the CLLD in Tyrol will include the Austrian Rural Development Programme, funded by the EAFRD, the National Growth and Jobs Programme and the Interreg Italia-Austria Programme, both under the umbrella of the ERDF. Moreover, additional regional programmes will follow similar objectives of climate adaptation and economic development, which will also integrate the ESF+ and the Climate and Energy Fund, a specific national fund.

In **Bulgaria**, in the 2014-2020 period, the majority of CLLD programmes were single-funded, through the EAFRD. Some CLLD programmes, however, were multi-funded through a combination of the EAFRD and the ESF. They focused on the priorities of the twin transition in rural areas.

For 2021-2027, there has been an increase in the number of integrated territorial strategies foreseen for Bulgaria. Although the programme has not been approved yet, both ITI and CLLD programmes are intended to be implemented. More precisely, ITI is to be funded through the ERDF. CLLD, on the other hand, will address several fields such as competitiveness and human resources development, through the EAFRD and through the resources of other programmes, such as the Competitiveness Programmes and the Human Resources Development Programme.

Bulgaria will not make use of the possibility to implement 'any other territorial tool within a national strategy' introduced by the 2021 CPR. However, under the Regional Development Programme, there will be three national strategies for the green transition in the coal regions of Bulgaria.

In terms of objectives and thematic focuses, both ITI and CLLD will address the PO3 of connected Europe and the PO4 of social inclusive Europe in particular. Moreover, ITI strategies will also focus on the PO2 of greener Europe.

For the current period of 2021-2027, in **Estonia**, the only CLLD programmed will be funded through the ESF+ under the PO4 of a more social and inclusive Europe. The total value of the CLLD will amount to around EUR 5 million.

Overall, for integrated territorial investments, **Czech Republic** adopted a multi-funding approach. For ITI, it used a combination of ERDF, ESF and Cohesion Fund for the 2014-2020 programming period. For CLLD, the combination of EAFRD, ERDF and ESF was used. The EAFRD was mainly used to fund the programme for rural development, which was the largest one.

In the new period, 2021-2027, ITI strategies are funded through the ERDF (via PO1, PO2 and PO4) and the Cohesion Fund via PO2 (without the ESF+ that is formally not using the ITI mechanism but is open to co-finance activities included in the SUD strategies – targeting not only ITI), under the objectives of a more competitive and smarter Europe, a greener Europe, and a social and inclusive Europe. CLLD projects, on the other hand, are funded again through the same combination of EAFRD, ERDF and ESF+ under POs smarter Europe, greener Europe, social Europe and Europe closer to citizens.

In **Germany**, the situation is heterogenous: In Saxony Anhalt, the managing authority has foreseen the possibility to combine EAFRD/ERDF & ESF+ funds through CLLD. “RegioWIN” in Baden-Württemberg solely uses ERDF funds, while the “Zukunftsregionen” in Lower Saxony combine ESF+ and ERDF funds.

Selection, implementation & monitoring of ITI-CLLD projects: role of the LRGs and their associations

ITI and CLLD are valuable tools for local and regional governments as they facilitate or further multi-level cooperation between the local, intermediary and national levels.

In **Slovenia**, concerning the implementation of ITIs, the Cohesion Operational Programme for 2014-2020 only required that one ITI programme had to be implemented and specified which cities were to be covered. No clear structure was defined in the OP. In Slovenia, the size of cities is smaller than the EU average, resulting in a lack of administrative capacity for individual cities to act as ITI intermediary bodies. Consequently, cities took advantage of the role of the Association of Urban Municipalities of Slovenia to implement the ITI. Upon the invitation of the 11 cities involved in the programme, the association was in charge of selecting the ITI projects, acting as an Urban Authority.

In practice, projects went through a two-phase process. The association firstly published the calls for projects. Urban municipalities then sent their proposals together with the supporting documentation. After that, the association assessed the projects and proposed the selected projects to the Assembly of mayors, which adopted the decision on the list of selected projects. The second phase of the process took place at the national government level, with the final approval of the competent ministry and the managing authority. During this last stage, technical questions were checked, such as the existence of land ownership, permits, adequate investment documentation, state aid rules and so on.

During the implementation process, the role of the association remained relevant. Indeed, the association **had to be notified about any change and the state of play of the implementation.**

The formal inclusion of the Association of Urban Municipalities of Slovenia in the selection and approval of ITI projects generated numerous positive effects, for instance better cooperation between cities, trust building between the local and national levels of government, better awareness on Cohesion Policy goals and rules. This governance model proved to be beneficial for the effectiveness of the ITI mechanism.

With respect to the CLLD programme for rural development, the LAGs were in charge of selecting the projects.

For the 2021-2027 period, the mechanism for the selection of ITI-CLLD projects remains the same as the previous one.

The association will remain the intermediate body for ITI project selection. During the programming process it was initially foreseen that this would change and that the association would no longer be mandated to select the projects. However, after a change of government in April 2022, there have been an improvement in terms of implementation of the partnership principle, where the new government showed support for the successful bottom-up approach. All three Slovenian associations of municipalities are part of the Monitoring Committee.

In **France**, regions managed the distribution of ERDF funds, acting as Managing Authority for both ITI and CLLD during both programming periods concerned. ITI and CLLD therefore allow for practical multi-level dialogue between the regions and the beneficiary cities, municipalities or agglomerations.

A different scheme is followed for the ESF, whose territorial approach concerns social inclusion in particular. For example, the ESF could be used to fund a programme against

social exclusion of specific categories on a territorial basis. However, this domain is managed by the State and not by regions – except with regard to vocational training.

The French association of CEMR, as well as other associations representing local and regional governments in France, are involved both in the initial stage of negotiating the Partnership Agreement with the European Commission, and in the implementation stage by taking part in the activity of the Monitoring Committee, the national body which drafts the PA and monitors its implementation.

In **Austria**, the implementation process for the CLLD is performed jointly by the regional implementing authorities and the national administrative authorities. The LAGs also participate in the process and work as coordinators at the local level.

For the 2021-2027 period, in order to ease the work of local and regional actors and facilitate multi-funding, there is an internal effort to reduce the fund-based specificities of procedures and rules, including the eligibility rules. In fact, they are almost the same for the CLLD and the national ERDF.

The Austrian Association of Cities and Towns reported that their participation and involvement throughout the process is different in the current programming period than in the previous period. During the previous period, they were involved right from the initial programming stage – even if the ambition of the Smart City project and ITI funding failed to materialise. However, in the current period, despite the internal attempt to improve the process of dialogue and feedback, the association remarked that it has only been informed about the implementation of integrated territorial strategies.

In **Bulgaria**, the selection of strategies and objectives is performed on the basis of socio-economic criteria and is generally carried out by a specific committee, which includes the national administration and key stakeholders.

The competent Ministry acts as Managing Authority. For CLLD, the Ministry of Agriculture is in charge of the selection of LAGs, while the Ministry of Regional Development is in charge of the selection of ITIs.

Specifically concerning CLLD projects, they are chosen by the LAGs at the local level, which are made up of local authorities and elected representatives, representatives of the NGOs for rural development, representatives of the private sector and so on.

For 2014-2020, the National Association of Municipalities in the Republic of Bulgaria reported that it was integrated into the process. Hence, the association took part in the selection process of the LAGs by being part of the Intergovernmental Committee for the evaluation of projects. Furthermore, it was also involved in the definition of the rules for the use of EAFRD for the implementation of CLLD.

Similarly to the previous period, the association will be involved in the work of the evaluation Committee during the 2021-2027 programming period. ITI programmes are selected through a competitive procedure on a regional basis.

In **Estonia**, in the current period, the selection of CLLD projects is carried out by the Ministry of Social Affairs in cooperation with the local governments. The selection process will prioritise innovative measures for care, especially long-term care in the regions. Consequently, the association reported that the CLLD tool has been selected in order to ensure a tailored, place-specific approach.

Concerning the association's involvement in the programming, selection and implementation of ITI-CLLD, the Association of Estonian Cities and Municipalities affirmed that it has been involved in regular consultations during the initial phases, as well as in the final approval of the national programme.

In **Czech Republic**, for the 2014-2021 urban agglomerations are responsible for the implementation of ITIs (gathering a grouping of urban municipalities following the functional area approach). For 2014-2020 period, the intermediate bodies evaluated the projects with a set of criteria aligned with the national operational programmes for the selection of projects. In the new programming period however, Czech Republic got rid of intermediate bodies at the cities level as the process was rather complicated. Now the cities' councils approve the list of strategic projects that can be financed by the ITI. Although criteria remain more or less the same as in the previous period.

The cities are involved in the ITI steering committee composed of the main stakeholders in the agglomeration. The Ministry provides basic methodological guidance and the overall national Regional development strategy defining metropolitan areas and agglomerations.

For CLLD, the whole process of selection started within the LAGs, which selected the projects and proposed the strategy. The strategy was then submitted to the Ministry for Regional Development for the official approval and to the managing bodies which assessed the compliance with the OP and the EU regulations. All LAGs had/have to pass the process of standardisation.

While local authorities are generally represented in the LAGs in **Germany** for LEADER/CLLD, they were able to create local strategies autonomously for the "Zukunftsregionen" in lower Saxony together with relevant partners from civil society.

Added value and difficulties identified

Overall, the interviewed associations representing local and regional governments value the territorial tools considerably. All respondents perceive these tools as effective and identified added value in several respects:

- ITI and CLLD tools allow EU support and financial means to be focused on the real needs of the local communities. They provide (to some extent) additional flexibility compared to broader operational programmes that are not always **fit for specific local needs**.
- **Capacity building of local authorities** and stakeholders entrusted with the management of EU funds and the implementation of local projects.
- **Trust building and enhanced multi-level cooperation** between the local, regional and national governments. With ITI and CLLD, the managing authorities – either at national or regional level – are encouraged to trust the local governments and stakeholders. Also, and more importantly, they create a channel for dialogue on policy priorities and therefore contribute to better multi-level governance.
- **Raising citizens' awareness about EU-funded projects**. By definition, these tools are implemented at the closest level to citizens and even involving citizens (community organisations, local NGOs, local businesses, local elected representatives). The ITI and

CLLD projects can be used by local and regional governments to raise citizens' awareness of the impact of EU Cohesion policy on their everyday lives and the money invested by the EU in the area where they live. Several ITI or CLLD projects target vulnerable populations in particular, such as young people, elderly people, migrants or people with specific needs for social services.

- When used in a regional context or with urban agglomerations (**functional areas**), it is found that tools such as ITI allow for strengthened metropolitan identity, increased municipal cooperation and increased awareness of the functional area by citizens.
- **Better understanding and knowledge of local development strategies** and the existing stakeholders. Since the tools target and foster the involvement of local communities and stakeholders, it is also an opportunity for these to get to know other stakeholders in their area and build consistent projects together. In Czech Republic, for instance, the ITI beneficiaries must present their project to other beneficiaries during the working group meetings, thereby creating the opportunity for networking and cross-pollination.

On the other hand, some challenges and difficulties remain. Those mentioned most frequently were as follows:

- **Limited flexibility**, since the projects that can be funded by the territorial tools must still fit the policy objectives and priorities identified in the operational programmes, these are not always the same priorities that the local governments would have chosen for integrated territorial strategies. In some countries cities regret they actually don't have the possibility to implement real integrated strategic projects and have to submit several different project applications to different calls or operational programs. In particular, very high thematic concentrations imposed in the regulations limit the leeway of the ITI and CLLD programmes.
- There is still a **significant administrative burden** – however some respondents highlighted that this is not specific to ITI or CLLD, but is rather a general observation regarding EU Cohesion Policy funds.
- In addition to bureaucratic requirements that may also increase the time needed for implementation, integrated territorial strategies elaborated in partnership with local stakeholders require sufficient time to engage meaningfully with all stakeholders, create trust and lasting partnerships. The N+3 rule creates tensions and frustrations since the projects would require **a longer-term approach**.
- The **interpretation and implementation of PO5** ('Europe closer to citizens'), which seems an obvious policy objective for integrated territorial development tools, is not being understood and used in the same way in each country. Some of the Member States will barely earmark any funds for the PO5, but will still implement ITI or CLLD while in other countries PO5 will only be implemented through these tools.
- The **use of CLLD in the urban context**, although technically feasible, is in practice more difficult given the specific features of the urban areas and the different nature of stakeholders involved in traditional rural CLLD. For instance, the involvement of the private

sector may be more challenging in dense urban areas compared to rural areas, where entrepreneurs are traditionally more rooted in the territory.

CEMR key recommendations for the future

During the several interviews carried out by the CEMR, some difficulties were common to all Member States and associations and for both programming periods.

First, it was remarked overall that there is a lack of technical support and instructions from the European Commission. In fact, in the 2014-2020 period, when ITI especially was still a fresh and unknown tool, a dedicated platform for policy learning and technical support would have eased its implementation. Support systems were more common when territorial strategies were developed under national programmes and schemes. In Sweden, for instance, financial and technical support for companies and regions is provided by the National Agency for Economic and Regional Growth. In France, the National Agency for Territorial Cohesion facilitates capacity-building for domestic and EU policies.

On the positive side, it has been highlighted that using ITI-CLLD strategies was a good exercise to build or strengthen trust between the local and the national level, to increase a bottom-up approach and to raise awareness about the Cohesion Policy's achievements.

However, associations reported some deficiencies, which were already raised in the two previous CEMR Overviews of 2014 and 2015. Hence, although to date there is more knowledge and expertise on ITI-CLLD tools compared to in the past, all associations agreed on the need to provide local and regional governments with technical guidance in order to ease their work, especially during the implementation of programmes.

In order to improve and facilitate the use of integrated territorial instruments in the future, CEMR recommends the following:

- **Continue the use of integrated territorial tools** since they are highly valued by local and regional governments and the final beneficiaries. They have demonstrated efficiency and have shown added value in several respects.
- EU institutions and the European Commission in particular should continue to **simplify the Cohesion Policy funds in general**. At the national level, ministries and managing authorities should also seek ways to enable simplification so as not to overburden the implementers and beneficiaries of integrated territorial tools. The European Commission should monitor instances of gold-plating at national level and encourage member states to implement simplifications in their procedures.
- EU institutions should reconfirm in the future period a general **Policy Objective of 'Europe closer to citizens'** but offer more guidance to Member States on how this PO can be implemented with or without the use of integrated territorial instruments. Encourage Member States to use PO 5 in a cross-cutting way, allowing for instance projects that also contribute to environmental goals (PO2) to count for thematic concentration of the two Policy Objectives. This would encourage Member States to allocate more funding to "Europe closer to citizens".

- Effective implementation of the **Partnership Principle**: since a majority of the strategic objectives defined by central governments of the Member States are implemented by local public authorities, the negotiations with the EU about ITI and CLLD should be made after an **in-depth consultation with local authorities and stakeholders**. This process would facilitate the negotiations and would offer a clearer picture about the real necessities on a local level. Member States should also ensure local governments are meaningfully involved in the planning, implementation, management and evaluation of the programmes (for instance possibility to designate local governments as the implementing bodies).
- Processes for projects and partner selections must **be transparent**, for instance with clearly communicated selection criteria and scoring mechanisms. Application guidelines should be easy to understand for beneficiaries, and easily accessible. At national level there could be a “one-stop-shop” for potential beneficiaries of EU Cohesion funds and ITI or CLLD projects in particular to access information about the type of financing, administrative requirements, eligibility, etc. Information about ITI and CLLD should reach smaller municipalities, communities, associations; including newly created organisations.
- The Commission should produce **timely guidelines** regarding the implementation of ITI, CLLD or other integrated tools, in particular regarding the use of multi-funds for these instruments. Publications such as the Handbooks produced by the JRC are useful to give suggestions to Managing Authorities and implementing bodies but earlier guidelines on implementation of these tools would simplify the process for elaboration of the operational programmes. The absence of clear guidelines, for instance, on selection criteria may create frustration and competition between and within countries.
- **Exempt the integrated territorial instrument from the N+3 rule** since integrated projects that fully involve the local communities and stakeholders require more time and processes than regular EU Cohesion policy projects. Ensuring some continuity at the local level and with local stakeholders, between the programmes and periods.
- Foresee **sufficient human resources in both managing authorities and implementation** bodies in charge of ITI or CLLD. Technical support or an advisory and consultancy service specifically for LAGs and for ITI partners to enable compliance with the regulations would be useful in most countries.
- Reintegration of the European Agricultural Fund for Rural Development (EAFRD) within the European Structural Investment Funds (**same Common Provision Regulation**) would contribute to reduce the administrative complexity of multi-funding.

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Contact

Marine Gaudron

Policy Officer - Economic, Social and Territorial Cohesion & Local Finances

Square du Meeûs 1 - 1000 Brussels

Tel. + 32 2 213 86 93

Marine.gaudron@ccre-cemr.org

About CEMR

The Council of European Municipalities and Regions (CEMR) is the broadest organisation of local and regional authorities in Europe. Its members are 60 national associations of municipalities and regions from 40 European countries. Together these associations represent some 100 000 local and regional governments.

CEMR's objectives are twofold: to influence European legislation on behalf of local and regional authorities and to provide a platform for dialogue between its member associations and their elected officials and experts.

Moreover, CEMR is the European section of United Cities and Local Governments (UCLG), the worldwide organisation of local government.

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