

DRAFT GUIDANCE FICHE FOR DESK OFFICERS

INTEGRATED TERRITORIAL INVESTMENT (ITI)

VERSION 3 - 28/01/2014

RELEVANT PROVISIONS IN THE LEGISLATION

Regulation	Articles
Common Provisions Regulation (N° 1303/2013)	Article 36 - Integrated territorial investment Linked provisions: Article 15 - Content of the Partnership Agreement Article 96 – Content, adoption and amendment of operational programmes under the Investment for growth and jobs goal
ERDF Regulation (N° 1301/2013)	Linked provisions: Article 7 - Sustainable urban development
ESF Regulation (N° 1304/2013)	Linked provisions: Article 12 – Specific provisions on the treatment of territorial features
ETC Regulation (N° 1299/2013)	Article 11 - Integrated Territorial Investment

This is a draft document based on the new cohesion policy Regulations published in OJ 347 of 20 December 2013 and on the most recent version of the relevant Commission's draft implementing and delegated acts. It may still require review to reflect the content of these draft legal acts once they are adopted.

1. INTRODUCTION

This guidance aims to set out what is Integrated Territorial Investment (ITI), to clarify what are the conditions for its use, including the situations where it can be used and the associated requirements for programming, implementation, monitoring and reporting.

2. LEGISLATIVE FRAMEWORK

Article 36 of the CPR sets out the legal basis for the use of ITIs as well as the requirements and restrictions in this regard.

Article 36

Integrated territorial investment

1. Where an urban development strategy or other territorial strategy, or a territorial pact referred to in Article 12(1) of the ESF Regulation, requires an integrated approach involving investments from the ESF, ERDF or Cohesion Fund under more than one priority axis of one or more operational programmes, actions may be carried out as an integrated territorial investment (an 'ITI').

Actions carried out as an ITI may be complemented with financial support from the EAFRD or the EMFF.

2. Where an ITI is supported by ESF, ERDF or Cohesion Fund, the relevant operational programme or programmes shall describe the approach to the use of the ITI instrument and the indicative financial allocation from each priority axis in accordance with the Fund-specific rules.

Where an ITI is complemented with financial support from the EAFRD or the EMFF, the indicative financial allocation and the measures covered shall be set out in the relevant programme or programmes in accordance with the Fund-specific rules.

3. The Member State or the managing authority may designate one or more intermediate bodies, including local authorities, regional development bodies or non-governmental organisations, to carry out the management and implementation of an ITI in accordance with the Fund-specific rules.

4. The Member State or the relevant managing authorities shall ensure that the monitoring system for the programme or programmes provides for the identification of operations and outputs of a priority contributing to an ITI.

Article 11 of the ETC Regulation specifies the management arrangements for ITIs under the European Territorial Cooperation goal.

Article 10

Integrated territorial investment

For cooperation programmes, the intermediate body for carrying out the management and implementation of an integrated territorial investment as referred to in Article 36(3) of Regulation (EU) No 1303/2013 shall be either a legal body established under the laws of one of the participating countries provided that it is set up by public authorities or bodies from at least two participating countries, or an EGTC.

3. BASIC FEATURES OF INTEGRATED TERRITORIAL INVESTMENT



An ITI is a territorial delivery mechanism that enables the implementation of a territorial strategy in an integrated manner while drawing funds from at least two different priority axes in the same or different programmes.

ITI is a delivery mechanism based on territorial intervention logic. An ITI can be used if challenges and development needs are specific to a geographical area and if a territorial strategy exists addressing the challenges in an integrated way.

An ITI is not an operation, nor a sub-priority of a programme. As set out in Article 36(1) of the CPR, an ITI is a delivery mechanism which allows Member States to implement programmes in a cross-cutting way, drawing on funding from at least two different priority axes in the same or different programmes to ensure the implementation of an integrated strategy for a specific territory.

Since an ITI is a delivery mechanism for programmes co-financed by the ESI Funds, the support under an ITI must be used towards the objectives outlined in these programmes and actions supported must contribute to the objectives of each of the programmes from which funding is drawn. An ITI cannot have objectives which are not linked to the programmes it draws on and it cannot support actions which do not contribute to the programmes providing support.

The key elements of an ITI are:

- a designated territory with an integrated (multi-sectoral) territorial development strategy to serve as the basis for the implementation of the ITI; the strategy underpinning an ITI should be a single cohesive strategy (e.g. separate development strategies of different municipalities cannot underpin a single ITI, but if they have a joint development strategy a single ITI may be set up).
- an arrangement that draws on funds from at least two different priority axes or programmes¹ and ensures that these funds are used in an integrated manner.

Therefore an implementation set-up that is not based on a territorial development strategy, or is financed from only one priority axis, does not constitute an ITI.

It is not compulsory for an ITI to cover the whole territory of an administrative level. An ITI can be implemented at any (sub-national) level, for which an integrated territorial development strategy has been set up. It may cover a region, a functional area, an urban or a rural municipality, a neighbourhood or any other sub-national territory. An ITI can also be used in the context of European Territorial Cooperation (ETC) programmes.

¹ Some of these can also be EAFRD or EMFF programmes, provided that their support is complementary to the ERDF, ESF and/or Cohesion Fund support to the ITI.

An ITI may cover more than one category of region (e.g. less developed, transition and more developed regions) on the condition that the financial allocation and ensuing financial flows to each category of region are clearly separated. The Member State may also choose to prepare an operational programme(s) for the ESF, ERDF and/or Cohesion Fund at national level and implement it/them partially or fully through ITIs set up at regional level. Any possible contribution from EAFRD or EMFF would have to be provided for in the rural development or fisheries programme concerned.

It is also possible that the strategy underpinning an ITI has components that are financed from the national/regional/local budgets and not by the EU. This entails that where there is an existing integrated territorial strategy ESI Funds can be used in an integrated manner to support all or certain parts of it. It is important that even where only a part of the territorial strategy is supported through the ESI Funds, the strategy as a whole is implemented with an integrated approach.

From an implementation perspective an ITI may have its own specific implementation conditions, eligibility rules etc. established at national or regional level if so envisaged by the authorities responsible for the implementation of programmes.



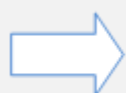
ITIs form part of a "tool-kit" for territorial development that is made available for the Member State for use on a voluntary basis - the use of ITIs is thus not obligatory.

As set out in Article 36(1) of the CPR, Member States have a choice whether or not to use ITIs. There are several alternatives to achieving an integrated territorial approach – ITI is only one of the options that can be used for this purpose. In the case of sustainable integrated urban development under Article 7 of the ERDF Regulation, Member States may envisage a dedicated priority axis or a specific operational programme for sustainable urban development as an alternative to ITIs or in addition to ITIs. This choice may be influenced by the degree of thematic concentration and the specificities of territorial (e.g. urban) challenges faced. ITIs are delivery mechanism for programmes, hence where programmes are highly focused (e.g. only on innovation, research and development and energy efficiency), the ITIs will also be focused on the same areas. A dedicated priority axis or operational programme for sustainable integrated urban development provides for a possibility to establish objectives and to set out actions which are specific only to urban areas and are not necessarily included in any other part of the programme(s).



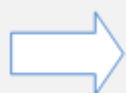
ITIs can be mono-fund, however they can also combine ERDF, ESF and the Cohesion Fund, and be complemented by financial support from the EAFRD and EMFF where complementarities exist.

ITIs can be mono-fund (in such a case support is drawn from multiple priority axes in one or more programmes supported from the same Fund), or they can be used to combine support from several ESI Funds. Article 36(1) sets out that support from EAFRD and EMFF to an ITI may only be complementary to that provided under the ERDF, ESF and the Cohesion Fund, therefore it is not possible to set-up self-standing ITI supported only from EAFRD and/or EMFF.



An ITI can include the use of non-repayable grants, repayable assistance as well as financial instruments.

The set-up of an ITI does not prejudice the form of support used. Therefore all forms of support, including financial instruments, can be used under an ITI.



It is possible that an ITI includes elements implemented through community-led local development.

Particularly in cases where ITIs are used to implement large parts of programmes or all interventions from the Funds within a region, there can be scope to complement the ITI with other specific territorial development tools in the same territory, such as community-led local development which is a territorial delivery mechanism which can be used for the ERDF, ESF, EAFRD and EMFF under Articles 32-35 of the CPR.

Where an ITI combines financing from different ESI Funds, the responsible managing authority or the intermediate body can also facilitate joint capacity building, selection and financing of community-led local development strategies from different ESI Funds. The Annex to this guidance fiche includes examples of how such arrangements could be set up.

4. REQUIREMENTS FOR STRATEGIC PROGRAMMING²

An ITI is an implementation tool and does not constitute an approach to territorial development in itself. In some cases it can be the main delivery instrument for the implementation of programmes (e.g. it is possible to manage national operational programme(s) divided into regional ITIs), in other cases it can concern relatively modest parts of the programmes. Where ITIs are set up as a main delivery instrument for the programmes it is likely that the areas they cover and their implementation arrangements are clear at the stage of strategic programming. However, in some cases ITIs may also be subject to competitive selection procedures e.g. the Member State can organise a competitive round for the selection of territorial (e.g. urban) development strategies to be supported in the form

² The arrangements for adopting and approving operational programmes apply only to the ERDF, the ESF and the Cohesion Fund. These arrangements are set out in Article 96 of the CPR, which does not apply to the EAFRD and the EMFF.

of ITIs³. It is also possible to set up new ITIs over the course of the programming period. Where this does not alter the overall financial allocation to ITIs set out in the programmes concerned, no amendment of the programme(s) is needed. Where the set –up of new ITIs or changes in already established ITIs lead to a change in the overall amount allocated to ITIs as set out in the programmes concerned, an amendment of these programmes by Commission decision is necessary as the approach to territorial development included in programmes is subject to the Commission decision approving the operational programme.

The Partnership Agreement should outline the main territorial challenges and the main elements of the territorial strategy, including the means to achieve an integrated approach at regional and sub-regional level, identifying, inter alia, the implementation arrangements to be used, including the arrangements for the use of ITIs⁴.

This should include an indication of whether the Member State plans to use ITIs, and, where appropriate, an identification of the (types of) areas where it plans to use this instrument along with the ESI Funds that it intends to use within ITIs. The Partnership Agreement should also outline main implementation and coordination arrangements for ITIs especially where multiple ESI Funds are concerned.

As the Partnership Agreement does not cover European Territorial Cooperation programmes, it does not need to include the approach to the use of ITIs under such programmes. However, where it is known at the time of the preparation of the Partnership Agreement that ITIs will be used for territorial cooperation programmes in which the Member State participates, appropriate coordination arrangements should be considered and set out.

The operational programmes for the ESF, ERDF and the Cohesion Fund should outline the approach to the use of the ITIs (other than those used for the purposes of integrated urban development)⁵. This should include, where relevant:

³ This may for example, include assessment based on the contribution to the objectives of the programmes concerned, criteria on the maturity of the strategy and the capacity of the authorities concerned to implement it.

⁴ Article 15 (2) (a) (1) CPR:

2. The Partnership Agreement shall also indicate:

- (a) an integrated approach to territorial development supported by the ESI Funds or a summary of the integrated approaches to territorial development based on the content of the programmes, setting out:
- (i) the arrangements to ensure an integrated approach to the use of the ESI Funds for the territorial development of specific subregional areas, in particular the implementation arrangements for Articles 32, 33 and 36 accompanied by the principles for identifying the urban areas where integrated actions for sustainable urban development are to be implemented;

⁵ Article 96 (3) (b) and (c) CPR:

3. Taking into account its content and objectives, an operational programme shall describe the integrated approach to territorial development, having regard to the Partnership Agreement, and showing how that operational programme contributes to the accomplishment of its objectives and expected results, specifying, where appropriate, the following:

- (b) the indicative amount of the ERDF support for integrated actions for sustainable urban development, to be implemented in accordance with Article 7(3) of the ERDF Regulation and the indicative allocation of ESF support for integrated actions;
- (c) the approach to the use of the ITI instrument other than in cases covered by point (b), and their indicative financial allocation from each priority axis;

- whether ITIs will constitute a significant delivery mechanism for the particular operational programme;
- types of areas where ITIs will be used, or concrete areas, if these have been determined; specifying how and by when the areas covered by ITIs will be decided, where relevant.
- and the indicative (overall) financial allocation to ITIs from each priority axis (mandatory element)⁶;
- the arrangements for the management and implementation of the ITI including the coordination between the managing authorities.

As ITIs can be used also for sustainable integrated urban development under Article 7 of the ERDF Regulation, the operational programmes which include an element of integrated urban development should contain additional information:

- the indicative amount of the ERDF support for integrated actions for sustainable urban development, to be implemented through an operational programme, a priority axis dedicated for urban development, or Integrated Territorial Investment; and the indicative allocation of ESF support for integrated actions (mandatory element);
- where ITIs are used, the description of the role of the urban authorities in the implementation of the ITIs or arrangements to ensure the involvement of urban authorities as set out in Article 7 of the ERDF Regulation.

ITIs are set up by the Member State and regions (by bodies and authorities at different levels of administration) – there is no specific procedure for the assessment or approval of ITIs by the Commission. Nevertheless, the decision to make use of ITIs is a part of the overall intervention logic and thus can be a relevant part of the programmes submitted to the Commission.

Where there is a substantial change in the approach to the use of ITIs during the programming period, which is incompatible with the description of the arrangements initially included in the operational programme, the change requires a formal amendment of the operational programme.

As the operational programme includes an overall financial allocation from each priority axis to ITIs (in total), it is possible to shift the allocations between ITIs, as long as the overall financial allocation to ITIs under each priority axis (subject to Commission decision approving the operational programme) does not change.

⁶ Total allocation for all ITIs, not an allocation for each individual ITI.

5. DELEGATION OF IMPLEMENTATION TASKS



Delegation of management tasks linked to an ITI is generally not mandatory. However, where the Member State chooses to set up ITIs for the implementation of sustainable integrated urban development actions under Article 7 of the ERDF Regulation the delegation of tasks related to selection of operations to urban authorities is required.

As set out in Article 36(3), the managing authority may designate one or more intermediate bodies, including local authorities, regional development bodies or non-governmental organisations, to carry out the management and implementation of an ITI, in accordance with the Fund-specific rules. Where implementation tasks of an ITI are delegated, it is recommended to use a single intermediate body (i.e. one intermediate body per ITI), where possible, in order to preserve the integrated character of this instrument. Where tasks are not delegated to a single intermediate body, effective coordination mechanisms are essential to ensure an integrated approach.

In the case of the ERDF, the involvement of urban authorities is required where the Member State chooses to set up one or more ITIs to implement sustainable integrated urban development actions falling under Article 7 of the ERDF Regulation as in accordance with these provisions urban authorities shall be responsible for tasks relating at least to the selection of operations.

The delegation of other tasks in addition to project selection is possible⁷, and given the territorial nature of an ITI, delegation of some or most implementation tasks to an authority responsible for or closely involved in the development of the territory in question may constitute an effective approach to delivery. The scope of the management tasks to be delegated by the managing authority should be formally recorded in writing.

Where tasks of the managing authority as set out under Article 125 of the CPR⁸ (or tasks of the certifying authority as set out under Article 126 of the CPR) in relation to an ITI are delegated to other bodies (including the urban authorities referred to in Article 7 of the ERDF Regulation), the latter are considered intermediate bodies. As is the case with other

⁷ Article 7(4) and (e) of the ERDF Regulation set out that:

4. At least 5 % of the ERDF resources allocated at national level under the Investment for growth and jobs goal shall be allocated to integrated actions for sustainable urban development where cities, sub-regional or local bodies responsible for implementing sustainable urban strategies ("urban authorities") shall be responsible for tasks relating, at least, to the selection of operations in accordance with Article 123(6) of Regulation (EU) No 1303/2013, or, where appropriate, in accordance with Article 123(7) of that Regulation. The indicative amount to be dedicated for the purposes of paragraph 2 of this Article shall be set out in the operational programme or programmes concerned.

5. The managing authority shall determine, in consultation with the urban authority, the scope of tasks, to be undertaken by urban authorities, concerning the management of integrated actions for sustainable urban development. The managing authority shall formally record its decision in writing. The managing authority may retain the right to undertake a final verification of eligibility of operations before approval.

⁸ Articles 125, 126 and 127 of the CPR apply only to the ERDF, the ESF, the Cohesion Fund and the EMFF. In case of EAFRD, tasks may be delegated to an intermediate body according to principles set out in Article 66(2) of the EAFRD Regulation.

intermediate bodies, appropriate arrangements for reporting and supervision must be agreed between the managing authority and the intermediate body in charge of the implementation of the ITI. The authorities to which management tasks are delegated must be designated as intermediate bodies by the Member State (Article 123 (6) of the CPR). However, intermediate bodies are not subject to the formal designation procedure applied to managing and certifying authorities set out in Article 124 of the CPR. It is therefore up to the Member State to determine an appropriate procedure for their designation. As is the case with all intermediate bodies to which tasks are delegated by the managing authority, the latter maintains the ultimate responsibility for the implementation of the delegated tasks.

Given that an ITI may draw on support from multiple programmes or ESI Funds, an ITI may require a simultaneous delegation of implementation tasks by multiple managing authorities/paying agencies⁹. As each managing authority/paying agency remains responsible for their programme, it must be ensured that agreements between the managing authority/paying agency and the intermediate body are clear as regards reporting obligations towards each of the managing authorities/paying agencies. In practice the implementation of an ITI is simpler, if all managing authorities/paying agencies concerned delegate implementation tasks to the same extent and agree on similar reporting requirements in accordance with the CPR and the Fund-specific Regulations.

The control and audit requirements of each of the ESI Funds continue to apply. To ensure proportionate controls for the ITI, it is recommended that national and regional control bodies in charge of exercising control functions over the ITI agree on arrangements to organise joint controls and audits (carried out at the same time) or on arrangements by which they can rely on each other's work, thereby avoiding multiple controls.

The management costs related to an ITI, including the costs of intermediate bodies incurred in the implementation of an ITI, can be covered from technical assistance, as is the case for intermediate bodies implementing parts of programmes on "thematic" basis.

6. MONITORING AND REPORTING



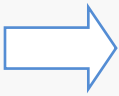
The monitoring and reporting arrangements set up under an ITI must provide for the identification of operations and indicators by priority axis or Union priority contributing to an ITI.

ITIs are proposed as a means to deliver the thematic objectives based on Europe 2020 in a territorially integrated way to increase their effectiveness. Following the intervention logic, the monitoring and reporting arrangements set up under an ITI must allow for reporting of monitoring data by programme, by priority axis (as well as by Fund and category of region, where appropriate) and by Union priority in the case of EAFRD and EMFF to allow assessment of the progress made towards the objectives of the programme and therefore

⁹ Paying agency functions could be delegated under EAFRD except for payment tasks.

towards Europe 2020 objectives. Identification of operations by priority (and by Fund and category of region, where appropriate) also implies that audit trail enables to separate and declare expenditure for each individual priority contributing to the ITIs. The same principle applies to data related to indicators, including indicators and implementation steps included in the performance framework. However, in order to be able to report on the effectiveness of the ITI itself it is important that one or more indicators used at the ITI level relate to the objective of the integrated territorial development strategy the ITI implements.

7. SPECIFIC FEATURES OF THE DELEGATION OF MANAGEMENT TASKS IN THE FRAMEWORK OF ITIS UNDER THE EUROPEAN TERRITORIAL COOPERATION (ETC) GOAL



The implementation of an ITI under ETC programmes can be delegated to an EGTC or a legal body established under the laws of one of the participating countries, provided that the latter is set up by public authorities from at least two participating countries.

All provisions on ITIs set out in the CPR and outlined above apply both to programmes supported under the "Investment for growth and jobs" goal and those supported under the European Territorial Cooperation goal.

This means that an ITI can be set up within a cross-border cooperation programme, drawing on resources from several priority axes to allow for the implementation of integrated actions based on a joint strategy. Due to their territorial nature, ITIs are less relevant in a transnational context and cannot be applied for interregional cooperation programmes. In relation to the requirements for monitoring, the rules set out in the previous sections apply. The monitoring and reporting arrangements set up under an ITI must allow for reporting of monitoring data by priority axis to allow assessment of the progress made towards the objectives of the cooperation programme and therefore towards Europe 2020 objectives.

While the primary use of ITIs is expected to be within a single cooperation programme, the set up an ITI involving funds from also other ERDF/ESF (or even EMFF/EAFRD) programmes operating in the cross-border area in order to implement an integrated approach is not excluded. The latter will require the set-up of coordination arrangements with the other managing authorities to specify in particular the control arrangements.

Given that the joint approach in the implementation of cross-border cooperation programmes and operations is central to these programmes this approach also has to be respected when it comes to the implementation of an ITI. Such an ITI has to have a cross-border impact and cannot be set up only for the benefit of the region(s) on one side of the border. In addition, the ETC regulation stipulates that in case of a delegation of the implementation of an ITI to an intermediate body, this body has to be a joint one (either an EGTC or a legal body established under the laws of one of the participating countries, provided that the latter is set up by public authorities from at least two participating countries).

ANNEX

EXAMPLES OF POTENTIAL ARRANGEMENTS FOR THE SET-UP AND MANAGEMENT OF INTEGRATED TERRITORIAL INVESTMENT INVOLVING MULTIPLE FUNDS AND ELEMENTS OF COMMUNITY-LED LOCAL DEVELOPMENT

EXAMPLE 1

An ITI set up to support the integrated development of a region covering both small towns and rural areas characterised by a substantial distance from the capital region and other growth poles, industrial decline, high unemployment and a set of other social challenges. This is a coastal area which includes a number of small fishing communities and relies partly on agriculture.

The region has an integrated territorial development strategy which is suitable to underpin an ITI.

The set-up of the ITI with a complementary bottom –up stand of community-led local development

The ITI includes:

- ERDF and ESF from several priority axes of the national multi-fund programme covering both funds;
- A complementary allocation from the EAFRD;
- A complementary allocation from the EMFF.

Management structure

The management of this ITI is delegated to competent regional authority (e.g. regional development agency) by the managing authorities/paying agencies in charge of the respective programmes.

This body is also intermediate body fulfilling delegated tasks of the relevant managing authorities as regards the selection of local development strategies for community-led local development in the region.

Implementation

The competent regional authority proceeds to implement its territorial strategy in an integrated manner.

If a part of the ITI is decided to be delivered through CLLD approach, the intermediate body proceeds to the selection of local development strategies, in line with CPR Articles 32-35 checking that the strategies are consistent with the integrated regional strategy underpinning the ITI. After determining which local development strategies shall be supported, the intermediate body proceeds with the implementation of its territorial strategy, organising targeted calls for applications for each of the ESI Funds, as appropriate, ensuring the complementarity of the "mainstream intervention" under the ITI and the contribution of the local development strategies.

The regional development agency makes grant decisions, performs management verifications, collects monitoring data and provides the managing authority with the information necessary for the fulfilment of its tasks, as any other intermediate body.

In this case the community-led local development can be supported within the ITI i.e. from the allocation to the ITI or from a separate allocation for which management tasks have also been delegated to the body responsible for the ITI.

EXAMPLE 2

An ITI is established for an urban area to support the implementation of an integrated urban strategy.

The set-up of the ITI with a possible complementary bottom –up stand of community-led local development

The ITI includes:

- ERDF and ESF from several priority axes of national and regional programmes.

Management structure

The implementation of this ITI is delegated by all managing authorities to the respective urban authority, who will undertake all tasks related to the selection of operations (and possibly other tasks of the managing authority including management verifications and payment to beneficiaries).

Implementation

The urban authority participates in local action groups active in the area and therefore is aware that in some of the neighbourhoods there are local development strategies which are going to be supported by the ESI Funds through the community-led local development approach.

The urban authority designs the support schemes under the ITI and the selection criteria as to ensure complementarity with the local development strategies already in place and supported through the ESI Funds (outside the ITI). It proceeds to implement its territorial strategy using the ERDF and ESF allocations provided to it through the ITI.

In this case the community-led local development component is not formally part of the ITI (as it has a separate allocation and is managed by other bodies). Regardless, it is an important part of the overall actions for integrated urban development and complementary to the interventions implemented directly through the ITI.