



# INTEGRATED TERRITORIAL INVESTMENT

## COHESION POLICY 2014-2020

The new rules and legislation governing the next round of EU Cohesion Policy investment for 2014-2020 have been formally endorsed by the Council of the European Union in December 2013.

This factsheet is one in a series highlighting key elements of the new approach.

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The multiple challenges confronting Europe – economic, environmental and social – show the need for an integrated and territorial approach to deliver an effective response.

This approach is multi-dimensional, tailored to place-specific features and outcomes, which may mean going beyond traditional administrative boundaries, and may require greater willingness from different levels of government to co-operate and co-ordinate actions in order to achieve shared goals. This is in line with the new territorial cohesion objective introduced by the Lisbon Treaty, which acknowledges that economic and social cohesion cannot be achieved at the European level without a stronger focus on the territorial impact of EU policies.

For this reason the Common Provisions Regulation has introduced new integrating tools that can be used to implement territorial strategies on the ground, linking the thematic objectives identified in the Partnership Agreements and Operational Programmes and the territorial dimension: **community-led local development** (Article 32-35 of the Common Provisions Regulation) and **integrated territorial investments** (Article 36 of the Common Provisions Regulation).

This factsheet is focused on the integrated territorial investments (ITI) that allows EU Member States to combine investments from several priority axes of one or more Operational Programmes for the purposes of multi-dimensional and cross-sectoral intervention. The ability to trace the allocation of funds to the various investment priorities will however still be retained.

## What is the aim?

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As integrated territorial strategies are vital for the achievement of the smart, sustainable and inclusive Europe envisaged by the Europe 2020 Strategy, the Common Provisions Regulation introduces ITI as a key instrument for implementing such strategies. ITI provides a flexible mechanism for formulating integrated responses to diverse territorial needs, without losing the thematic focus through which cohesion policy is linked to the Europe 2020 Strategy.

## What is proposed?

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### ITI – an efficient and flexible tool

ITI is a tool to implement territorial strategies in an integrated way. It is not an operation, nor a sub-priority of an Operational Programme. Instead, ITI allows Member States to implement Operational Programmes in a cross-cutting way and to draw on funding from several priority axes of one or more Operational Programmes to ensure the implementation of an integrated strategy for a specific territory. As such, the existence of ITI will both provide flexibility for Member States regarding the design of Operational Programmes, and enable the efficient implementation of integrated actions through simplified financing.

It is important to underline that ITIs can only be effectively used if the specific geographical area concerned has an integrated, cross-sectoral territorial strategy.

The key elements of an ITI are:

- a designated territory and an integrated territorial development strategy;
- a package of actions to be implemented; and
- governance arrangements to manage the ITI.

## A designated territory and an integrated territorial development strategy

It is essential to develop a cross-sectoral integrated development strategy that addresses the development needs of the area concerned. The strategy shall be designed in a way that the actions can build on the synergies produced by coordinated implementation.

Any geographical area with particular territorial features can be the subject of an ITI, ranging from specific urban neighbourhoods with multiple deprivations to the urban, metropolitan, urban-rural, sub-regional, or inter-regional levels. An ITI can also deliver integrated actions in detached geographical units with similar characteristics within a region (e.g. a network of small or medium-sized cities). It is not compulsory for an ITI to cover the whole territory of an administrative unit.

In addition, an ITI is suited to the delivery of actions in the context of European territorial cooperation (ETC). For example, ITIs in a cross-border context can be used to implement an integrated strategy for urban development in cross-border cities. Actions tailor-made to the specific territorial needs can be supported through the ITI instrument. However, the cooperation context still needs to be respected. This is why the ETC regulation requires that any intermediate body designated for the implementation of an ITI must 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. (Article 11 of ETC regulation).

## A package of actions to be implemented

The actions to be implemented through ITI shall contribute to the thematic objectives of the relevant priority axes of the participating Operational Programme(s), as well as the development objectives of the territorial strategy. They can involve investments from the European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund. The funding can be complemented with support from the European Agricultural Fund for Rural Development (EAFRD) or the European Maritime and Fisheries Funds (EMFF). It is not compulsory to combine all Funds in each ITI. Nevertheless, it is encouraged that ITI combine different funds. The combination of physical investments in infrastructure from ERDF with the investments in human capital from ESF is particularly relevant in the case of sustainable urban development. Combined investments from ERDF and EAFRD are particularly relevant for support to urban-rural partnerships.

An ITI can deliver support not only in the form of grants but also through financial instruments (Article 37-46 of the Common Provisions regulation) where they are appropriate to deliver actions defined in the development strategy.

Community-led local development may be an element that can be used as one of the building blocks to implement an ITI. There are, however, important differences between an ITI and CLLD. CLLD is a strictly bottom-up approach. It is the local action group that determines the content of the local development strategy and the operations financed under it. The ITI on the other hand does not pre-empt how decisions are taken on the investments themselves – this process may be top down, or bottom up, or a combination of the two. As such, CLLD could, for example, be one component of an integrated urban strategy implemented through an ITI.

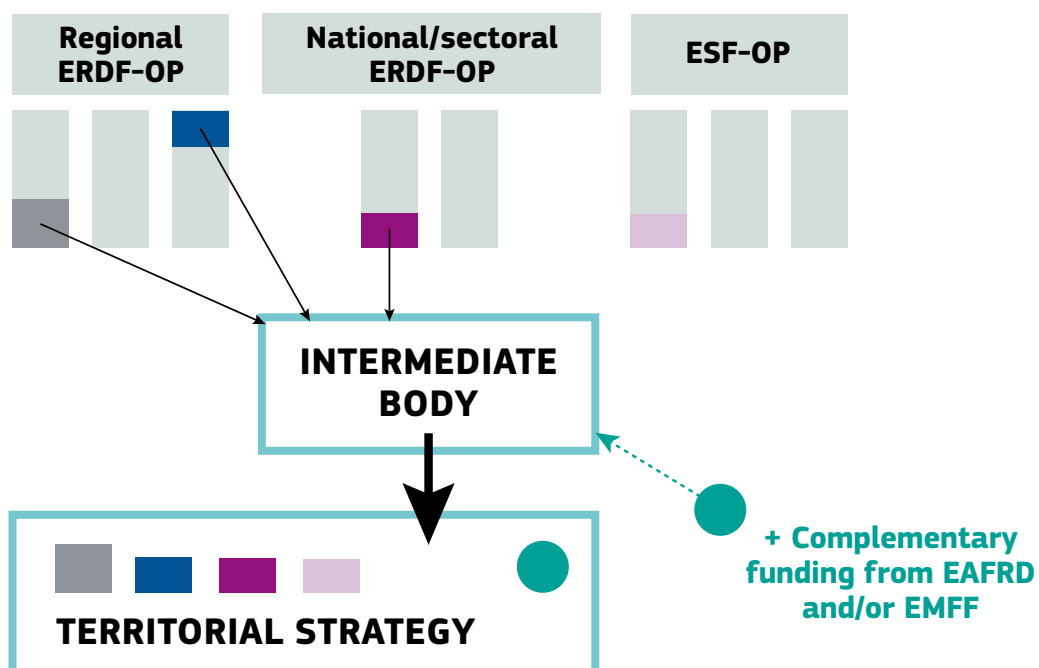
Apart from investments supporting a place-based development strategy through an ITI, additional actions targeting the same area can be financed through the priority axes of an Operational Programme or Programmes that do not participate in the financing of the ITI. Many of the investment priorities may directly contribute to the development of the geographical area concerned and there is no obligation to implement all of them through this instrument. It is recommended, however, that sectoral investments in the area concerned are embedded and aligned with the integrated territorial strategies for development.

## Governance arrangements to manage the ITI

The Managing Authority of the Operational Programme bears the final responsibility for managing and implementing the operations of an ITI. However, it may designate intermediary bodies, including local authorities, regional development bodies or non-governmental organisations, to carry out some or all of the management and implementation tasks. The form and degree of the ITI management delegation may vary according to the administrative arrangements of the Member State or region. If ITI implements integrated actions for sustainable urban development (Article 7 of the ERDF regulation) delegation to urban authorities of tasks relating, at least, to the selection of operation is obligatory.

The following diagram sets out how an ITI could receive investments from several priority axes of one or more programmes for the purposes of a multi-dimensional and cross-sectoral intervention. An ITI can support any operation corresponding to the investment priorities of the participating priority axes.

### Illustration of a possible implementation arrangement



## What are the benefits?

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The provisions regarding ITI have several potential benefits:

- » The ITI as an instrument promoting the integrated use of Funds has the potential to lead to a better aggregate outcome for the same amount of public investment.
- » The possible delegation of management of ITIs empowers sub-regional actors (local/urban stakeholders) by ensuring their involvement and ownership of programme preparation and implementation.
- » As an ITI will have its various funding streams secured at its inception, there will be greater certainty regarding the funding for integrated actions.
- » ITI is an instrument designed for a place-based approach to development that can assist in unlocking the under-utilised potential contained at local and regional levels.

For more information

**For more factsheets related to aspects of Cohesion Policy:**

[http://ec.europa.eu/regional\\_policy/what/future/publication/index\\_en.cfm](http://ec.europa.eu/regional_policy/what/future/publication/index_en.cfm)

**For more general information about Regional Policy:**

[http://ec.europa.eu/regional\\_policy/index\\_en.cfm](http://ec.europa.eu/regional_policy/index_en.cfm)